Annual Report 2024

For the Year Ended 31 March 2024

Johnson Matthey Employees Pension Scheme

Pension Scheme Registry number 10149596

Elements

Contents

Welcome from the Chairman of the Trustee Board

I am pleased to present the Trustee Report and Accounts for the Johnson Matthey Employees Pension Scheme ("JMEPS" or "the Scheme") for the year ended 31 March 2024.

Economic outlook

We are living in a troubled and uncertain World. In 2023/24, the Trustee faced a range of issues – the global impact of the conflict between Russia and Ukraine and more recently the war in the middle east, the prospects of a global recession, high inflation which thankfully has plateaued and high interest rates although these too are falling.

These factors have all contributed to significant volatility in investment markets. Even so, the year in review turned out to be a strong one for most asset classes. With a few exceptions, notably commodities, risk assets outperformed safe havens.

Although it continues to be a difficult environment for the Trustee to navigate, I am pleased to confirm that JMEPS continues to enjoy a healthy financial position.

Investment Strategy

For the Career Average (CARE) Section, the overall objective remains to have a simplified investment portfolio which is well protected against investment market volatility and aiming for buy-out eventually.

The remainder of the world developed equities that the Scheme held were sold in April 2023 to fund the investment in diversified private credit. The Trustee has continued to draw down from its Diversified Growth Fund mandates in order to meet its cashflow requirements and ensure that member benefits are paid on time.

Welcome from the Chairman of the Trustee Board continued

The simplified investment strategy for the Career Average Section was 24% in a growth portfolio of private credit, property and infrastructure. The balance of 76% was invested in Liability Driven Investments (LDI), multi-asset credit and buy & maintain bonds.

The Elements Section committed to the investment of 10% in the Schroders Climate Plus Fund from September 2023 and raised the funds for this investment with the sale of equities and corporate bonds.

The Elements Section has a range of assets including LDI (35%), equities (30%), buy & maintain bonds (25%) and private credit (10%).

For those members with defined contribution (DC) assets in a JMEPS Investment account, JMEPS DC account or a JMEPS Extra account, the Trustee had a busy year having undertaken a review and implemented changes to the funds. A large part of the review was driven by the Trustee's objective to further integrate environmental, social and governance (ESG) metrics into the funds. Most of the funds performed strongly with the Global Equity Index Tracker producing a return of 22.3% for the year.

Fund value

The overall value of JMEPS was £1.88 billion at the year end, a reduction of £12.4m compared with the position at 31 March 2023.

Overall, the Career Average section's assets produced a return of (2.2)% over the financial year against a benchmark of (3.0)%. The Elements section's assets produced a return of 3.5% over the financial year against a benchmark of 4.2%. The returns for the DC funds are shown on page 20.

The funding position for the Career Average Section was approximately 102% on its Technical Provisions and 98% on a self-sufficiency basis as at 31 March 2024 and for the Elements Section was approximately 125% on its Technical Provisions.

Welcome from the Chairman of the Trustee Board continued

Sustainability

The consideration of environmental, social and governance ("ESG") considerations has continued to be a key area of focus as the Trustee has continued to implement its plans covering a variety of initiatives. The Trustee has agreed investment beliefs which include sustainability targets which are aligned with those of JM's and has an ESG Policy in place.

The Trustee continues to review the ESG ratings for the Scheme's investments and further information can be found both in this report and in the Trustee's TCFD (Task Force on Climate-related Financial Disclosures) Report. For any new investments made by the Scheme, the investment manager will need to demonstrate their ability to integrate ESG considerations. Our intention is for the Scheme to be net zero carbon emissions as soon as possible and by 2050, at the latest.

The Board also believes it is important to understand how ESG, climate change and stewardship is integrated within investment processes when an investment manager is appointed, as well as how these issues are reflected in the ongoing management of both the Defined Benefit and Defined Contribution Sections' assets.

The TCFD requires schemes like JMEPS to disclose how climate-related risks and opportunities are measured, monitored and managed by the Trustee Board. The Trustee produces a TCFD Report each year and the 2024 Report is available on the JMEPS website **https://elements.matthey.com/#/public-jmeps-trustee-governance-statement**.

Governance

The Trustee Board and its Sub-Committees met eleven times during the year through a combination of formal planned meetings and meetings arranged in response to the need to make urgent decisions. Meetings were held both virtually and in-person depending on the requirements.

The Trustee continues to place great importance on governance and strives for the highest possible standards. The Trustee Board keeps risks under regular review and monitors the Trustee's formal Risk Register to ensure this continues to comply with governance requirements and remains appropriate, undertaking deep dives on specific risks.

The Trustee Board carried out a self-assessment covering various areas of how the Board operates. Similar exercises have been carried out previously and the Board scored well. The assessment results were very good but a small number of areas were identified which the Board is addressing. One of the main changes was the abolition of the investment and the Administration, Audit & DC Sub Committees. The matters dealt with by the sub-committees are now dealt with by the Board or "task and finish" Working Groups. In addition, it was agreed that Jon Balshaw would be formally appointed from the Board as Deputy Chair.

All Trustee Directors appreciate the importance of keeping up to date on technical issues and members of the Board frequently attend topical seminars, conferences and formal training sessions. In addition, the Pensions Management Institute again awarded its Trustee Group Continued Professional Development Certificate to the JMEPS Trustee Board.

Other developments

Towards the end of 2023, the Company carried out a review of the CARE Section and advised the Trustee Board of its proposal to close this section of the Scheme.

Following extensive employee consultation, the Company decided to close the CARE Section to future accrual with effect from 31 March 2024. The remaining active members were transferred to the Elements Section.

The triennial actuarial valuation of both the CARE and Elements Sections of the Scheme as at 31 March 2024 is underway. The results are expected in before the end of the calendar year.

Trustee support

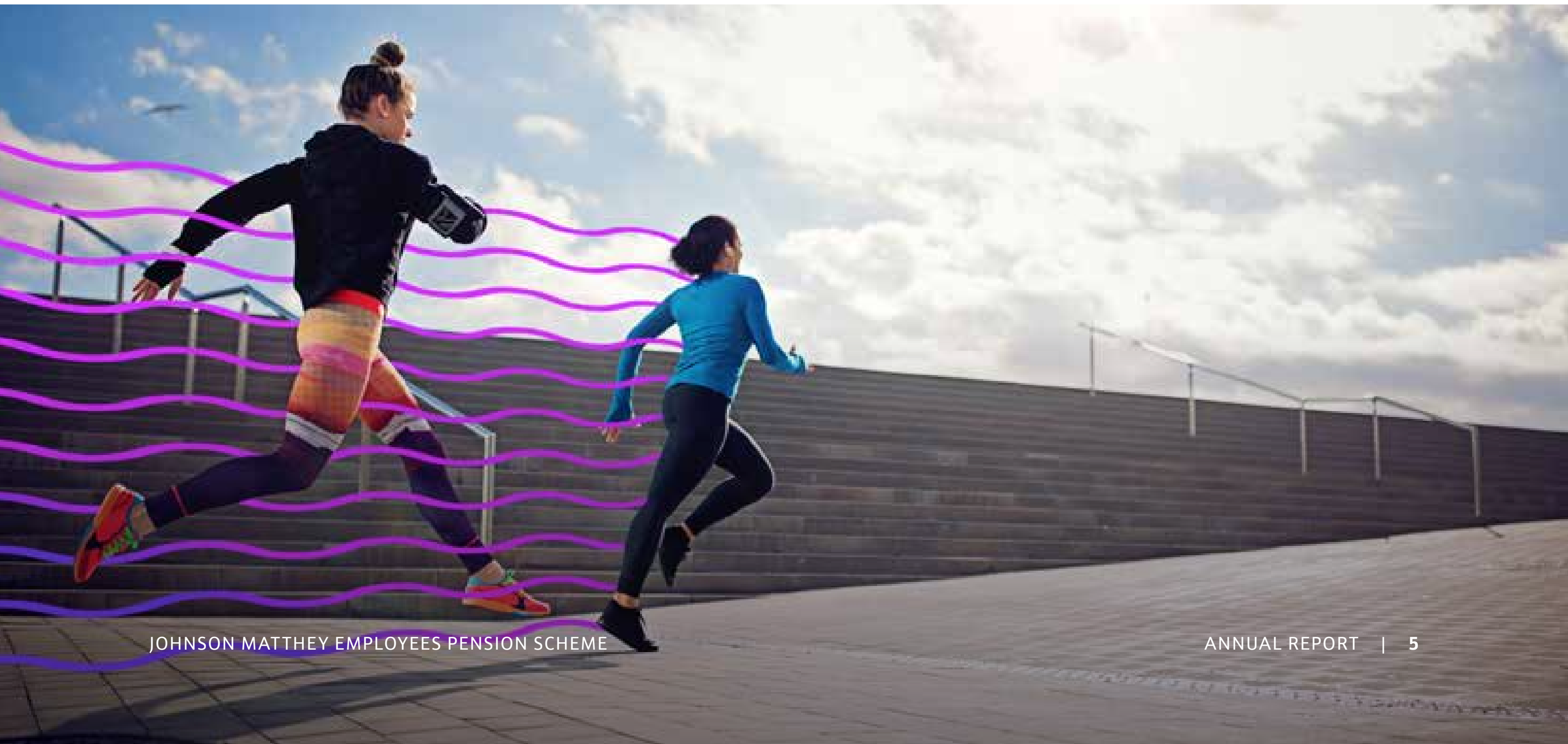
After over twenty years' service to the Board and serving as a Trustee Director, Simon Hooper retired as a JMEPS Trustee at the end of December 2023. I would like to extend my sincere thanks to Simon for his invaluable input and dedication to the role and wish him a long, happy and healthy retirement. Yvonne McIntosh was appointed by the Company as a Trustee Director in February 2024 and I look forward to working with her.

JMEPS is award winning! I am delighted to inform you that JMEPS was the winner of the 2024 Pension Scheme Communication Award at the Pensions Age Awards 2024 in recognition of the communications delivered for our work for the Member Nominated Trustee communications during 2023.

As always, I would like to express my sincere thanks to Group Reward and Benefits for their work during another challenging year. I should also like to thank our advisers for their support and advice. Finally, I would like to thank my fellow Trustee Directors for their continued assistance, support and contribution.

Roger

Roger Buttery
Chair, JMEPS Trustees Ltd
Date: 22 October 2024



Trustee Report

This is the Annual Report of the Johnson Matthey Employees Pension Scheme for the year ended 31 March 2024.

The Johnson Matthey Employees Pension Scheme ("JMEPS" or "the Scheme") is the main means of retirement savings provision for Johnson Matthey's (JM) UK employees. The Scheme is established under UK trust law as a legal entity with its own investments that are separate from Johnson Matthey Plc.

Trustee Arrangements

The Trustee Company is called JMEPS Trustees Ltd ('the Trustee') and has seven Trustee Directors. Under the Trust Deed and Rules, Trustee Directors are appointed and may be removed by Johnson Matthey Plc and at least one – third are nominated and elected by JMEPS members. Member Nominated Trustee Directors (MNDs) serve for a period of five years after which they must stand for re-election. The Trustee is supported by external advisers and an executive team of pension management professionals who advise the Trustee on its responsibilities and ensure that the Trustee's decisions are fully implemented.

The Trustee Board has an equal number of member nominated and employer appointed Trustee Directors, plus an independent Chairman. There is one pensioner Trustee Director who is nominated by pensioner members and there are two Trustee Directors who are nominated by active members. Three Trustee Directors are appointed by Johnson Matthey Plc. The independent Chairman is also appointed by Johnson Matthey Plc. Irrespective of how they were appointed, all of the Trustee Directors are responsible for protecting the benefits of all members.

The Pensioner Trustee Director receives a payment from the Scheme, plus expenses, for his services.

Trustee Meetings

During the year, the Trustee Board and its sub-committees met formally on eleven occasions and the matters addressed included:

- The closure to future accrual of the Career Average Section of the Scheme and the provision of ongoing pension benefits to members of that Section.
- Employer covenant monitoring and financial reporting by Johnson Matthey Plc;
- Liaising with the Company and the Regulator over the impacts of the Company's corporate activity, in particular on the disposal of Tracerco Ltd;
- Work in relation to agreeing the metrics and reporting required for the Trustee's TCFD report;
- The production of one of the industry's first Stewardship Reports;
- Investment strategy, implementation and monitoring (both defined benefit and defined contribution) and implementing processes to add protection to the Scheme following the LDI crisis;
- Investment beliefs and considerations of environmental, social and governance aspects with particular focus on the impact of the Scheme's assets on climate change;
- Review of investment governance models and options;
- Updating the Trustee's Statements of Investment Principles;
- Agreeing and signing off the Scheme's Annual Report and Accounts;
- Annual meetings with investment managers;
- Ongoing monitoring of the Scheme's funding levels and production of the Summary Funding Statement (published in JMEPS News);

Trustee Report continued

- Reviewing the Scheme's actuarial factors;
- Updates to the Scheme's Risk Register;
- Administration, governance and compliance reporting;
- Preparation for the Pensions Regulator's General Code of Practice;
- The rectification, equalisation and conversion of Guaranteed Minimum Pensions (where applicable) for the majority of pensioners in payment;
- Continued review of the Trustee's Knowledge and Understanding;

While the Trustee Board decides all policy matters, it has recognised that working groups are often necessary to carry out its functions efficiently.

Trustee Knowledge and Understanding

The Trustee follows the Code of Practice known as Trustee Knowledge and Understanding which was introduced by the Pensions Act 2004. During the year, the Trustee Directors undertook training courses on various topics of specific interest and relevance to their role as a Director. The Trustee Directors also receive regular updates, quarterly training from the Scheme's legal advisers and attend pensions and investment conferences, seminars and workshops during the year. The JMEPS Trustee Board was again awarded a certificate for Continuing Professional Development by the PMI Trustee Group for 2024.

Constitution

The Scheme is established under UK trust law as a legal entity with its own investments that are separate from Johnson Matthey Plc. The Trust Deed and Rules, and amendments since 1987, were consolidated into a single document dated 4 March 2009, which was subsequently amended by a new Trust Deed and Rules dated 28 March 2013 and further subsequent amendments. These documents constitute the Scheme's governing documents.

Tax Status

The Scheme is registered under Part IV of the Finance Act 2004 and as such its income and chargeable gains are free from taxation (Pension Scheme Tax Reference: 00080961RG). Neither the Trustee nor the Scheme's administrator is aware of any reason why Her Majesty's Revenue & Customs ("HMRC") might withdraw this registration.

Contracting Out

With the exception of the defined benefit section for former members of the Meconic Pension Scheme, the Career Average Related Earnings ("CARE") section and the defined contribution sections, the Scheme was contracted-out of the Second State Pension on a salary-related basis in respect of service prior to April 2010. From 1 April 2010, no member of the Scheme has been contracted-out.

Scheme Benefits

On 31 March 2010, all final salary sections of the Scheme ceased to accrue further pension by reference to future service and all active members moved to the Career Average section for future pension accrual. Pension benefits in respect of pensionable service up to and including 31 March 2010, continue to be based on the rules of the final salary sections and pensionable salary at the date members leave or retire from the Company (assuming they continue to build up pension benefits in the Career Average section).

On 1 October 2012 the Career Average section closed to all new members and pension benefits for new joiners were then provided in either the JMEPS Elements or JMEPS Defined Contribution sections, depending on which participating employer individuals were employed by and their contract. Benefits for members in the Career Average section at that date continued to accrue unaffected.

Members of the Career Average section were previously given the option to switch to JMEPS Elements from 1 July 2018 or continue to accrue benefits in their original section.

On 31 March 2024, the Career Average section closed to future accrual and members still in service at that date were transferred to the Elements section with effect from 1 April 2024 for future benefit accrual.

The JMEPS Elements section of the Scheme provides benefits on a Cash Balance (defined benefit) basis with a defined contribution top-up for members earning above the Scheme Earnings Cap. The Scheme Earnings Cap was £54,540 for the scheme year 2023/24 and this increases annually in line with inflation each April. New flexible membership levels were introduced in JMEPS Elements on 1 July 2018 which provided members with more flexibility on how they save for retirement.

JMEPS Elements members can review and change their level of membership annually. All new joiners to JM are automatically enrolled into the JMEPS Elements (Silver membership) on 1st of the month after they start working for the Company (the Scheme's default option was changed from Gold membership on 1 April 2023). Members have the opportunity to change the initial membership level and can then review on an annual basis during the Flexi-Elements election window in November.

The JMEPS DC Section of the Scheme, which mainly provided benefits to former ICI Synetix members, closed to new joiners from 1 July 2018. All existing members were then given the opportunity to switch to JMEPS Elements or remain in the legacy JMEPS DC Section.

In addition to the core level of benefits JMEPS provides, current Scheme members have the opportunity to pay voluntary contributions which JM will match up to certain levels depending on the Scheme section.

All member contributions are automatically collected by way of a salary sacrifice arrangement, unless the member elects to opt-out of this arrangement.

Johnson Matthey offers 'iSave', a workplace savings scheme allowing employees to pay contributions to a corporate ISA. If the member is not already receiving any matching contributions to their JMEPS Account, JM matches the contributions paid to iSave up to certain limits and pays these to the individual's JMEPS Account.

Trustee Report continued

Membership
As at 31 March 2024, the Scheme had 16,447 members in the Defined Benefit sections (including JMEPS Elements) and 605 members in the Defined Contribution section, (an increase of 333 members in the Defined Benefits section and reduction of 17 in the Defined Contribution section).

	2024		2023	
	DB	DC	DB	DC
Employee members	3,796	19	3,955	27
Deferred members	8,206	586	7,747	595
Pensioner & dependent members	4,445	0	4,412	0
TOTAL	16,447[1]	605	16,114[1]	622

1 2,666 DB members (2023: 2,807) have accounts with additional defined contribution funds held in JMEPS Extra.

New joiners are automatically enrolled into the DC Elements Section (silver level of membership) of the Scheme on the first of the month after they join the Company. Those members who opt out of the Scheme are automatically re-enrolled every three years.

Cash Equivalent Transfer Values
During the year, transfer values in respect of withdrawing members were calculated and verified in the manner prescribed by statutory regulations. No allowance has been made for discretionary pension increases in these transfer values as there is no practice of awarding such increases. Due to increased flexibilities and choices at retirement, the number of members considering a transfer of benefits out of JMEPS continues to be closely monitored by the Trustee.

Members are warned about the increased risk of pension scams. The transfer out processes take into account the latest industry and Pensions Regulator guidance.

Contributions
Contributions to the Defined Benefit sections of the Scheme (including the Credit Accounts in the Elements Section) amounted to £28.20 million during the year. In addition, contributions to the Scheme in respect of Defined Contribution Investment and Extra accounts of the Elements Section and the Defined Contribution section were received in accordance with the Trust Deed and Rules of that section and amounted to £32.65 million.

Pension Increases
In April 2023, Guaranteed Minimum Pensions (GMPs) were equalised and converted for the majority of pensioner members. In accordance with the Trust Deed & Rules, eligible pensions in payment (in excess of GMP) were increased by 5.0% in May 2023 (2022: 5.0%) reflecting the change in RPI for the year ended February 2023. There was a 3.0% increase to GMPs and pensions in respect of converted GMPs. Deferred pensions (in excess of GMP) were increased by 5.0% (2022: 3.1% increase). No discretionary increases were awarded.

Changes to the Trust Deed & Rules

The official document governing the running of JMEPS is the Trust Deed and Rules. Changes are made to that document from time to time through a Deed of Amendment. During the Scheme year, the following changes were made to the Trust Deed and Rules.

Date the Deed was Executed	Change
29 September 2023	The Rules were updated to recognise that the Deed of Amendment and Apportionment previously entered into no longer required Tracerco Limited to be a participating employer and the ongoing participating employers were Johnson Matthey Plc and JM Davy Technologies Limited.
20 March 2024	The Rules were updated for the closure to future accrual of the Career Average Section with effect from 31 March 2024 and for closure members to be transferred to the Elements Section for future pension accrual.

Actuarial Valuation

In accordance with the Trust Deed & Rules, the Scheme Actuary carried out an actuarial valuation of the Scheme as at 31 March 2021. In his report, the Scheme Actuary concluded that the Scheme's assets were sufficient to cover its past service liabilities and the funding level was 101% on its Technical Provisions and on the basis set out by the Pensions Protection Fund. This allows for the Trustee's interest in the Scottish Limited Partnership, which had a value of £33.0m at 31 March 2021, the last formal valuation. The draft actuarial report as at 31 March 2023 suggests a surplus of £16m, equivalent to a funding level of 101%. The next formal triennial actuarial valuation of the Scheme as at 31 March 2024 is underway.

The Elements section of the Scheme had a deficit of £0.9m as at 31 March 2021, equivalent to a funding level of 99% and the next triennial valuation is also due as at 31 March 2024. The draft actuarial report as at 31 March 2023 suggests a surplus of £23.1m, equivalent to a funding level of 117%.

Financial statements have been prepared and audited in accordance with Section 41(1) and (6) of the Pensions Act 1995.

Risk Management & Internal Controls

The Trustee has a risk management framework for the identification, assessment, treatment, monitoring and reporting of risk as well as reviewing internal controls. Risks identified and action plans for their management are recorded in the Risk Register which is subject to ongoing review. It should be borne in mind that the system of internal control and risk management is designed to manage rather than eliminate risk of failure to achieve the Trustee's objectives. This framework is reviewed by the Trustee Board every six months and the Trustee aims to consider one different risk at each session.

Conflicts of Interest

The Trustee has a policy on managing conflicts of interest which takes into account guidance from the Pensions Regulator and Conflicts of Interest are an agenda item at each Board meeting.

Data Protection

The Trustee is a Data Controller under the General Data Protection Regulations (GDPR) and the Trustee's Privacy Notice can be downloaded at **elements.matthey.com**.

Advisers & Administrators

The Trustee has appointed the advisers and investment managers shown on page 12. Their services are provided under written agreements in accordance with the Occupational Pension Schemes (Scheme Administration) Regulations 1996. The investment managers' agreements also comply with the requirements of the Financial Conduct Authority ("FCA") and the standards set by the Institutional Fund Managers' Association and the London Investment Banking Association.

The Trustee has delegated the day-to-day administration of the Scheme to Group Reward & Benefits who also provide accounting, secretarial and communication services to the Scheme. With the Trustee's approval, Group Reward & Benefits outsource the administration of the Scheme's Defined Contribution section to AEGON whose performance and level of service is reviewed regularly by the Trustee.

The Pensions Regulator

The Scheme is registered with the Pension Schemes Registry (reference number: 101495961) and, in accordance with the provisions of the Pensions Act 2004, is registered with The Pensions Regulator ("tPR") (reference number: 10149596). The Trustee had an exchange of communication with the Pensions Regulator following the Company's recent corporate activity.

Pensions Tracing

A pensions tracing service is offered by the Department for Work and Pensions. This service can be contacted at the following address: Pension Tracing Service, The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU or by telephone (0345 6002 537).

The Pensions Advisory Service

The Pensions Advisory Service ("TPAS") is available to assist members and beneficiaries of the Scheme in connection with difficulties that they have failed to resolve with the Trustee. TPAS can be contacted at the following address: 11 Belgrave Road, London, SW1V 1RB by email (enquiries@pensionsadvisoryservice.org.uk) or telephone (0300 123 1047). For problems that cannot be settled through TPAS, the Pensions Ombudsman has the power to investigate and determine complaints or disputes of fact, or law, in relation to occupational pension schemes. The Ombudsman can be written to at the following address: 10 The South Colonnade, London, E14 4PU.

Management & Advisers

Trustee Directors
Roger Buttery (Chair)
Jon Balshaw
Mike J Clover (Member Nominated)
(retired 31 July 2023)
Dan Booth (Member Nominated)
(appointed 14 September 2023)
Andy Walker
Victoria Barlow (Member Nominated)
Yvonne MacIntosh (appointed 7 March 2024)
Simon Hooper (retired 31 December 2023)
Alan James (Pensioner Member Nominated)

JMEPS Trustee Secretary
Mark Butler

Group Reward & Benefits Director
Katie Aird

Head of Pensions (EMEA)
Andrew Charman

Group Reward & Benefits
Johnson Matthey Plc
Group Reward and Benefits 5th Floor,
25 Farringdon Street London EC4A 4AB
Telephone: +44(0) 207 269 8315
E-mail: elements.uk@matthey.com

Administrators
Group Reward and Benefits, Johnson Matthey Plc
(Defined Benefit administration)
Aegon Ltd (Defined Contribution administration)

Independent Medical Adviser
BUPA Insurance Ltd

Principal Employer
Johnson Matthey Plc

Participating Companies
Johnson Matthey Plc
Johnson Matthey Davy Technologies Ltd
Tracerco Ltd (ceased 29 September 2023)

Asset Custodians
BNY Mellon Asset Servicing Ltd Citibank NA[1]

Euroclear[1]

HSBC Global Investor Services Ltd[1]

1 appointed by Legal & General Investment Management Ltd.

Asset Performance Monitor
BNY Mellon Asset Servicing Ltd

Banker
NatWest plc

Investment Consultants
Isio (Defined Benefit Investments)
Willis Towers Watson Ltd
(Defined Contribution investments)

DB Investment Managers
BlackRock Investment Management UK Ltd
Legal & General Investment Management Ltd
Partners Group Management
Insight Investment Management Ltd
CQS (UK) LLP
Wellington Management International Ltd
Schroders Investment Management

DC Investment Managers
BlackRock Investment Managers
Legal & General Investment Management Ltd

Scheme Actuary
Kevin Pither, FIA, Mercer Ltd

Solicitor
Mayer Brown LLP

Scheme Auditor
KPMG LLP

Enquiries about any matter or document concerning the Scheme or this Trustee's Report and Financial Statements, should be sent to the Secretary to the Trustee, Group Reward and Benefits.

Investment Policy & Management

Investment Principles

As required by Section 35 of the Pensions Act 1995, the Trustee has produced Statements of Investment Principles ("SIP") for both Defined Benefit and Defined Contribution sections of the Scheme. The SIP describes the Trustee's investment strategy and also records the Trustee's policy on governance matters and socially responsible investment. Copies of both SIPs are available on request from Group Reward & Benefits or to download at **elements.matthey.com/#/public-jmeps-trustee-governance-statement**. The Trustee updated the Statements of Investment Principles during the course of the year to include sections on stewardship and collateral management, to reflect the changes in the investment funds available to DC members, to clarify the Trustee's ESG policies and to provide detail on the Trustee's illiquids policies.

The Trustee has defined its investment beliefs and set climate change objectives and is working with all of its investment managers to ensure that the assets are aligned with the Trustee's beliefs. The Trustee reviews the performance and associated costs of the investment managers at least quarterly. The Trustee meets all of its investment managers at least annually and periodically reviews reports from them to ensure these policies are being met.

The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues may have a material impact on future investment returns. The Trustee evaluates these considerations when going through any tender processes and in the appointment of investment managers.

The Trustee's policy is to give the investment managers discretion when evaluating ESG issues and in exercising rights and stewardship obligations attached to the Scheme's investments. Similarly, the Scheme's voting rights are exercised by its investment managers in accordance with their own corporate governance policies and taking account of current best practice, including the UK Corporate Governance Code and the UK Stewardship Code.

More details can be found in the Trustee's Implementation Statement in the appendices.

Investment Strategy

The investment strategy of the Scheme aims to safeguard the assets and to provide, together with contributions, the financial resource from which benefits are paid. Investments are inevitably exposed to risks. These risks can be broadly classified as those inherent in the safe custody and record-keeping of assets and those inherent in the investment markets.

The assets of the Scheme are kept totally separate from the finances of the participating companies. In order to control their title and security, the Trustee holds the assets in designated custodian accounts and uses the safekeeping services of the custodians shown on page 12. The Trustee reviews the internal control reports produced by the custodian and regularly reconciles the custodian's records of securities and cash to the investment managers' records.

The risks inherent in the investment markets are partially mitigated by pursuing a diversified approach across asset classes and investment managers. The investments of the defined benefit sections and defined contribution sections are considered by the Trustee separately.

Investment Policy & Management continued

Implementation Statement

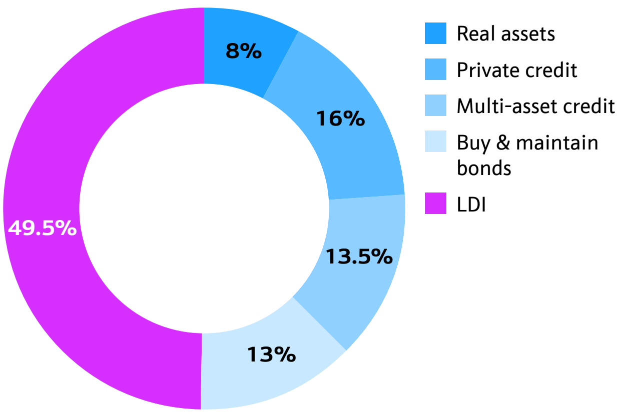
The JMEPS Trustee has published its Implementation Statement for the period to 31 March 2024 which sets out information about how the Trustee has put their statements of investment principles (SIP) into practice, particularly in relation to stewardship and engagement and forms part of the Trustee's Report. The full Implementation Statement is included within the appendices.

A copy of this implementation statement has been made available on the following website: **https://elements.matthey.com/#/public-jmeps-trustee-governance-statement**.

Defined Benefit Section – (Legacy Final Salary & Career Average) Asset Allocation

The Trustee has continued to work closely with its DB investment advisers, Isio, to review the Section's investment strategy with the aim of simplifying the structure of the investment portfolio, making it less vulnerable to any investment market volatility and to make it less risky.

The Trustee's current target strategy aims to achieve the allocation of assets as shown in the following chart.



Defined Benefit Section – (Legacy Final Salary & Career Average) Investment Managers

Over the year the overall fair value of the assets supporting this section reduced from £1,500.0 million to £1,409.7 million as at 31 March 2024.

The Trustee regards the majority of the investment assets as readily realisable. Exceptions include certain pooled investments, property, infrastructure and some corporate bonds, which due to the nature of the investments or current market conditions are less liquid than the rest of the investment portfolio.

This Section had six investment managers with various portfolios at the year end – Legal & General, BlackRock, Partners Group, Insight, CQS and Wellington.

The Scheme had assets in a Diversified Growth Fund which was managed by Insight although this was being used to fund cash flow requirements and was disinvested shortly after the year end.

Partners Group manages an Infrastructure portfolio.

CQS and Wellington manage Multi-Asset Credit mandates.

Investment Policy & Management continued

The Scheme's DB Section's assets are detailed in the table below:

Fair Value as at 31 March 2024 (£ million)								
Fund	Legal & General	BlackRock	Partners	Insight	CQS	Wellington	Special Purpose Vehicle (SPV)	Total
Bonds								
UK Public Sector	180.7							**180.7**
UK Corporate	132.9							**132.9**
Overseas Corporate	48.7							**48.7**
UK Govt Index-Linked	691.6							**691.6**
Absolute Return Bonds	145.0							**145.0**
Total Bonds	**1,198.9**							**1,198.9**
Total Derivatives	**(8.3)**							**(8.3)**
Total Property		**51.3**						**51.3**
Total Diversified Growth				**3.9**				**3.9**
Total Diversified Credit		**261.8**						**261.8**
Total Infrastructure			**49.3**					**49.3**
Multi Asset Credit					**103.5**	**93.7**		**197.2**
Total SPV							**28.1**	**28.1**
Repo	**(500.9)**							**(500.9)**
Reverse Repo	**98.4**							**98.4**
Total Assets Invested	**788.1**	**313.1**	**49.3**	**3.9**	**103.5**	**93.7**	**28.1**	**1,379.7**
Cash instruments, cash deposits, payables and receivables	29.7	0.3						30.0
Grand Total	**817.8**	**313.4**	**49.3**	**3.9**	**103.5**	**93.7**	**28.1**	**1,409.7**

Investment management expenses for the defined benefit section are borne by the Scheme. Investment managers are remunerated by fees based on a percentage of funds under management.

Investment Policy & Management continued

Defined Benefit Section – (Legacy Final Salary & Career Average)

Investment Performance

The Trustee has set specific benchmarks against which the investment managers' performances after fees) are assessed. These benchmarks relate to recognised market indices and vary according to the specific investments.

BlackRock (Property mandate): to outperform the IPD All Balanced Funds Weighted Index.

BlackRock Diversified Private Credit: target to generate a total return with a net return target of 6-7% per annum.

Partners Group (Infrastructure mandate): target of absolute return of 8% per annum (for the 2012 Fund) and 7% per annum (for the 2018 Fund) net of fees.

LGIM (Multi-asset mandate): to avoid outperforming a combined equity and bond benchmark by more than 0.25% a year over a 3-year rolling period while also avoiding underperforming the combined benchmark by more than 0.5% a year.

Insight (Diversified Growth Fund): to achieve returns in line with 3 month Sterling SONIA plus 3.5% gross of fees over an annualised five year period.

CQS (Multi-asset credit): to achieve net returns in line with SONIA plus 4.5%.

Wellington (Multi-asset credit): to deliver absolute return of 5% per annum net of fees over an economic cycle.

Investment Policy & Management continued

The investment performance of the various pooled funds over a 12 month and three year rolling period to 31 March 2024 is detailed in the table below:

Investment Manager	Fund	Investment performance over last 12 months %		Investment performance over last 3 years %		Investment performance over last 5 years/since inception %	
		Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
Legal & General	LDI portfolio	**(17.4)**	(17.4)	**(82.5)**	(82.4)	**(30.1)**	(30.0)
	Buy & Maintain (Corporate Bonds)	**6.6**	5.4	**–**	–	**13.8**	9.3
	Absolute return bonds	**8.6**	6.6	**–**	–	**3.9**	4.4
BlackRock	Property	**(3.0)**	(0.7)	**(0.2)**	1.5	**3.9**	4.2
	Diversified Private Credit	**9.9**	6.5	**–**	–	**8.3**[1]	6.5
	ETF Portfolio (bonds)	**5.4**	6.3	**–**	–	**3.7**	4.5
Insight	Diversified Growth Fund	**10.2**	8.7	**2.1**	6.0	**3.0**	4.9
Partners Group	Infrastructure 2012	**(5.7)**	8.0	**7.2**	8.0	**9.9**[1]	8.0
	Infrastructure 2018	**6.7**	7.0	**11.3**	7.0	**8.5**[1]	7.0
CQS	Multi asset credit	**13.6**	9.7	**3.3**	7.1	**3.2**	6.4
Wellington	Multi asset credit	**10.9**	5.0	**0.8**	5.0	**2.2**	5.0

1 Net IRR.

The funds performed broadly in line with their indices and the Trustee continues to closely monitor investment performance on a quarterly basis. Overall, the Scheme's assets saw a reduction of (2.2)% over the year from 1 April 2023 to 31 March 2024 against a total benchmark return of (3.0)%.

Defined Benefit Section (JMEPS Elements) – Background

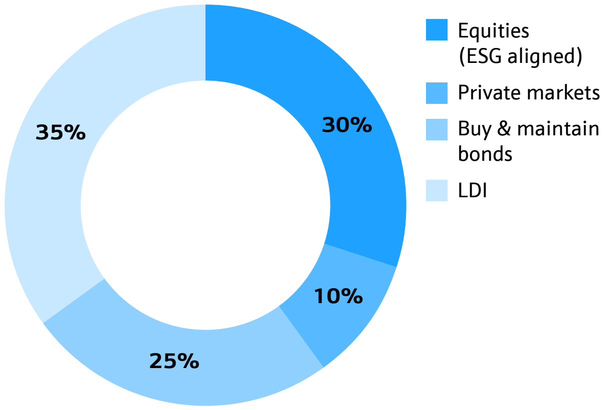
JMEPS Elements is a segregated section of JMEPS and members build up benefits in their own individual Credit Account, based on earnings up to the Scheme Earnings Cap and also in their own individual Investment Account for any salary in excess of the Scheme Earnings Cap.

The Scheme Earnings Cap for the Scheme Year 2023/24 was £54,540 and for the Scheme Year 2024/25 is £57,000. JMEPS Elements members are able to elect their level of membership each November to apply from the following 1 January (Platinum, Gold or Silver).

Investment Policy & Management continued

Defined Benefit Section (JMEPS Elements) – Asset Allocation

Working with Isio, the Trustee also updated the investment strategy for the Elements Section and the current strategic asset allocation is shown in the chart.



During the year, the liability hedge was built, initially at 50%, then 75% and ultimately 100%. The Trustee also decided to transfer most of the equities to the Paris Aligned World Index Fund because of its ESG credentials.

The Scheme's DB Section (JMEPS Elements) assets as at 31 March 2024 are shown in the table below:

	March 2024 £m	March 2023 £m
LDI	46.9	61.3
Equities	62.1	56.5
Buy & Maintain Bonds	60.8	37.6
Corporate Bonds	16.2	2.1
	186.0	157.5

Investment Policy & Management continued

Defined Benefit Section (JMEPS Elements) – Investment Managers

The fair value of the assets supporting member's JMEPS Elements Credit Accounts increased from £157.8 million to £186.3 million.

The funds performed broadly in line with their indices as detailed in the table below:

Investment Manager	Fund	Investment performance over last 12 months %		Investment performance over last 3 years %		Investment performance since inception %	
		Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
Legal & General	ESG Paris Aligned World Equity	**23.2**	22.9	**–**	–	**11.3**	10.8
	Schroders Climate Plus	**–**	–	**–**	–	**2.4**	3.4
	Buy & Maintain Bonds	**7.4**	6.8	**–**	–	**10.7**	10.1
	LDI	**(21.0)**	(21.0)	**–**	–	**(44.8)**	(44.8)
	Absolute Return Bonds	**8.6**	6.6	**–**	–	**4.8**	5.2

Defined Contribution Section (JMEPS Elements) – Investments

Any JMEPS Elements member with an Investment Account or JMEPS Extra Account chooses where to invest their retirement savings from the range of funds offered by the JMEPS Trustee. Over the year the overall fair value of these accounts increased from £142.9 million to £178.2 million as at 31 March 2024.

The table below shows where members have chosen to invest their voluntary contributions as at 31 March 2024. The same investment funds are available for the JMEPS Extra funds and the investment performance of the funds is shown below.

Investment Funds	Fair Value (£ million)
UK Equity Index	12.0
World Equity (excluding UK) Index	17.1
Global Equity Index Tracker	86.4
Emerging Market Equity	2.0
Real Assets	0.2
All Stocks Corporate Bond	2.0
Over 15 years UK Gilt Index	2.5
Over 5 years Index-Linked Index	1.0
Cash Fund	4.8
Diversified Growth	50.2
Grand Total	**178.2**

Defined Contribution Section (JMEPS Extra) – Additional Voluntary Contributions

Any current member can pay voluntary contributions to JMEPS, which are matched by JM up to certain limits depending on the section of the Scheme.

Defined Contribution Section – Investments & Investment Performance

Over the year the overall fair value of the assets in the Scheme's Defined Contribution section increased from £90.7 million as at 31 March 2023 to £100.8 million as at 31 March 2024.

The table below shows where members have chosen to invest their contributions and performance data as at 31 March 2024.

	Value	Investment performance over last 12 months %		Investment performance over last 3 years %		Investment performance over last 5 years or since inception %	
Investment Funds	**(£ million)**	Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
UK Equity Index	**10.1**	**6.9**	8.4	**7.0**	8.1	**4.8**	5.4
World Equity (excluding UK) Index	**14.0**	**23.7**	23.0	**11.6**	11.7	**13.2**	13.2
Global Equity Index Tracker	**36.1**	**22.4**	19.1	**9.4**	8.4	**9.7**	–
Emerging Markets Equity	**1.1**	**5.0**	6.2	**(3.3)**	(2.6)	**2.0**	2.9
Real Assets	**0.1**	**0.9**	0.6	**N/A**	N/A	**N/A**	N/A
All Stocks Corporate Bond	**1.3**	**6.2**	6.1	**(3.5)**	(3.3)	**(0.5)**	(0.5)
Over 15 years UK Gilt Index Fund	**2.0**	**(4.8)**	(4.6)	**(15.1)**	(14.6)	**(8.4)**	(8.1)
Over 5 years UK Index-Linked Gilt Index	**0.9**	**(7.7)**	(6.8)	**(12.4)**	(12.1)	**(6.8)**	(6.5)
Cash Fund	**3.7**	**5.1**	4.9	**2.3**	2.4	**1.5**	1.5
Diversified Growth	**31.5**	**8.2**	8.9	**2.8**	6.3	**4.2**	5.4
Grand Total	**100.8**						

Investment management charges for the Defined Contribution sections (JMEPS DC, JMEPS Extra and JMEPS Elements Investment Accounts) are included within the Annual Management Charges applied to the member's accounts.

For the Diversified Growth Fund, the fund does not have an explicit benchmark. The benchmark shown is the nominal target return of Cash plus 3.5% which was the objective when the LGIM Diversified Growth Fund was added to the platform.

Defined Benefit Section – Report on Actuarial Liabilities

The main purpose of the triennial funding valuation is to examine the financial position of the Scheme's defined benefit sections relative to its Statutory Funding Objective ("SFO"), as required under the Pensions Act 2004. The most recent valuation required under Section 224 of the Pensions Act 2004, was carried out as at 31 March 2021. As part of this exercise, the Trustee made a number of demographic and financial assumptions about the Scheme, which were agreed with the Company. Full details of these assumptions are contained in the Trustee's Statement of Funding Principles dated November 2021.

At the triennial valuation of the Scheme on 31 March 2021 the Scheme was 101% funded against its technical provisions.

The Company pays a percentage of Pensionable Pay each month, depending on the appropriate level of membership, towards the cost of benefits accruing.

These contribution rates are set out in the payment schedules (as required by section 227 of the Pensions Act 2004) agreed by the Company and Trustee on 18 November 2021.

A summary of the last formal actuarial valuation (31 March 2021) is shown below.

	As at 31 March 2021 (£ millions)	
Ongoing Funding Basis	Career Average	Elements
The value of the Scheme's assets	2,179	127.6
The value of the Scheme's liabilities	(2,155)	(128.5)
Surplus / (Deficit)	**24**	**(0.9)**
Ongoing funding level	101%	99%

The value of the Scheme's assets shown as at 31 March 2021 include £33.0 million relating to the Trustee interest in the Scottish Limited Partnership.

The next triennial valuation as at 31 March 2024 is on track to be completed by the end of December 2024.

For and on behalf of JMEPS Trustees Ltd

Roger

Roger Buttery
Chair of the Trustee
Date: 22 October 2024

Statement of Trustee's responsibilities for the Financial Statements

The audited financial statements, which are required to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

i. show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
ii. contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. The Trustee is also responsible for:
- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intends to wind up the Scheme, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Scheme prescribed by pensions legislation, which it should ensure is fair and impartial.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's Summary of Contributions.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the Scheme and financial information included on the Scheme's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the Trustee of the Johnson Matthey Employees Pension Scheme

Opinion

We have audited the financial statements of Johnson Matthey Employees Pension Scheme ("the Scheme") for the year ended 31 March 2024 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes to the financial statements, including the accounting policies in Note 4.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 March 2024 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Scheme in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Scheme, and as it has concluded that the Scheme's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Scheme and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.

Independent auditor’s report to the Trustee of the Johnson Matthey Employees Pension Scheme continued

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee as to the Scheme’s high-level policies and procedures to prevent and detect fraud, as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board and Administration, Audit and DC sub-committee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards we perform procedures to address the risk of management override of controls, in particular the risk that the Trustee (or its delegates) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as the valuation of investments. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared and unusual journal entries to cash.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee and its delegates (as required by auditing standards) and discussed with the Trustee and its delegates the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Scheme’s procedures for complying with regulatory requirements and reading the minutes of Trustee Board meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Independent auditor’s report to the Trustee of the Johnson Matthey Employees Pension Scheme continued

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Scheme is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation), and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Scheme is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Scheme’s registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Scheme’s activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and its delegates and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of Contributions in our statement about contributions on page 55 of the Annual Report.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustee is responsible for the other information, which comprises the Trustee’s Report (including the Report on Actuarial Liabilities, the Summary of Contributions, the Chair’s Statement and Implementation Statement), and the actuarial certification of the Schedule of Contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Independent auditor's report to the Trustee of the Johnson Matthey Employees Pension Scheme continued

Trustee's responsibilities

As explained more fully in its statement set out on page 22, the Scheme Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to wind up the Scheme, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Scheme Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept it or assume responsibility to anyone other than the Scheme Trustee, for our audit work, for this report, or for the opinions we have formed.

Nadia

Nadia Dabbagh-Hobrow
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
Date: 24 October 2024

Financial Statements

Fund Account

For the year ended 31 March 2024

Note		2024 Defined Benefit Section £'000	2024 Defined Contribution Section £'000	2024 Elements Section £'000	2024 Total £'000	2023 Total £'000
	Contributions and Benefits					
	Employer contributions	9,196	3,365	46,101	58,662	54,320
	Employee contributions	112	385	1,690	2,187	1,590
5	**Total contributions**	9,308	3,750	47,791	60,849	55,910
6	Transfers in	–	183	600	783	959
	Other income	–	–	986	986	532
		9,308	3,933	49,377	62,618	57,401
7	Benefits paid or payable	(55,498)	(4,184)	(5,118)	(64,800)	(59,714)
8	Payments to and on account of leavers	(2,263)	(2,040)	(6,773)	(11,076)	(19,208)
9	Administrative expenses	(4,153)	–	(2)	(4,155)	(4,170)
	Other payments	–	(100)	(1,704)	(1,804)	(2,104)
		(61,914)	(6,324)	(13,597)	(81,835)	(85,196)
	Net (withdrawals)/additions from dealings with members	(52,606)	(2,391)	35,780	(19,217)	(27,795)
	Returns on investments					
10	Investment income	29,142	–	696	29,838	33,601
11	Change in fair value of investments	(62,189)	11,305	29,703	(21,181)	(684,506)
12	Investment management expenses	(1,448)	(20)	(363)	(1,831)	(2,582)
	Net return on investments	(34,495)	11,285	30,036	6,826	(653,487)
	Net increase in the fund during the year	(87,101)	8,894	65,816	(12,391)	(681,282)
	Transfer between Sections	(1,268)	1,190	78	–	–
	Net assets of the Scheme					
	At 1 April 2023	1,504,760	90,730	301,436	1,896,926	2,578,208
	At 31 March 2024	1,416,391	100,814	367,330	1,884,535	1,896,926

The notes on pages 29 to 54 form part of these financial statements.

Statement of Net Assets (available for benefits)

Note	As at 31 March 2024	2024 Defined Benefit Section £'000	2024 Defined Contribution Section £'000	2024 Elements Section £'000	2024 Total £'000	2023 Total £'000
11	**Investment assets**					
	Fixed interest securities	**461,635**	**–**	**60,206**	**521,841**	536,062
	Index-linked securities	**691,594**	**–**	**81,352**	**772,946**	825,654
14	Pooled investment vehicles	**684,217**	**100,819**	**280,539**	**1,065,575**	1,007,230
	Special purpose vehicle	**28,100**	**–**	**–**	**28,100**	29,800
	Infrastructure	**49,334**	**–**	**–**	**49,334**	44,607
15	Derivatives	**25,800**	**–**	**1,015**	**26,815**	30,423
	Cash deposits	**9,079**	**–**	**(615)**	**8,464**	(5,841)
	Other investment balances	**(4,186)**	**–**	**335**	**(3,851)**	760
	Amounts receivable under reverse repurchase agreements	**98,398**	**–**	**24,414**	**122,812**	117,167
		2,043,971	**100,819**	**447,246**	**2,592,036**	2,585,862
	Investment liabilities					
15	Derivatives	**(34,111)**	**–**	**(406)**	**(34,517)**	(24,221)
	Other investment liabilities	**(99,188)**	**–**	**(24,390)**	**(123,578)**	(114,646)
	Amounts due under repurchase agreements	**(500,928)**	**–**	**(57,899)**	**(558,827)**	(555,463)
		(634,227)	**–**	**(82,695)**	**(716,922)**	(694,330)
	Total net investments	**1,409,744**	**100,819**	**364,551**	**1,875,114**	1,891,532
20	**Current assets**	**7,184**	**–**	**3,587**	**10,771**	7,347
21	**Current liabilities**	**(537)**	**(5)**	**(808)**	**(1,350)**	(1,953)
	Net assets of the Scheme as at 31 March 2024	**1,416,391**	**100,814**	**367,330**	**1,884,535**	1,896,926

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations for the Defined Benefit section, is dealt with in the Report on Scheme Liabilities on page 21 of the Annual Report and these financial statements, should be read in conjunction with this report. These financial statements were approved by the Trustee on 22 October 2024.

Signed on behalf of the Trustee of the Scheme:

Roger

Roger Buttery
Chair of the Trustee
Date: 22 October 2024

Alan

Alan James
Member Nominated Trustee Director

Notes to the Financial Statements
For the year ended 31 March 2024

1 Basis of Preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with the guidance set out in the Statement of Recommended Practice (SORP) (revised 2018).

The financial statements have been prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the Scheme has adequate resources to realise its assets and meet pension payments in the normal course of affairs (continue to operate) for at least the next twelve months from the date of approval of the financial statements.

The Trustee considered the general economic conditions including the impacts of Covid-19, the Russia/Ukraine crisis and the recent volatility in markets on the Scheme and on the Principal Employer, Johnson Matthey Plc.

At the latest triennial valuation on 31 March 2021 the Scheme was in a surplus funding position with its assets amounting to approximately 101% of its liabilities on a technical provision basis for the Defined Benefits Section. The Elements Section of the Scheme was in deficit with its assets amounting to approximately 98% of its liabilities. Using the Trustee's approximate funding tracking tool, the funding levels were estimated to be 101% and 124% for the Defined Benefits and Elements sections respectively as at 23 October 2023 on the same basis. Primarily due to the de-risking measures that the Trustee has taken, the Scheme has avoided any significant funding level volatility due to the economic reactions to Covid-19, the Russia/Ukraine conflict and the market volatility cause by other political events. Given these funding positions, if JM were to fail, the Trustee is comfortable that PPF support would not be needed and the Trustee could instead work towards full solvency in a low-risk way.

In reaching this conclusion, the Trustee has considered severe but plausible downsides and have taken into account the impact on investments, future income and capital growth, portfolio liquidity, cashflow requirements and the Employer covenant. This assessment gives the Trustee confidence to prepare the financial statements on a going concern basis.

Notes to the Financial Statements continued

For the year ended 31 March 2024

2 Comparative disclosures for the Fund Account and Statement of Net Assets

FUND ACCOUNT

Note		2023 Defined Benefit Section	2023 Defined Contribution Section	2023 Elements Section	2023 Total
		£'000	£'000	£'000	£'000
	Contributions and Benefits				
	Employer contributions	8,142	3,315	42,863	54,320
	Employee contributions	114	335	1,141	1,590
5	**Total contributions**	8,256	3,650	44,004	55,910
6	Transfers in	–	58	901	959
	Other income	–	–	532	532
		8,256	3,708	45,437	57,401
7	Benefits paid or payable	(51,963)	(2,958)	(4,793)	(59,714)
8	Payments to and on account of leavers	(11,442)	(3,422)	(4,344)	(19,208)
9	Administrative expenses	(4,167)	–	(3)	(4,170)
	Other payments	–	(114)	(1,990)	(2,104)
		(67,572)	(6,494)	(11,130)	(85,196)
	Net (withdrawals)/additions from dealings with members	(59,316)	(2,786)	34,307	(27,795)
	Returns on investments				
10	Investment income	32,306	–	1,295	33,601
11	Change in fair value of investments	(652,935)	(4,981)	(26,590)	(684,506)
12	Investment management expenses	(2,327)	(18)	(237)	(2,582)
	Net return on investments	(622,956)	(4,999)	(25,532)	(653,487)
	Net increase in the fund during the year	(682,272)	(7,785)	8,775	(681,282)
	Transfer between Sections	(620)	429	191	–
	Net assets of the Scheme				
	At 1 April 2022	2,187,652	98,086	292,470	2,578,208
	At 31 March 2023	1,504,760	90,730	301,436	1,896,926

For the year ended 31 March 2024

STATEMENT OF NET ASSETS
(available for benefits)

Note		2023 Defined Benefit Section £'000	2023 Defined Contribution Section £'000	2023 Elements Section £'000	2023 Total £'000
11	**Investment assets**				
	Fixed interest securities	478,885	–	57,177	536,062
	Index-linked securities	752,534	–	73,120	825,654
14	Pooled investment vehicles	693,693	90,735	222,802	1,007,230
	Special purpose vehicle	29,800	–	–	29,800
	Infrastructure	44,607	–	–	44,607
15	Derivatives	29,262	–	1,161	30,423
	Cash deposits	(4,893)	–	(948)	(5,841)
	Other investment balances	398	–	362	760
	Amounts receivable under reverse repurchase agreements	106,687	–	10,480	117,167
		2,130,973	90,735	364,154	2,585,862
	Investment liabilities				
15	Derivatives	(23,989)	–	(232)	(24,221)
	Other investment liabilities	(104,365)	–	(10,281)	(114,646)
	Amounts due under repurchase agreements	(502,544)	–	(52,919)	(555,463)
		(630,898)		(63,432)	(694,330)
	Total net investments	**1,500,075**	**90,735**	**300,722**	**1,891,532**
20	**Current assets**	6,557	–	790	7,347
21	**Current liabilities**	(1,872)	(5)	(76)	(1,953)
	Net assets of the scheme at 31 March 2023	**1,504,760**	**90,730**	**301,436**	**1,896,926**

3 Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee's Report.

4 Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

i. Fair Value of Investments

Investments are included in the financial statements at their fair value at the year end. Listed securities are valued at the bid price or the last traded price, depending on the convention of the stock exchange on which they are quoted at the year end. For fixed interest and index-linked securities this valuation is reduced by the accrued interest therein. Pooled investment vehicles are valued at the Trustee's valuation using closing bid prices, published prices or the latest information from investment managers. Accrued income is accounted for within investment income.

Repos are a form of short-term borrowing for dealers which involve the purchase of government securities with the agreement to sell them back at a specific date, usually for a higher price. Under repurchase (repo) agreements, the Scheme continues to recognise and value the securities that are delivered out as collateral and includes them in the Financial Statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a liability.

Under reverse repurchase (repo) agreements, the Scheme does not recognise the securities received as collateral in the Financial Statements. The Scheme does recognise the cash delivered to the counterparty as a receivable in the Financial Statements.

The Special Purpose Vehicle has been valued by Mercer Limited on a fair value basis based on expected future cashflows arising from the vehicle discounted using market interest rates. Collateral received as security is not recognised in the Financial Statements. The value shown as at 31 March 2024 is based on their report dated July 2024. Receipts and payments are reported as investment purchases and sales.

ii. Investment costs and income

Acquisition costs of investments are added to the cost of purchasing those investments. Disposal costs of investments are deducted from the sale proceeds of those investments.

The change in the fair value of investments represents the realised and unrealised movements in the value of the investments.

Income from fixed interest and index-linked securities and other interest receivables is taken into account on an accruals basis. Income from all other marketable securities is taken into account on the date when stocks are quoted ex-dividend. Interest is accrued daily. Income from certain pooled investment vehicles is accounted for when declared by the fund manager. Income arising from the underlying investments of other pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within "Change in Market Value".

The Special Purpose Vehicle distributes income to the Scheme of £3.5m per year in line with the agreement with the Company.

iii. Foreign Currencies

The Scheme's functional and presentational currency is Sterling. Foreign currency investments and related assets and liabilities are translated into sterling at the rates ruling at the year end. Foreign currency income and expenditure is translated at exchange rates prevailing at the appropriate dates, which are usually transaction dates. Exchange differences arising on investment balance translation are accounted for in market value of investments during the year.

iv. Derivatives

Derivative contracts are included in the net assets statement at fair value. Swaps and futures with positive values are included in the net assets statement at bid price and those with negative values as liabilities at offer price.

Swaps are over the counter contracts and fair value is the current value of the future expected net cash flows, taking into account the time value of money and market data at year end. All gains and losses on derivative contracts are included within the change in market value of investments.

v. Contributions

Normal contributions from employers and employees are made in accordance with the rates set out in the payment schedules in force for the Scheme year. Employee normal contributions are accounted for when deducted from pay, with the exception of contributions deducted from auto-enrolled members during the opt out period which are accounted for on the earlier of receipt or the expiry of the opt out period. Employer normal contributions which are expressed as a rate of salary are accounted for on the same basis as employees' normal contributions, otherwise they are accounted for in the period they are due under the Schedule of Contributions.

Augmentation contributions are accounted for in accordance with the agreement under which they are paid.

vi. Benefits

Benefits payable to members are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving. Benefits are accounted for in the period in which they fall due for payment.

vii. Transfers

Individual transfers in and out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is paid or received. Group transfers are accounted for when liabilities are accepted by the receiving scheme, which is usually on the basis of amounts paid or received.

viii. Income & Expenditure

Income and expenditure are accounted for on an accruals basis.

ix. Critical accounting estimates and judgements

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Net Assets date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee confirms that no judgements have had a significant effect on amounts recognised in the Financial Statements.

5 Contributions

	2024 Defined Benefit Section £'000	2024 Defined Contribution Section £'000	2024 Elements Section £'000	2024 Total £'000
Employer contributions				
Normal	**6,744**	**2,765**	**43,656**	**53,165**
Augmentation	**1,700**	**–**	**–**	**1,700**
Other	**752**	**600**	**2,445**	**3,797**
	9,196	**3,365**	**46,101**	**58,662**
Employee contributions				
Normal	**112**	**385**	**1,690**	**2,187**
	9,308	**3,750**	**47,791**	**60,849**

	2023 £'000	2023 £'000	2023 £'000	2023 £'000
Employer contributions				
Normal	7,292	2,962	41,182	51,436
Augmentation	513	–	3	516
Other	337	353	1,678	2,368
	8,142	3,315	42,863	54,320
Employee contributions				
Normal	114	335	1,141	1,590
	8,256	3,650	44,004	55,910

Employer normal contributions include contributions in respect of salary sacrifice arrangements made available to certain members by the Employer.

Members who wish to pay additional voluntary contributions receive matching additional contributions from JM up to 3%. The member's contributions can be paid to the Scheme or they can choose to pay them as an alternative to the JM ISA with Hargreaves Lansdown. In either case, the matching JM contributions are paid to the Scheme.

6 Transfers in

	2024 Defined Benefit Section £'000	2024 Defined Contribution Section £'000	2024 Elements Section £'000	2024 Total £'000
Individual transfers in from other schemes	**–**	**183**	**600**	**783**

	2023 £'000	2023 £'000	2023 £'000	2023 £'000
Individual transfers in from other schemes	–	58	901	959

7 Benefits paid or payable

	2024 Defined Benefit Section £'000	2024 Defined Contribution Section £'000	2024 Elements Section £'000	2024 Total £'000
Pensions	**51,895**	**–**	**–**	**51,895**
Commutation of pensions and lump sum retirement benefits	**3,503**	**3,998**	**3,826**	**11,327**
Lump sum death benefits	**91**	**69**	**1,144**	**1,304**
Taxation where lifetime or annual allowance exceeded	**9**	**117**	**148**	**274**
	55,498	**4,184**	**5,118**	**64,800**

	2023 £'000	2023 £'000	2023 £'000	2023 £'000
Pensions	48,218	–	–	48,218
Commutation of pensions and lump sum retirement benefits	3,164	2,692	3,066	8,922
Lump sum death benefits	365	245	1,505	2,115
Taxation where lifetime or annual allowance exceeded	216	21	222	459
	51,963	2,958	4,793	59,714

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Scheme in exchange for the Scheme settling their tax liability.

Notes to the Financial Statements continued

For the year ended 31 March 2024

8 Payments to and on account of leavers

	2024 Defined Benefit Section £'000	2024 Defined Contribution Section £'000	2024 Elements Section £'000	2024 Total £'000
Individual transfers to other schemes	**2,263**	**2,040**	**6,767**	**11,070**
Refunds of contributions	**–**	**–**	**6**	**6**
	2,263	**2,040**	**6,773**	**11,076**

	2023 £'000	2023 £'000	2023 £'000	2023 £'000
Individual transfers to other schemes	11,442	3,422	4,344	19,208
Refunds of contributions	–	–	–	–
	11,442	3,422	4,344	19,208

9 Administrative expenses (Defined Benefit Section)

	2024 £'000	2023 £'000
Administration and processing	**1,939**	1,584
Actuarial fees	**408**	793
Audit fee	**94**	66
Legal and other professional fees	**1,617**	1,377
Pensions Regulator levy	**97**	350
	4,155	4,170

10 Investment income

	2024 Defined Benefit Section £'000	2024 Defined Contribution Section £'000	2024 Elements Section £'000	2024 Total £'000
Income from fixed income securities	**17,473**	**–**	**1,902**	**19,375**
Dividends from infrastructure	**1,418**	**–**	**–**	**1,418**
Income from index-linked securities	**3,185**	**–**	**473**	**3,658**
Interest on repurchase agreements	**(18,813)**	**–**	**(1,843)**	**(20,656)**
Income from pooled investment vehicles	**29,075**	**–**	**169**	**29,244**
Interest on cash deposits	**(6,696)**	**–**	**(5)**	**(6,701)**
Income from special purpose vehicle	**3,500**	**–**	**–**	**3,500**
	29,142	**–**	**696**	**29,838**

	2023 Defined Benefit Section £'000	2023 Defined Contribution Section £'000	2023 Elements Section £'000	2023 Total £'000
Income from fixed income securities	22,571	–	1,791	24,362
Dividends from infrastructure	1,615	–	–	1,615
Income from index-linked securities	2,926	–	226	3,152
Interest on repurchase agreements	(11,977)	–	(890)	(12,867)
Income from pooled investment vehicles	15,658	–	151	15,809
Interest on cash deposits	(1,987)	–	17	(1,970)
Income from special purpose vehicle	3,500	–	–	3,500
	32,306	–	1,295	33,601

Investment income arising from assets held in the Defined Contribution section is accumulated and not distributed to investors.

11 Reconciliation of investments

	Value at 01.04.23 £'000	**Purchases at cost and derivative payments £'000**	**Sales proceeds and derivative receipts £'000**	**Change in Fair Value £'000**	**Value at 31.03.24 £'000**
Defined Benefit Section					
Fixed interest securities	478,885	**131,084**	**(121,913)**	**(26,421)**	**461,635**
Index-linked securities	752,534	**12,943**	**(18,025)**	**(55,858)**	**691,594**
Pooled investment vehicles	693,693	**310,739**	**(341,173)**	**20,958**	**684,217**
Special purpose vehicle	29,800	**–**	**–**	**(1,700)**	**28,100**
Infrastructure	44,607	**4,548**	**(31)**	**210**	**49,334**
Derivatives	5,273	**(16,108)**	**–**	**2,524**	**(8,311)**
	2,004,792	**443,206**	**(481,142)**	**(60,287)**	**1,906,569**
Cash deposits	(4,893)			**3,387**	**9,079**
Amounts receivable under reverse repurchase agreements	106,687				**98,398**
Amounts due under repurchase agreements	(502,544)				**(500,928)**
Other investment balances	398				**(4,186)**
Other investment liabilities	(104,365)			**(5,289)**	**(99,188)**
	1,500,075			**(62,189)**	**1,409,744**

Defined Contribution Section	Value at 01.04.23 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in Fair Value £'000	Value at 31.03.24 £'000
Pooled investment vehicles	90,735	**4,687**	**(5,908)**	**11,305**	**100,819**
Elements Section					
Fixed interest securities	57,177	**18,084**	**(15,571)**	**516**	**60,206**
Index-linked securities	73,120	**15,821**	**(1,417)**	**(6,172)**	**81,352**
Pooled investment vehicles	222,802	**91,103**	**(69,873)**	**36,507**	**280,539**
Derivative contracts	929	**(249)**	**–**	**(71)**	**609**
	354,028	**124,759**	**(86,861)**	**30,780**	**422,706**
Cash deposits	(948)			**1,208**	**(615)**
Amounts receivable under reverse repurchase agreements	10,480				**24,414**
Amounts due under repurchase agreements	(52,919)				**(57,899)**
Other investment balances	362				**335**
Other investment liabilities	(10,281)			**(2,285)**	**(24,390)**
	300,722			**29,703**	**364,551**

Included in sales of pooled investment vehicles in the table above for the DB Section is £nil (2023 £227.4m) that relates to a redemption of pooled funds in exchange for fixed interest securities and cash.

Included in sales of pooled investment vehicles in the table above for the Elements Section is £nil (2023 £22.0m) that relates to a redemption of pooled funds in exchange for fixed interest securities.

The majority of negative balances in cash on deposit as at the Scheme year end relate to foreign exchange trades, where the Scheme has sold local currency and bought sterling in order to hedge the euro and US dollar bonds received. Any physical US dollar or euro cash received was then invested in liquidity funds.

The capital commitment to the Partners Infrastructure Fund is 15.0m Euro (2023: 21.5m Euro).

The capital commitment to the BlackRock Diversified Private Debt Fund is £50.6m (2023: £81.4m).

Switches between funds in the Defined Contributions and Elements Sections are excluded from purchases and sales.

Notes to the Financial Statements continued

For the year ended 31 March 2024

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees.

Transaction costs analysed by main asset class and type of cost are as follows:

			2024	2023
	Fees	Commissions	Total	
	£'000	£'000	£'000	£'000
Other	**38**	**–**	**38**	81
	38	**–**	**38**	81
2023	81	–	–	81

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect costs is not separately provided to the Scheme.

For the Defined Contribution section investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the Trustee. The Scheme administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Scheme that relate to members leaving the Scheme prior to vesting.

Defined Contribution assets are allocated to members and the Trustee as follows:

	2024	2023
	£'000	£'000
Members	**100,733**	90,573
Trustee	**86**	162
	100,819	90,735

Notes to the Financial Statements continued

For the year ended 31 March 2024

12 Investment Management Expenses

	2024 Defined Benefit Section £'000	2024 Defined Contribution Section £'000	2024 Elements Section £'000	2024 Total £'000
Administration, management and custody	**1,442**	**20**	**363**	**1,825**
Performance measurement service	**6**	**–**	**–**	**6**
	1,448	**20**	**363**	**1,831**

	2023 Defined Benefit Section £'000	2023 Defined Contribution Section £'000	2023 Elements Section £'000	2023 Total £'000
Administration, management and custody	2,304	18	237	2,559
Performance measurement service	23	–	–	23
	2,327	18	237	2,582

13 Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

Notes to the Financial Statements continued

For the year ended 31 March 2024

14 Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year-end comprised:

	2024	2023
	£'000	£'000
Defined Benefit Section		
Equity	-	71,229
Bonds	603,954	493,207
Diversified Growth	3,874	33,610
Property	51,299	57,747
Cash	25,090	37,900
	684,217	693,693
Defined Contribution Section		
Equity	61,231	55,037
Bonds	4,192	4,018
Diversified Growth	31,519	28,336
Real Assets	61	61
Cash	3,816	3,283
	100,819	90,735
Elements Section		
Equity	179,561	149,205
Bonds	27,988	23,406
Diversified Growth	66,386	40,864
Real Assets	160	77
Cash	6,444	9,250
	280,539	222,802

15 Derivatives

OBJECTIVES AND POLICIES

The Trustee has authorised its investment managers to use derivatives for the purpose of efficient portfolio management, reducing potential mismatches between assets and liabilities and reducing investment risk. The Scheme's investment managers may use interest rate swaps, inflation swaps and futures to reduce the potential mismatch between the Scheme's assets and its liabilities in respect of interest rates and inflation movements.

At the year-end the Scheme had the following derivatives:

	2024 Asset £'000	2024 Liabilities £'000	2023 Asset £'000	2023 Liabilities £'000
OTC Swaps	**25,800**	**(34,111)**	29,262	(23,989)

A summary of the Scheme's outstanding derivative contracts at the year-end aggregated by key characteristics is set out below:

(i) OTC Swaps

	Notional amounts £'000	Expires	Asset value £'000s	Liability value £'000s
Interest rate swaps	**603,430**	**0-5 years**	**1,468**	**(19,232)**
Interest rate swaps	**50,700**	**5-10 years**	**249**	**–**
Interest rate swaps	**8,100**	**15-20 years**	**3,037**	**–**
Interest rate swaps	**1,007**	**35-40 years**	**461**	**–**
Interest rate swaps	**28,973**	**40-45 years**	**207**	**(14,854)**
Inflation rate swaps	**162,650**	**0-5 years**	**16,713**	**–**
Inflation rate swaps	**6,399**	**5-10 years**	**1,371**	**–**
Inflation rate swaps	**11,857**	**15-20 years**	**2,026**	**–**
Inflation rate swaps	**2,846**	**30-35 years**	**–**	**(25)**
Inflation rate swaps	**5,379**	**40-45 years**	**268**	**–**
Total 2024	**881,341**		**25,800**	**(34,111)**
Total 2023	995,790		29,262	(23,989)

At the end of the year the Defined Benefits Section held United Kingdom Treasury index-linked bonds of £691.594 million as collateral in respect of OTC swaps (2023: £752.534 million).

Elements Section:

	2024	2024	2023	2023
	Asset	Liabilities	Asset	Liabilities
	£'000	£'000	£'000	£'000
OTC Swaps	1,015	(406)	1,161	(232)

A summary of the outstanding derivative contracts at the year-end aggregated by key characteristics is set out below:

(i) OTC Swaps

	Notional amounts	Expires	Asset value	Liability value
	£'000		£'000s	£'000s
Interest rate swaps	56,300	0-5 years	363	(399)
Interest rate swaps	4,494	5-10 years	491	–
Interest rate swaps	720	10-15 years	134	–
Inflation rate swaps	1,732	0-5 years	27	(7)
Total 2024	**63,246**		**1,015**	**(406)**
Total 2023	77,942		1,161	(232)

At the end of the year the Elements Section held United Kingdom Treasury index-linked bonds of £81.352 million as collateral in respect of OTC swaps (2023: £73.120 million).

16 Fair value determination

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1: the unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the measurement date;

Level 2: inputs other than quoted prices included within Level 1 which are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly;

Level 3: inputs which are unobservable (i.e. for which market data is unavailable) for the asset or liability.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety. The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

At 31 March 2024	Level (1) £'000s	Level (2) £'000s	Level (3) £'000s	Total £'000s
Defined Benefit Section				
Fixed interest securities	–	461,635	–	461,635
Index-linked securities	–	691,594	–	691,594
Pooled investment vehicles	77,930	173,967	432,320	684,217
Special purpose vehicle	–	–	28,100	28,100
Infrastructure	–	–	49,334	49,334
Derivatives	–	(8,311)	–	(8,311)
Cash deposits	9,079	–	–	9,079
Amounts receivable under reverse repurchase agreements	–	98,398	–	98,398
Amounts due under repurchase agreements	–	(500,928)	–	(500,928)
Other investment balances	(4,186)	(99,188)	–	(103,374)
	82,823	817,167	509,754	1,409,744
Defined Contribution Section				
Pooled investment vehicles	–	100,819	–	100,819
Elements Section				
Fixed interest securities	–	60,206	–	60,206
Index-linked securities	–	81,352	–	81,352
Pooled investment vehicles	–	264,354	16,185	280,539
Derivatives	–	609	–	609
Cash deposits	(615)	–	–	(615)
Amounts receivable under reverse repurchase agreements	–	24,414	–	24,414
Amounts due under repurchase agreements	–	(57,899)	–	(57,899)
Other investment balances	335	(24,390)	–	(24,055)
	(280)	348,646	16,185	364,551
	82,543	1,266,632	525,939	1,875,114

At 31 March 2023	Level (1) £'000s	Level (2) £'000s	Level (3) £'000s	Total £'000s
Defined Benefit Section				
Fixed interest securities	–	478,885	–	478,885
Index-linked securities	–	752,534	–	752,534
Pooled investment vehicles	23,946	276,493	393,254	693,693
Special purpose vehicle	–	–	29,800	29,800
Infrastructure	–	–	44,607	44,607
Derivatives	–	5,273	–	5,273
Cash deposits	(4,893)	–	–	(4,893)
Amounts receivable under reverse repurchase agreements	–	106,687	–	106,687
Amounts due under repurchase agreements	–	(502,544)	–	(502,544)
Other investment balances	398	(104,365)	–	(103,967)
	19,451	**1,012,963**	**467,661**	**1,500,075**
Defined Contribution Section				
Pooled investment vehicles	–	90,735	–	90,735
Elements Section				
Fixed interest securities	–	57,177	–	57,177
Index-linked securities	–	73,120	–	73,120
Pooled investment vehicles	–	222,802	–	222,802
Derivatives	–	929	–	929
Cash deposits	(948)	–	–	(948)
Amounts receivable under reverse repurchase agreements	–	10,480	–	10,480
Amounts due under repurchase agreements	–	(52,919)	–	(52,919)
Other investment balances	362	(10,281)	–	(9,919)
	(586)	301,308	–	300,722
	18,865	**1,405,006**	**467,661**	**1,891,532**

The Special Purpose Vehicle (SPV) is the Scheme's interest in a Scottish Limited Partnership which owns a portfolio of investment grade corporate bonds. Its fair value represents the present value of amounts due to the Scheme over a 25-year period. The Scheme's interest in the SPV is transferable to another party only in very limited circumstances and is therefore considered to be highly illiquid. Collateral, in the form of the bond portfolio is available to the Trustee in the event the amounts due to the Scheme are not received. This collateral is valued at an amount representing 136.7% of the value of the SPV asset at 31 March 2024 (2023: 128.9%).

Notes to the Financial Statements continued

For the year ended 31 March 2024

17 Investment risk disclosures

(a) Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument of its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management, credit and market risk is set out below:

(b) Defined Benefit Section

(i) Investment strategy

The investment objective of the Defined Benefit section (DB Section) is to invest the Scheme's assets in the best interests of the members and beneficiaries, and to pay for current benefits out of investment income, provide for future accrual of benefits through capital growth and future contributions and reduce any funding deficit.

The Trustee sets the investment strategy for the DB Section taking into account considerations such as the strength of the employer covenant, the long-term liabilities of the DB Section and the funding agreed with the Employer. The investment strategy is set out in its Statement of Investment Principles (SIP).

The current strategy is to hold:

76% in investments that move in line with the long-term liabilities of the Scheme. This comprises 41% government bonds and 35% corporate bonds (including those in the Special Purpose Vehicle).

24% in return seeking investments comprising 16.0% diversified private credit, 5% property and 3% global infrastructure.

(ii) Credit risk

The Scheme is subject to direct credit risk because the Scheme directly invests in bonds (fixed interest securities and index-linked securities), OTC derivatives, the Special Purpose Vehicle, has cash balances and enters into repurchase agreements. The Scheme also invests in pooled investment vehicles and infrastructure funds and is directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and infrastructure funds. The Scheme is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Credit risk arising on bonds held directly is mitigated by investing in government bonds of the value £872.4m (2023: £945.4m) where the credit risk is minimal, or corporate bonds of value £181.7m (2023: £181.6m) which are rated at least investment grade. This is the position at the year-end.

OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements (see note 15(i). Credit risk also arises on forward foreign currency contracts. There are no collateral arrangements for these contracts but all counterparties are required to be at least investment grade. This is the position at the year-end.

Credit risk on repurchase agreements is mitigated through collateral arrangements.

Cash is held within financial institutions which are at least investment grade credit rated. This is the position at the year-end.

The pooled investment vehicles are unrated.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager.

A summary of pooled investment arrangements by type of arrangement is as follows:

	2024	2023
	£'000	£'000
Unit linked insurance contracts	**145,003**	204,983
Unit trusts	**51,299**	57,747
Open ended investment companies	**226,097**	259,249
Closed end limited partnership	**261,818**	171,714
	684,217	693,693

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles with value of £603.9m (2023: £493.2m). The risk is mitigated by only investing in funds which hold at least investment grade investments.

Notes to the Financial Statements continued

For the year ended 31 March 2024

(iii) Currency risk

The Scheme is subject to direct currency risk because some of the Scheme's investments totalling £60.3m (2023: £57.9m) are held in non-sterling currencies.

The Scheme is subject to indirect currency risk because some of the Scheme's pooled investment vehicles totalling £462.8m (2023: £464.3m) are held in overseas markets.

(iv) Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds, interest rate swaps, either as segregated investments or through pooled vehicles, and cash. The Trustee has set a benchmark for total investment in bonds and interest rate swaps of 75% of the total investment portfolio, as part of their LDI investment strategy. Under this strategy, if interest rates fall, the value of matching investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the matching investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate. At the year-end the matching portfolio represented 73.5% of the total investment portfolio (2023: 74.3%).

	2024	2023
	£'000	£'000
Defined benefit LDI investments exposed to direct interest rate risk		
Bonds – government	**279,952**	297,234
Bonds – corporate (investment grade)	**181,683**	181,651
Bonds – government index linked	**691,594**	752,534
Defined benefit investments exposed to indirect interest risk		
Pooled investment vehicles – bond funds	**603,954**	493,207
Derivatives – interest rate swaps – assets	**25,800**	29,262
Derivatives – interest rate swaps – liabilities	**(34,111)**	(23,989)
	1,748,872	1,729,899

(v) Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes property and equities held in pooled vehicles. The Scheme has set a target allocation of 24% of investments being held in return seeking investments. This was the intended strategy at the year end.

The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

	2024	2023
	£'000	£'000
Defined benefit investments exposed to indirect other price risk		
Pooled investment vehicles		
Equity funds	**–**	71,229
Diversified growth	**3,874**	33,610
Property	**51,299**	57,747
	55,173	162,586

(c) Defined contribution section

(i) Investment strategy

The Trustees' objective is to make available to members of the Scheme an appropriate range of investment options designed to generate income and capital growth, which together with new contributions from members and their employer, will provide a retirement amount with which the member can purchase a pension annuity or other type of retirement product.

The investment funds offered to members comprise in-house and white label funds provided by Aegon as follows:
- Equities
- Bonds
- Diversified growth
- Sustainability (equities)
- Emerging markets (equities)
- Real assets
- Cash

The Trustee has an investment management agreement in place with Aegon that sets out guidelines for the underlying investments held by the funds. The day to day management of the underlying investments of the fund is the responsibility of Aegon, including the direct management of credit and market risks.

The Trustee monitors the underlying risks by quarterly investment reviews with Aegon.

(ii) Credit risk

The Defined Contribution Section (DC Section) is subject to direct credit risk in relation to Aegon through its holding in unit linked insurance funds provided by Aegon.

Aegon is regulated by the Financial Conduct Authority and maintains separate funds for its policy holders. The Trustee monitors the creditworthiness of Aegon by reviewing published credit ratings. In the event of default by Aegon the Scheme is protected by the Financial Services Compensation Scheme.

The DC Section is also subject to indirect credit and market risk arising from the underlying investments held in the funds. Member level risk exposures will be dependent on the funds invested in by members.

At the Scheme year-end the Bond, Diversified Growth and Cash funds were exposed to underlying indirect credit risk.

The Trustee only invests in funds where the financial instruments and all counterparties are at least investment grade. The pooled funds are unrated. The funds are set up as unit linked insurance contracts with Aegon.

(iii) Market risk

The Scheme's DC Section is subject indirectly to currency rate, interest rate and other pricing risks arising from the underlying financial instruments held in the funds managed by BlackRock.

The Equity Fund is exposed to foreign exchange and other price risks.

The Bond Fund is exposed to foreign exchange and interest rate risks and indirect credit risks.

The Diversified Growth Fund is exposed to foreign exchange risk, interest rate risk and other price risk.

The Sustainability Fund is exposed to foreign exchange and other price risks.

The Emerging Markets Fund is exposed to foreign exchange and other price risks.

The Real Assets Fund is exposed to foreign exchange risk, interest rate risk and other price risk.

The Cash Fund is exposed to foreign exchange and interest rate risk.

(d) Elements section

(i) Investment strategy

The investment objective of the Defined Benefit part of the Elements section (to fund the members' Credit Accounts) is to invest in defensive assets that best match the liabilities, pay for benefits out of investment income, provide for future accrual of benefits through capital growth and future contributions and reduce any funding deficits.

The current strategy is to hold:

- 60% in investments that move in line with the long term liabilities of the Scheme. This comprises 25% government bonds and 35% corporate bonds.
- 40% in return seeking investments comprising 30% World Developed equities (Paris Aligned) and 10% Diversified Private Markets.

(iv) Credit risk

The Scheme is subject to direct credit risk because the Scheme directly invests in bonds and cash balances. The Elements section invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Elements section is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment bond funds.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager. The pooled funds are unrated unit linked insurance contracts.

(v) Market risk

The Elements section is subject to indirect interest rate risk arising from the underlying financial instruments held in the bond funds.

The Elements section is exposed to indirect foreign exchange risks and other indirect price risks from the equities it holds in the equity fund.

The assets held in the Defined Contribution part of the Elements section (in respect of members' Investment Accounts) are subject to the same risks as disclosed in note 17(c) above.

18 Self investment

The Scheme held indirect holdings of Johnson Matthey Plc through its pooled investment vehicles which amounted to less than 0.1% (2023: less than 0.1%) of the Scheme's net assets at the year-end.

19 Concentration of investments

The investments (other than UK Government Securities) at the year end which are more than 5% of the total value of the net assets of the Scheme comprise:

	2024 £'000	2023 £'000
CQS Multi Asset Credit (5.5%, 2023 5.2%)	**103,478**	98,434
Legal & General World Developed Equity Index GBP Hedged Fund (0.0%, 2023: 3.8%)	**–**	71,229
Legal & General Liquidity Fund Short Dated BM 6263 (0.0%, 2023: 0.0%)	**–**	1
Legal & General Absolute Return Bond Fund (8.9%, 2023 7.1%)	**167,445**	133,754
BlackRock Diversified Private Debt (13.9%, 2023: 9.1%)	**261,818**	171,714
JMEPS Global Equity Index Tracker Fund (6.5%, 2023: 5.2%)	**122,433**	99,368
	655,174	574,500

Notes to the Financial Statements continued

For the year ended 31 March 2024

20 Current assets

	2024 Defined Benefit Section £'000	2024 Defined Contribution Section £'000	2024 Elements Section £'000	2024 Total £'000
Prepayments	**3,432**	**–**	**–**	**3,432**
Balance with participating employer	**484**	**–**	**–**	**484**
Accrued income	**8**	**–**	**–**	**8**
Cash balances	**3,260**	**–**	**3,587**	**6,847**
	7,184	**–**	**3,587**	**10,771**

	2023 £'000	2023 £'000	2023 £'000	2023 £'000
Prepayments	3,299	–	–	3,299
Cash balances	3,258	–	790	4,048
	6,557	–	790	7,347

21 Current liabilities

	2024 Defined Benefit Section £'000	2024 Defined Contribution Section £'000	2024 Elements Section £'000	2024 Total £'000
Benefits payable	**–**	**–**	**706**	**706**
Management expenses	**537**	**5**	**102**	**644**
	537	**5**	**808**	**1,350**

	2023 £'000	2023 £'000	2023 £'000	2023 £'000
Benefits payable	–	–	–	–
Management expenses	1,019	5	76	1,100
Balance with participating employer	853	–	–	853
	1,872	5	76	1,953

22 Related party transactions

All administrative expenses of the Scheme are met from the defined benefit section. For the purposes of Financial Reporting Standard (FRS) 102, Johnson Matthey Plc, the participating employer, is a related party to the Scheme.

Johnson Matthey Plc provides pensions management and payroll services to the Scheme and pays other administrative expenses and recharges them to the Scheme. These costs totalling £4,116,004 (2023: £4,144,822) are included in note 9 "Administrative expenses" above.

Two pensioner Trustee Directors received fees and expenses from the Scheme totalling £20,000 (2023: £18,000).

Contributions received in respect of four Trustee Directors who are members of the Scheme have been made in accordance with the Trust Deed and Rules.

Two Trustee Directors are pensioner members of the Scheme who have been in receipt of pensions in accordance with the Trust Deed and Rules.

Shown in note 20 there was an outstanding balance with the participating employer at 31 March 2024.

23 Guaranteed Minimum Pension Equalisation

A High Court judgement published on 26 October 2018 confirmed that defined benefit pension schemes will be required to equalise benefits for the effect of inequalities between males and females in respect of Guaranteed Minimum Pensions (GMPs) since 17 May 1990.

Guidance was issued on 18 March 2019 by the Pensions Research Accountants Group ("PRAG") which sets out the impact of this on the preparation of annual pension scheme accounts under FRS 102 and the SORP.

GMP equalisation was carried out for the majority of pensioners who are in receipt of post 1990 GMP in May 2023. This project included a GMP conversion exercise where GMP benefits were converted to non-GMP benefits of the same actuarial value. There is a minority group of pensioners where their GMP benefits are yet to be equalised and converted, largely due to work carried out to ensure that they are receiving the correct GMP records, in line with the records held by HMRC.

On 20 November 2020, the High Court handed down a second judgment involving the Lloyds Banking Group's defined benefit pension schemes. This judgment concluded that historic transfer values paid out should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits.

In accordance with the judgements and guidance the Trustee has determined that the arrears payments are immaterial and therefore not recognised as a liability in the accounts.

Notes to the Financial Statements continued

For the year ended 31 March 2024

24 Repurchase agreements

Defined Benefit Section

At the year end, within other investment assets and liabilities, amounts payable under repurchase agreements amounted to £500,928k (2023: £502,544k) and the amount receivable under reverse repurchase agreements amounted to £98,398k (2023: £106,687k).

Elements Section

At the year end, within other investment assets and liabilities, amounts payable under repurchase agreements amounted to £57,899k (2023: £52,919) and the amount receivable under reverse repurchase agreements amounted to £24,414k (2023: £10,480).

25 Subsequent events

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The ruling was subject to an appeal with a judgment delivered on 25th July 2024. The Court of Appeal unanimously upheld the decision of the High Court and concluded that the pre-April 2013 conditions applied to amendments to both future and past service.

The Trustee is in the process of taking legal advice as well as liaising with the Scheme actuary, but at this stage, no allowance has been made in calculating the defined benefit obligations at the reporting date.

Independent Auditor's Statement

about Contributions to the Trustee of the Johnson Matthey Employees Pension Scheme

Statement about contributions

We have examined the summary of contributions payable under the Schedule of Contributions to the Johnson Matthey Employees Pension Scheme in respect of the Scheme year ended 31 March 2024 which is set out on page 56.

In our opinion contributions for the Scheme year ended 31 March 2024 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Actuary on 19 November 2021.

Scope of work

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 56, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions to the Scheme and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Scheme's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee, for our work, for this statement, or for the opinions we have formed.

Nadia

Nadia Dabbagh-Hobrow
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

Date: 24 October 2024

Summary of Contributions

Statement of the Trustee's responsibilities in respect of Contributions

The Scheme's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by, or on behalf of the, Employer and the active members of the Scheme and the dates on, or before, which such contributions are to be paid. The Scheme's Trustee is also responsible for keeping records of contributions received in respect of any active member of the Scheme and for monitoring that contributions are made to the Scheme in accordance with the Schedule.

Trustee's summary of the contributions payable under the Schedule of Contributions in respect of the Scheme year ended 31 March 2024

This summary of Contributions has been prepared on behalf of, and is the responsibility of, the Scheme's Trustee. It sets out the employer and member contributions, payable to the Scheme under the Schedule of Contributions dated 19 November 2021 as certified by the Scheme Actuary, in respect of the Scheme year ended 31 March 2024. The Scheme Auditor has reported on the contributions payable under the schedule in the Auditor's Statement about Contributions on page 55.

	£'000s
Employer	
Normal Contributions including Salary Sacrifice	51,436
Augmentations and other contributions	2,884
Member	
Normal Contributions	1,590
Total contributions payable under the Schedule of Contributions (as reported on by the Scheme Auditor)	55,910

Reconciliation of contributions payable under the Schedule of Contributions to Total Contributions reported in the Financial Statements	
Other Employer Contributions	Nil
Total contributions as reported in the Scheme's Financial Statements	55,910

Signed on behalf of the Trustee of the Scheme:

Roger

Roger Buttery
Chair of the Trustee

Alan

Alan James
Member Nominated Trustee Director

Date: 22 October 2024

Certification of Schedule of Contributions

Name of Scheme Johnson Matthey Employees Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated November 2021.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the JMEPS liabilities by the purchase of annuities, if JMEPS were to be wound up.

Signature	Kevin
Name	Kevin Pither
Date of signing	19 November 2021
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of employer	Mercer Limited
Address	One Christchurch Way Woking GU21 6JG

Annual Chair's Statement – 1 April 2023 to 31 March 2024

Introduction

This Statement has been prepared by the Trustee of the Johnson Matthey Employees Pension Scheme ('JMEPS') ('the Scheme') to demonstrate how the Scheme has complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015 in relation to:

- Providing a default investment arrangement for members (the 'default arrangement')
- Processing financial transactions promptly and accurately
- Net investment performance
- Details and impact of charges and transaction costs borne by members
- Assessment of the value members received from being a member of the Scheme; and
- Meeting the requirements for trustees' knowledge and understanding.

The period this Statement covers is the Scheme Year from 1 April 2023 to 31 March 2024 ('the reporting period').

This Statement covers the following populations within the Scheme: **Career Average Revalued Earnings members** (with JMEPS Extra Accounts), **JMEPS Elements members** with DC assets through either an Investment Account or a JMEPS Extra Account and **JMEPS DC only members**.

The Trustee believes that it has taken the necessary steps to ensure compliance with the governance standards.

A copy of this document has been published on a publicly accessible website and can be found at:
https://elements.matthey.com/#/public-jmeps-trustee-governance-statement

Investment

General investment principles

The Trustee's objective is to make available to members an investment programme via pooled funds which seek to generate income and capital growth which, together with new contributions from members and the Sponsor, will provide a fund at retirement with which to provide retirement benefits.

The Trustee's general investment aims are as follows:

- To offer a suitable default strategy appropriate for the profile of the defaulting members that considers their expected risk tolerances and potential target retirement outcomes (the Drawdown Glidepath strategy); and
- To supplement the default strategy with a range of self-select investment options as well as two further Glidepath strategies, which offer sufficient investment choice to satisfy members' differing risk appetites and risk profiles, and retirement objectives.

Investment strategy – relating to the Scheme's default arrangement(s)
Although members have the choice of where to invest, the Trustee must also make available a default arrangement for members that do not select an investment option.

A formal review of the default investment strategy was carried out in November 2021. The Trustee also took the opportunity to revisit its investment beliefs framework and made a number of changes to reflect its objective to further integrate sustainable investment into the portfolio. The next full strategy review will take place in Q4 2024 (default performance is monitored quarterly/annually – please see the Investment Monitoring section for more details).

Following the formal review of the default investment strategy in November 2021, the Trustee decided to fine tune the underlying equity funds within the accumulation phase of Default Glidepath Strategy (and the supporting Glidepaths) and make several changes to the self-select fund range. These changes were introduced following a comprehensive communication and engagement programme with members which included written communications, updates to the Elements website and dedicated webinars. The investment changes were actioned in March 2023 in consultation with the Trustee's advisers and facilitated by platform provider Aegon.

Specifically they entailed:
- Restructuring of the JMEPS Global Equity Index Tracker Fund to integrate Environmental, Social and Governance (ESG) factors in order to support sustainable investment offerings and integrate the Trustee's sustainability beliefs into the JMEPS investment options, including the glidepaths and self-select fund range.
- Closing and removing the JMEPS Global Equity, Global Corporate Bond and Sustainability Funds due to periods of mixed performance and limited take-up by members.
- Introducing a new Real Assets Fund as an alternative to the equity and bond funds for those members looking for growth and diversification within their investment portfolio.

A copy of the Scheme's Defined Contribution Statement of Investment Principles which includes the investment principles for the default arrangements and details of the Scheme's glidepaths, is enclosed with this Statement and is also accessible online at: **https://elements.matthey.com/#/public-jmeps-trustee-governance-statement**

Asset allocation assessment
The Trustees are required to assess and report on the allocation of assets in each default investment arrangement. The results for the Drawdown Glidepath strategy are shown in the following table (the breakdown for the Scheme's other default investment arrangements are shown in Appendix C). On reporting the results of the asset allocation assessment, the Trustees have considered and followed the relevant statutory guidance issued by the DWP.

DRAWDOWN GLIDEPATH STRATEGY

	Percentage allocation (%) – Age 25	Percentage allocation (%) – Age 45	Percentage allocation (%) – Age 55	Percentage allocation (%) – Age 65
Listed Equities	100.0	87.5	62.5	37.5
Bonds	0.0	10.5	31.5	31.5
Property/Real estate	0.0	1.0	3.0	3.0
Private equity	0.0	0.25	0.75	0.75
Private debt	0.0	0.5	1.5	1.5
Cash	0.0	0.25	0.75	25.75

Investment monitoring

The Trustee has sufficient and appropriate knowledge and understanding to provide sound and prudent oversight of the investment strategy and investment/risk management expertise to critically evaluate and oversee the investment strategy and associated risks. The Trustee receives professional investment advice in this capacity which supports the Trustee in its investment oversight and strategic decision-making process.

In addition, the Trustee regularly reviews the underlying performance of the funds within the default strategy and the self-select fund range. The Trustee receives quarterly investment performance reports which enables it to review the performance of all funds against their benchmarks. The Trustee also receives detailed quarterly reports from its investment adviser with in-depth performance analysis. Following the investment changes in March 2023, the Trustee worked with its investment advisers to fine tune the quarterly reporting to give more focus on the key funds which make up the Glidepath options (including the default investment strategy) and provide some wider market context for the Diversified Growth Fund performance. The Trustee's investment advisers will raise significant issues with the Trustee when they arise so action can be considered expediently. JMEPS passive index-tracking fund options all performed in line with their aims and expectations, despite volatility during the reporting period.

In December 2023, the Trustee advisers tested the performance of the Drawdown Glidepath strategy against the assumptions made when constructing the strategy, considering the effects of the current and future economic outlook. This concluded that both replacement ratios for members at retirement and future projected fund values had improved since the last review. This analysis will be revisited as part of the next strategic investment review in Q4 2024.

The Trustee is satisfied that over the reporting period, the performance of the investment funds has been consistent with their aims and objectives as set out in the SIP.

The Trustee has a policy on sustainable investing and monitors asset managers' sustainable investment practices, including the approach to ESG integration. This includes identification, assessment and management of risks and opportunities relating to climate change. During the reporting period, the ESG Policy and Climate Delegation Framework has been updated to account for the Trustee's stewardship priorities. Further details on the Trustee's ESG framework can be found in the Scheme's Implementation Statement which covers how the Trustee implemented its investment policies over the reporting period (for the Scheme as a whole). This document can be found at the following address: **https://elements.matthey.com/#/public-jmeps-trustee-governance-statement**

Net investment returns

The Trustee has provided the net investment returns for the Scheme's investment options. These returns can be found in Appendix A and have been prepared taking into the account the DWP's statutory guidance.

Financial transactions

Overview

The Trustee has selected Aegon as its DC service provider. Aegon carries out the back-office administration, supports online functionality and acts as the investment platform provider. Group Reward and Benefits carry out member facing administration functions.

All tasks are set up on the in-house administration system and are monitored by a workflow system that is managed by a senior member of the team. To help ensure work is accurate, all administration tasks completed are peer reviewed. Time critical financial transactions are flagged and prioritised and all work is monitored against a Service Level Agreement. Monthly contributions are processed by the JM payroll department and Aegon has a separate contribution processing team which ensures investment and banking transactions are checked and signed off by two individuals and fully reconciled. There is also a dedicated Scheme Accountant who monitors the Trustee's bank account daily.

Trustee administration monitoring

The Trustee regularly monitors the core financial transactions of the Scheme. These include the collection and investment of contributions, transfers into and out of the Scheme, fund switches and payments out of the Scheme to and in respect of members. This is achieved through the review of quarterly reporting from Aegon, and the monthly monitoring of contribution payments calculated and paid by JM payroll to Aegon.

The Trustee monitors administration effectiveness (both timeliness and accuracy) against the Service Level Agreement (SLA) it has in place with Aegon. The SLA is dependent on each administration task as the table below illustrates:

Task	Service Level Agreement (SLA)
Investment of contributions	100% in 1 day (or 95% in 3 days if not fully automated)
Transfer-in payment	95% in 5 days
Fund switches	100% in 1 day
Disinvestment of members accounts when retiring and transferring	95% in 2 days

Please note that this table only shows administration tasks which constitute core financial transactions and has been simplified to better provide a meaningful narrative.

Over the reporting period, Aegon completed 99% of core financial transactions (numbering 1317) within SLA and 99% of all tasks (including core financial transactions) within SLA. This year's performance represents a meaningful improvement from last year's reported figures, which were slightly below target. The Trustee remains satisfied with Aegon's SLA performance overall.

There is also a formal SLA in place with Group Reward and Benefits, who report against this and present the results to the Trustee Board on a regular basis. As the Scheme is fundamentally a hybrid DB/DC arrangement, the majority of members have both DB & DC benefits. Consequently, the Trustee monitors the SLA performance of DB and DC tasks together and is satisfied that during the reporting period, the overall administration provided by Group Reward and Benefits has been undertaken with a focus on quality and in a timely and accurate manner.

Contribution processing

Group Reward & Benefits has an agreed payroll timetable and escalation process in place with Aegon which provides a further structured control to monitoring contribution processing. Over the reporting period, monthly contributions were remitted by the Company and received and invested by Aegon in advance of statutory deadlines.

Administration issues

Over the reporting period, there were no material or systemic administration errors reported. The individual Ombudsman case reported in last year's Statement has also been satisfactorily resolved.

Conclusion

Based on the above, the Trustee is satisfied that the Scheme's core financial transactions have been processed promptly and accurately during the scheme year.

Charges and transaction costs

Charges

The Total Expense Ratio (TER) applied to the funds available for selection by members of the Scheme as at 31 March 2024 are set out in Appendix B. The TER represents the full charges borne by members and is a measure of the costs associated with managing and operating an investment fund. These costs consist primarily of Annual Management Charges (AMC) and variable additional expenses such as trading, legal and auditor fees and other operational expenses. The Trustee has taken into account the DWP statutory guidance in preparing this information.

Transaction costs

Transaction costs and gains are those incurred by fund managers as result of buying, selling, lending or borrowing investments. These costs are allowed for within the unit price of each of the Scheme's funds.

The Financial Conduct Authority (FCA) has set out a specific method for providers and managers to calculate transaction costs and they are typically categorised as being explicit costs or implicit costs.

- **Explicit costs** are directly observable and include broker commissions and taxes.
- **Implicit costs** cannot be observed in the same way but occur, for example, where the price on placing a trade instruction is different to the price paid when the trade is executed. This can also lead to 'negative' transaction costs or small 'gains' where the price when placing a trade instruction is higher than the price when the actual trade is executed.

Details of the 'day to day' transaction costs for each of the Scheme's funds over the period available are set out in the Appendix. The Trustee has reviewed the transaction costs information in conjunction with its adviser and has concluded that they were broadly in line with expectations.

Illustration of costs and charges
The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 require the Trustee to produce a "£ and pence" illustration showing the compounded effect of costs and charges.

DWP statutory guidance sets out the elements that must be considered but there is some flexibility to reflect plan experience albeit illustrations do not have to be personalised. The Trustee, in conjunction with its advisers, has taken account of the DWP's statutory guidance and carefully considered the use of different representative members of the Scheme's membership when preparing these illustrations. These essentially represent illustrative members across each of JMEPS Silver, Gold and Platinum sections. The funds for the illustration were selected in line with the guidance.

These illustrations are presented in full in Appendix D and show the projected value, over different time horizons, for selected investment funds and representative members.

Value for Members (VfM)

The Trustee remains committed to ensuring that members receive value for the services provided by the Scheme, and so in accordance with regulation 25(1)(b) of the Scheme Admin Regulations, the Trustee, with the assistance of its advisers (WTW), assessed the extent to which the charges and transaction costs above represent good value for members. The review was undertaken in August 2024. And covered the Statement reporting period.

The Trustee is legally required to undertake a VFM assessment on at least an annual basis, and report on the outcome of the assessment.

The assessment framework was broadly consistent with last year's updated approach and specifically considered:

1. The level of the charges and transaction costs members pay (benchmarked against the UK DC pension market)
2. The net investment returns of the Scheme's fund range (including those classified as default options) and how the funds performed against their benchmarks. The performance of the Scheme's primary default investment option, in which most members invest, was also benchmarked against the wider UK pension provider market)
3. The scope and performance of services available to members through the Scheme including those relating to administration, investment and communications. These were weighted in terms of their impact on driving member value.

Assessment conclusion

The assessment compared the overall DC cost members bear against a number of comparators including similarly structured plans and the wider market. This comparison showed the composite charges members pay within the default to be competitive and broadly in line with similar schemes and the wider occupational DC pension scheme market average. Furthermore, the Company pays a subsidy to Aegon for administration costs, which partly reduces the Annual Management Charge (AMC) for current employees.

Whilst outside the direct scope of the VfM review, the Trustee also acknowledges that the Company meets all of the associated costs of the Credit Account element of members' benefit accrual (this is essentially a cash balance accrual on salary up to £57,000 per annum from 1 April 2024).

Investment returns net of fees are a key influence in the overall value members receive. The Trustee considered the performance of the Scheme's default investment strategy at the end of the reporting period (Q1 2024) against its objective and equivalent default strategies offered though the UK Master Trust market.

The accumulation phase (members c35 years from retirement) had returned c10% per annum over five years. This represents a significant outperformance of Master Trust providers default options over the period.

The consolidation phases (members c10 years from retirement) had performed slightly above the UK Master Trust median over five years p.a. and the 'at retirement' portfolio (members due to shortly draw their benefits) had performed in line with the best performing options over five years p.a.

The passively managed (index tracking) self-select funds had all tracked their respective indices within a reasonable level of tolerance over the long term.

Overall, net performance was judged to have provided good value.

The assessment also considered the services offered by the Scheme and highlighted:

- The Drawdown Glidepath which was introduced in 2020 as the Scheme's new default strategy. This glidepath is strongly aligned with the profile and expected needs of the membership alongside members' likely retirement objectives and was constructed following detailed membership analysis and risk profiling.
- Members are part of a well governed scheme, which offers a broad suite of highly rated investment options to meet the needs of the membership. The Trustee Board has significant experience and expertise, operating under a robust governance structure and risk management framework – all of which has been honed and fine-tuned over the reporting period.
- Aegon has over the longer term provided strong performance against its SLAs. The level of performance for this reporting period averaged at 99%, ahead of its target of 95%.
- Members have a single point of contact with the in-house team, i.e. Group Reward and Benefits which provides full and joined up information on all benefits within the Scheme.
- As part of the administration service, members have access to information on all Scheme benefits in one place and this information feeds into joined up bespoke member communication materials provided by Group Reward and Benefits i.e. investment communications, online benefit statements, retirement guidance packs, pre-retirement seminars and newsletters.

- Members have access to Group Reward and Benefits and have the opportunity to arrange 1:1 sessions with representatives from the team to address any questions they have about their JMEPS benefits and options. The investment changes in 2023 were supported by an extensive communication campaign and member presentations. Feedback from the members is that these sessions are popular and informative.
- Access to annuity broking and income drawdown is facilitated through external providers for members wishing to access this at retirement.
- Members have access to a bespoke Scheme specific online projection tool which helps them to better understand the level of income they need at retirement.
- Members are able to use their JMEPS Accounts to fund part/all of their total tax-free cash at retirement under the Scheme.
- The overall benefit design including the cash balance element of the Scheme is unusual in the market and provides significant value to members. The cost of providing the cash balance element is met by the Company.

Overall, based on the analysis summarised above, the Trustee in conjunction with its independent advisers concluded that the Scheme continues to offer **good value for members**. This is the top rating offered under the Trustee's assessment framework.

The Trustee continually seeks to ensure the Scheme provides 'value' and will complete the next assessment in 2025.

Trustee Knowledge and Understanding (TKU)

The Trustee has a strong TKU process in place which enables it, together with the advice available, to exercise its function as Trustee of the Scheme and ensure appropriate levels of TKU are maintained.

Assessing TKU

The last formal TKU assessment was undertaken in February 2022. Using an independent questionnaire prepared by its advisers Willis Towers Watson (WTW), based on TPR's Code of Practice 7, the Trustee assessed the depth of their collective knowledge on various relevant issues relating to the Scheme (also covering trust law, investment and funding principles) as well as conversance with scheme documentation. The results of this review showed no significant knowledge gaps, however, several areas were highlighted for refresher training. The Trustee continued to progress against these areas over the reporting period.

Training

Formal training is incorporated into regular Trustee meetings and additional quarterly training sessions are run by the Scheme's advisers and subject matter experts. Training topics are planned in advance and are based on the Trustee's training plan (driven by the TKU assessment) and other topical items. Examples of the formal training the Trustee has received during the reporting period included:

Date	Presenter	Training topic
05/06/2023	LGIM	Gilt market volatility and implications for pensions
07/06/2023	Johnson Matthey	Equality, diversity and inclusivity
11/08/2023	Mayer Brown	The Takeover Code (with case studies)
15/09/2023	Isio	LDI new liquidity requirements and bonds
19/09/2023	Mayer Brown	Legal update session (Covering various aspects)
30/11/2023	LGIM	Credit Repo

Group Reward and Benefits circulate periodic technical updates and Mayer Brown provide quarterly legal updates to the Trustee, which supplements the quarterly training run by the Scheme's advisers. This ensures the Trustee maintains an up-to-date knowledge on pension and trust law. Trustee receives general updates from their advisers about matters relevant to the Scheme and most DC related matters for discussion are prefaced by a short training recap.

JMEPS Trustee is a member of the Pensions Management Institute (PMI) Trustee Group and benefits from training sessions offered by PMI. PMI certify annually that JMEPS Trustee meets Continuing Professional Development (CPD) requirements.

A training log is maintained for each trustee director by the JMEPS Secretary. A central record is maintained of the Trustee's objectives for the Scheme and an update on the key activities undertaken. This framework helps to ensure the Trustee is constantly evaluating its performance against its objectives. During the reporting period, all Trustee Directors logged over 30 hours of training activities.

New Trustee Director induction process

New Trustee Directors complete a robust induction process, typically during the first six months, which includes overviews of the Scheme's investment, funding, administration and communication strategy. New Directors receive a welcome session with the Chair, meet the in house Group & Benefits team members, have an introductory training session from the Secretary to the Trustee. All new Trustees are also required to complete the Pensions Regulator's trustee toolkit and are encouraged to join PLSA and Mayer Brown sessions.

During the reporting period, Mike Clover and Simon Hooper retired in July 2023 and December 2023 respectively. Dan Booth was elected as a Member Nominated Director on 14 September 2023 and Yvonne McIntosh appointed on 7 March 2024. Dan has completed his initial introductory training which in addition to the above featured an 'Introduction to Trusteeship' training programme hosted by Mayer Brown. Yvonne is working through the same programme.

The Trustee also won the Pension Age Pension Scheme Communication Award in 2024 for its comprehensive and engaging approach to encouraging and appointing new Directors to the Board.

Ensuring effective operation of the Scheme

In March 2023, the Trustee worked with WTW to undertake an independent review of its ongoing 'Board Effectiveness'. This evaluation considered the effectiveness of meetings, decision making, ongoing monitoring, chairship, board composition, review processes and external relations. The overall results were positive but did highlight several areas which could benefit from fine tuning. A working party consisting of Trustee Directors and senior members of Group Reward and Benefits was established to address this and consider future new ways of working. Over the reporting period, this initiative has resulted in an evolution of meeting structures, specific guidance for advisers for preparation and presentation of papers and a charter for prompt circulation of minutes and actions following meetings.

The number of sub-committees has also been refined so that work can be progressed outside of formal Board meetings. (i.e. a new Valuation Sub Committee and ESG Working Party have been established).

Annual Chair’s Statement – 1 April 2023 to 31 March 2024 continued

The Trustee continues to monitor its ongoing ‘effectiveness’ by quarterly reference to its Business Plan, which serves the purpose of planning future monthly activities, documenting successful completion of each activity and tracking the annual JMEPS budget.

The JMEPS Trustee Board is chaired by a professional independent trustee bringing significant expertise and knowledge to the Board through having fulfilled several high-profile industry and Trustee roles. In addition, the Trustee Board consists of three Member Nominated Trustees, who are selected by the Scheme membership and three Company appointed Trustees. The Trustee is supported by a Scheme Secretary, a team of professional advisers and Group Reward and Benefits.

The JMEPS Board believes it is important to be able to attract Directors from a diverse population and that a Trustee Board is able to draw from a wide range of appropriate skills and experience. This commitment is evidenced by its recent award for its comprehensive and engaging approach to encouraging and appointing new Directors and the success in terms of how many applications this generated.

When considering Scheme design change, or ensuring legislative requirements are met, the Trustee consults the Scheme’s Trust Deed & Rules and associated documents and seek appropriate professional advice. All advisers are invited to attend the relevant sections in Trustee meetings which ensures the Trustee has access to appropriate advice before decision making. The Trustee also meets with its investment advisers (both DB and DC) on an annual basis to provide direct feedback against the objectives it has set for them.

The Trustee’s strategic investment aims have also been fully integrated into the DC adviser’s fund investment performance reporting to better support the Trustee in monitoring the investments in line with the SIP.

The above processes ensure that the Trustee is conversant with the Scheme’s documentation and that sufficient knowledge and understanding of trust law, funding and investment principles (including Identification, assessment and management of risks and opportunities relating to climate change) is maintained.

Conclusion
Based on these factors and in conjunction with the advice the Trustee receives from its professional advisers, the Trustee is satisfied that it has the combined knowledge and understanding required to properly exercise its function as Trustee.

Statement of compliance
On behalf of the Trustee of JMEPS, I confirm that the Trustee is comfortable that the Scheme met and exceeded the minimum governance standards as defined in the Occupational Pension Scheme (Charges and Governance) Regulations 2015 during the period 1 April 2023 to 31 March 2024.

Signed by the Chair on behalf of the Trustee of the Scheme:

Roger

Date: 22 October 2024

Appendix A: Net investment returns

The Trustee is required to set out the investment returns of the Scheme's DC funds net of any charges over the reporting period. In reporting the investment returns, the Trustee has reviewed and taken account of the DWP's Statutory Guidance in this area. Five year annualised performance has been provided where available. Where this is not possible due to historic investment changes or unavailability of data, three year annualised performance has been provided. The Trustee expects to be able to provide 5 year annualised performance for all investment options for next year's Statement.

Default arrangements

Members in the Scheme's default arrangement are in the Drawdown Glidepath which invests in several underlying funds, the proportion of assets in each depending on the number of years until the member's Target Retirement Age (TRA).

Members are able to choose their own TRA, however we have provided the investment returns at a range of ages based on a TRA of 65 (which is the Normal Retirement Age under the Scheme). The performance information has been derived from the proportion of assets invested in each underlying fund at that age.

Please note that performance figures vary slightly depending on member status due to the Company's contribution towards charges for current employees.

	Name	Status	5 years (% pa)	3 years (% pa)	1 year (%)
Default arrangement	Drawdown Glidepath – age 25	Pre 2012 Active member	10.0	9.5	22.4
		Post 2012 Active member	10.0	9.5	22.4
		Deferred member	10.0	9.4	22.3
	Drawdown Glidepath – age 45	Pre 2012 Active member	7.5	7.0	18.2
		Post 2012 Active member	7.5	7.0	18.1
		Deferred member	7.4	6.9	18.1
	Drawdown Glidepath – age 55	Pre 2012 Active member	4.6	3.6	11.0
		Post 2012 Active member	4.6	3.6	11.0
		Deferred member	4.5	3.6	11.0

The individual funds and Glidepaths also designated as default arrangements as a result of previous fund mapping exercises are identified in **bold fund names** in the tables overleaf.

Appendix A: Net investment returns continued

Alternative glidepaths

The Trustee offers two alternative glidepaths targeting annuity purchase and short-term cash withdrawal at retirement respectively. These strategies invest in several underlying funds, the proportion of assets in each depending on the number of years until the member's Target Retirement Age (TRA).

As in the previous section, we have provided the investment returns at a range of ages based on a TRA of 65.

	Name	Status	5 years (% pa)	3 years (% pa)	1 year (%)
Alternative glidepaths	Annuity Glidepath – age 25	Pre 2012 Active member	10.0	9.5	22.4
		Post 2012 Active member	10.0	9.5	22.4
		Deferred member	10.0	9.4	22.3
	Annuity Glidepath – age 45	Pre 2012 Active member	7.5	7.0	18.2
		Post 2012 Active member	7.5	7.0	18.1
		Deferred member	7.4	6.9	18.1
	Annuity Glidepath – age 55	Pre 2012 Active member	0.3	0.4	9.7
		Post 2012 Active member	0.5	0.7	9.9
		Deferred member	0.4	0.6	9.9
	Cash Glidepath – age 25	Pre 2012 Active member	10.0	9.5	22.4
		Post 2012 Active member	10.0	9.5	22.4
		Deferred member	9.9	9.4	22.3
	Cash Glidepath – age 45	Pre 2012 Active member	7.5	7.0	18.2
		Post 2012 Active member	7.5	7.0	18.1
		Deferred member	7.4	6.9	18.1
	Cash Glidepath – age 55	Pre 2012 Active member	4.6	3.6	11.0
		Post 2012 Active member	4.6	3.6	11.0
		Deferred member	4.5	3.6	11.0

Appendix A: Net investment returns continued

Self-select funds

	Name	Status	5 years (% pa)		3 years (% pa)		1 year (%)	
			Fund	BM	Fund	BM	Fund	BM
Self-select options	**JMEPS Global Equity Index Tracker Fund**	Pre 2012 Active member	–	–	9.4	8.4	22.4	19.1
		Post 2012 Active member	–	–	9.4	8.4	22.4	19.1
		Deferred member	–	–	9.3	8.4	22.3	19.1
	JMEPS Diversified Growth Fund	Pre 2012 Active member	4.3	5.4	2.8	6.3	8.2	8.9
		Post 2012 Active member	4.2	5.4	2.7	6.3	8.2	8.9
		Deferred member	4.2	5.4	2.7	6.3	8.1	8.9
	BlackRock Over 15 years UK Gilt Index Fund	Pre 2012 Active member	-8.3	-8.1	-15.1	-14.6	-4.8	-4.6
		Post 2012 Active member	-8.4	-8.1	-15.1	-14.6	-4.8	-4.6
		Deferred member	-8.4	-8.1	-15.2	-14.6	-4.9	-4.6
	BlackRock Cash Fund	Pre 2012 Active member	1.5	1.5	2.3	2.4	5.1	4.9
		Post 2012 Active member	1.5	1.5	2.3	2.4	5.1	4.9
		Deferred member	1.5	1.5	2.3	2.4	5.1	4.9
	BlackRock UK Equity Index Fund	Pre 2012 Active member	4.8	5.4	7.1	8.1	6.9	8.4
		Post 2012 Active member	4.8	5.4	7.0	8.1	6.9	8.4
		Deferred member	4.7	5.4	6.9	8.1	6.8	8.4
	BlackRock World (ex-UK) Index Fund	Pre 2012 Active member	13.2	13.2	11.6	11.7	23.7	23.0
		Post 2012 Active member	13.2	13.2	11.6	11.7	23.7	23.0
		Deferred member	13.1	13.2	11.5	11.7	23.6	23.0
	BlackRock Over 5 Years UK Index-Linked Gilt Index Fund	Pre 2012 Active member	-6.8	-6.5	-12.4	-12.1	-7.7	-6.8
		Post 2012 Active member	-6.8	-6.5	-12.4	-12.1	-7.7	-6.8
		Deferred member	-6.8	-6.5	-12.5	-12.1	-7.8	-6.8
	BlackRock All Stocks Corporate Bond Index Fund	Pre 2012 Active member	-0.5	-0.4	-3.5	-3.3	6.2	6.1
		Post 2012 Active member	-0.5	-0.5	-3.5	-3.3	6.2	6.1
		Deferred member	-0.5	-0.5	-3.5	-3.3	6.1	6.1
	JMEPS Emerging Markets Equity Fund	Pre 2012 Active member	2.1	2.9	-3.3	-2.6	5.0	6.2
		Post 2012 Active member	2.0	2.9	-3.3	-2.6	5.0	6.2
		Deferred member	2.0	2.9	-3.3	-2.6	4.9	6.2
	JMEPS Real Assets Fund*	Pre 2012 Active member	–	–	–	–	0.9	0.6
		Post 2012 Active member	–	–	–	–	0.9	0.6
		Deferred member	–	–	–	–	0.8	0.6

Notes

BM = Benchmark. Please note that the benchmark the Trustee has used for the L&G Diversified Fund is 'Risk Free Rate' + 3.75% p.a.' The Trustee believes this is an appropriate benchmark to use for the Fund and is aligned with the investment manager's fund objective.

*The JMEPS Real Assets Fund was launched just prior to the start of the reporting period, only one year of performance data is available.

Performance information has been provided by Aegon. Benchmark data has been provided by Aegon with the exception of the L&G Diversified Fund which has been sourced from L&G. Five year annualised performance for the JMEPS Global Equity Index Tracker Fund is not published by Aegon (this is due to historic changes to the underlying assets within this period).

Please refer to the fund factsheets for further details on the funds including their underlying holding, risk profile and performance benchmarks. These can be found by logging into the Investment Portal which can be accessed via elements.matthey.com

Appendix B: Charges and transaction costs

The charges applied to all funds, including those in the Scheme's default Glidepath arrangement are set out in the below appendix. Funds that make up the default investment options are shown in bold fund names for ease of reference (this includes those for previous consolidation exercises). The Trustee has taken into account the DWP statutory guidance in preparing this section. Please note that the difference in charges depending on member status relates to the Company's contribution towards administration costs for current employees. All information is complete and there are no performance related fees.

	Fund	Status	Fund charges (% p.a.)					T-cost (%)
			AMC	+	Add exp.	=	TER	
All funds	**JMEPS Global Equity Index Tracker Fund**	Pre 2012 Active member	0.26	+	0.03	=	0.29	0.06
		Post 2012 Active member	0.28	+	0.03	=	0.31	0.06
		Deferred member	0.34	+	0.03	=	0.37	0.06
	JMEPS Diversified Growth Fund	Pre 2012 Active member	0.33	+	0.04	=	0.37	0.00
		Post 2012 Active member	0.34	+	0.04	=	0.38	0.00
		Deferred member	0.40	+	0.04	=	0.44	0.00
	Blackrock Over 15 years UK Gilt Index Fund	Pre 2012 Active member	0.10	+	0.01	=	0.11	0.02
		Post 2012 Active member	0.15	+	0.01	=	0.16	0.02
		Deferred member	0.20	+	0.01	=	0.21	0.02
	Blackrock Cash Fund	Pre 2012 Active member	0.15	+	0.03	=	0.18	0.02
		Post 2012 Active member	0.15	+	0.03	=	0.18	0.02
		Deferred member	0.15	+	0.03	=	0.18	0.02
	Blackrock UK Equity Index Fund	Pre 2012 Active member	0.10	+	0.00	=	0.10	0.11
		Post 2012 Active member	0.15	+	0.00	=	0.15	0.11
		Deferred member	0.20	+	0.00	=	0.20	0.11
	BlackRock World (ex-UK) Index Fund	Pre 2012 Active member	0.13	+	0.01	=	0.14	0.02
		Post 2012 Active member	0.15	+	0.01	=	0.16	0.02
		Deferred member	0.20	+	0.01	=	0.21	0.02
	BlackRock Over 5 Years UK Index-Linked Gilt Index Fund	Pre 2012 Active member	0.10	+	0.01	=	0.11	0.00
		Post 2012 Active member	0.15	+	0.01	=	0.16	0.00
		Deferred member	0.20	+	0.01	=	0.21	0.00
	BlackRock All Stocks Corporate Bond Index Fund	Pre 2012 Active member	0.13	+	0.01	=	0.14	0.00
		Post 2012 Active member	0.15	+	0.01	=	0.16	0.00
		Deferred member	0.20	+	0.01	=	0.21	0.00
	JMEPS Real Assets Fund	Pre 2012 Active member	0.57	+	0.01	=	0.58	0.01
		Post 2012 Active member	0.59	+	0.01	=	0.60	0.01
		Deferred member	0.65	+	0.01	=	0.66	0.01
	JMEPS Emerging Markets Equity Fund	Pre 2012 Active member	0.23	+	0.06	=	0.29	0.00
		Post 2012 Active member	0.25	+	0.06	=	0.31	0.00
		Deferred member	0.30	+	0.06	=	0.36	0.00

Appendix B: Charges and transaction costs continued

Charges expressed as '£ and p'

The above charge information is expressed as a % of fund value. Using the JMEPS Global Equity Index Tracker Fund (Post 2012 Active member) as example, the below table illustrates how to interpret this data as a monetary amount.

Charge	AMC	Additional expenses	TER	T-cost
%	0.28	0.03	0.31	0.06
£ cost for every £1,000 invested	£2.80	£0.30	£3.10	£0.60

Notes

All of the other above charges are correct as at 31 March 2024 and the transaction costs reported are all in respect of the period 1 April 2023 to 31 March 2024.

A zero cost has been reported where there has been a negative transaction cost (i.e. an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative. It is important to note that using a negative or zero cost during any one scheme year may not accurately represent the actual transaction costs a member may expect to see in any future scheme year.

Appendix C: Asset allocation assessment of technical default arrangements

The Scheme is required to report the asset allocation of all Glidepaths and funds and that are considered a default fund. As a result of previous fund mapping exercises the Cash Glidepath and individual funds listed below are considered default arrangements. The individual funds are grouped in tabular form for ease of reference – the asset allocations for these funds do not change based on age profile.

Cash Glidepath strategy

	Percentage allocation (%) – Age 25	Percentage allocation (%) – Age 45	Percentage allocation (%) – Age 55	Percentage allocation (%) – Age 65
Listed Equities	100.0	87.5	62.5	15.0
Bonds	0.0	10.5	31.5	12.6
Property/Real estate	0.0	1.0	3.0	1.2
Private equity	0.0	0.25	0.75	0.3
Private debt	0.0	0.5	1.5	0.6
Cash	0.0	0.25	0.75	70.3

Individual funds

	JMEPS Global Equity Tracker Fund (%)	JMEPS Diversified Growth Fund (%)	Blackrock Over 15 years UK Gilt Index Fund (%)	Blackrock Cash Fund (%)
Listed Equities	100.0	50.0	0.00	0.0
Bonds	0.0	42.0	100.0	0.0
Property/Real estate	0.0	4.0	0.0	0.0
Private equity	0.0	1.0	0.0	0.0
Private debt	0.0	2.0	0.0	0.0
Cash	0.0	1.0	0.0	100.0

	BlackRock World UK Index Fund	BlackRock World (ex-UK) Index Fund	BlackRock Over 5 Years UK Index-Linked Gilt Index Fund	BlackRock All Stocks Corporate Bond Index Fund
Listed Equities	100.0	100.0	0.00	0.0
Bonds	0.0	0.0	100.0	100.0
Property/Real estate	0.0	0.0	0.0	0.0
Private equity	0.0	0.0	0.0	0.0
Private debt	0.0	0.0	0.0	0.0
Cash	0.0	0.0	0.0	0.0

Appendix D: Costs and charges illustrations

The following tables have been produced to show the compounding effect of costs and charges over time based on a range of funds available under the Scheme covering the default investment option, any individual funds that are deemed defaults as a result of previous mapping activities, the fund with the highest charge and the fund with the lowest charge. You should note that charges differ and these are illustrative only. The Trustee is required to include this information in the Chair's Statement and the relevant statutory guidance from the DWP has been taken into account when producing these illustrations.

The investment return assumptions are aligned with those used in the benefit statements and are prescribed by regulations (AS TM1). They are not meant to be reflective of the possible, or even likely, course of those investment markets in the short term. The return forecasts are not intended to imply, nor should be interpreted as conveying, any form of guarantee or assurance of the future performance of the funds in question, either favourable or unfavourable. They should just be used within the context of the illustrations to compare the relative impact of costs and charges on a DC fund. If you are considering making changes to your investment strategy, you should read through the Scheme's investment guide which includes details of each of the Scheme's investment funds and their objectives. The investment guide can be found online at https://elements.matthey.com. Neither the Trustee, or JM Group Reward & Benefits can give you financial advice. You should seek advice form an independent financial adviser if you are unsure about your investment choices. For help with finding a financial adviser in your area, please contact Money Helper (the updated Money Advice Service) at **https://www.moneyhelper.org.uk/en?source=mas#**.

Appendix D: Costs and charges illustrations continued

Example member (A) – This example member is 18 years old with a pensionable salary of £25,000 per annum. Contributions of 9% of pensionable salary are being paid into JMEPS Elements Silver and the existing fund value is £0. Please refer to the notes at the end of this section for further details on the overall assumptions used. Given this example member's current age, we have only shown the charges on the basis that they joined the Scheme after 1 October 2012.

Post 2012 charges

Period (yrs)		1	3	5	10	15	20	25	30	35	40	45	47
Drawdown Glidepath	Before	2,300	7,000	12,000	25,500	40,800	58,200	77,400	96,800	115,400	132,100	146,100	150,800
	After	2,300	7,000	11,900	25,100	39,800	56,100	73,900	91,500	107,900	122,100	133,500	137,300
Cash Glidepath	Before	2,300	7,000	12,000	25,500	40,800	58,200	77,400	96,800	115,400	132,100	144,600	146,900
	After	2,300	7,000	11,900	25,100	39,800	56,100	73,900	91,500	107,900	122,100	132,300	134,000
BlackRock UK Equity Fund	Before	2,300	7,200	12,600	28,300	47,800	72,200	102,500	140,300	187,400	246,200	319,400	353,500
	After	2,300	7,200	12,500	28,000	47,100	70,600	99,700	135,500	179,800	234,500	301,900	333,100
BlackRock World Ex-UK Index Fund	Before	2,300	7,200	12,600	28,300	47,800	72,200	102,500	140,300	187,400	246,200	319,400	353,500
	After	2,300	7,200	12,500	28,000	47,100	70,800	99,900	136,000	180,600	235,600	303,600	335,100
BlackRock Over 15 Year UK Gilt Index Fund	Before	2,300	7,000	12,000	25,500	40,800	58,200	77,800	100,000	125,100	153,500	185,700	199,700
	After	2,300	7,000	11,900	25,300	40,300	57,200	76,200	97,400	121,300	148,100	178,200	191,200
JMEPS Diversified Growth Fund	Before	2,300	6,800	11,400	23,100	35,000	47,300	59,900	72,800	86,000	99,600	113,500	119,200
	After	2,300	6,800	11,300	22,600	34,100	45,500	57,100	68,700	80,400	92,200	104,000	108,800
BlackRock Over 5 Year UK Index Linked Gilt Fund	Before	2,300	7,200	12,600	28,300	47,800	72,200	102,500	140,300	187,400	246,200	319,400	353,500
	After	2,300	7,200	12,500	28,000	47,100	70,700	99,800	135,800	180,200	235,000	302,800	334,100
JMEPS Global Equity Index Tracker Fund	Before	2,300	7,000	12,000	25,500	40,800	58,200	77,800	100,000	125,100	153,500	185,700	199,700
	After	2,300	7,000	11,900	25,100	39,800	56,100	74,300	94,600	117,100	142,200	170,100	182,200
BlackRock All Stocks Corporate Bond Index	Before	2,300	6,800	11,400	23,100	35,000	47,300	59,900	72,800	86,000	99,600	113,500	119,200
	After	2,300	6,800	11,300	22,800	34,500	46,400	58,400	70,600	83,000	95,600	108,400	113,600
JMEPS Real Assets Fund	Before	2,300	7,000	12,000	25,500	40,800	58,200	77,800	100,000	125,100	153,500	185,700	199,700
	After	2,300	6,900	11,800	24,700	39,000	54,600	71,700	90,600	111,200	134,000	158,900	169,500
BlackRock Cash Fund	Before	2,200	6,600	10,800	20,900	30,200	38,800	46,800	54,300	61,200	67,500	73,500	75,700
	After	2,200	6,600	10,800	20,700	29,800	38,100	45,700	52,800	59,200	65,100	70,600	72,600

Appendix D: Costs and charges illustrations continued

Example member (B) – This example member is 35 years old with a pensionable salary of £45,000 per annum. This member is in JMEPS Elements Gold and has a cash balance benefit but is also contributing 1.5% into JMEPS Extra (and is receiving the Company's 1.5% matching contribution). The existing JMEPS Extra fund value is £5,000. Please refer to the notes at the end of this section for further details on the overall assumptions used. Please note the first two tables relate to the charges that apply for active members that joined the Company prior to 1 October 2012 and the subsequent two tables relates to the charges that apply for active members that joined the Company after this date. Note that the cash balance benefit is not included in the illustration.

Pre 2012 charges

Period (yrs)		1	3	5	10	15	20	25	30
Drawdown Glidepath	Before	6,500	9,600	12,800	21,400	30,300	39,200	47,400	54,600
	After	6,500	9,500	12,700	21,000	29,400	37,600	45,000	51,400
Cash Glidepath	Before	6,500	9,600	12,800	21,400	30,300	39,200	47,400	53,300
	After	6,500	9,500	12,700	21,000	29,400	37,600	45,000	50,200
BlackRock UK Equity Fund	Before	6,600	10,000	13,800	24,700	38,400	55,400	76,500	102,900
	After	6,600	10,000	13,700	24,500	37,800	54,300	74,700	100,000
BlackRock World Ex-UK Index Fund	Before	6,600	10,000	13,800	24,700	38,400	55,400	76,500	102,900
	After	6,600	10,000	13,700	24,500	37,800	54,200	74,600	99,800
BlackRock Over 15 Year UK Gilt Index Fund	Before	6,500	9,600	12,800	21,700	31,800	43,100	56,000	70,500
	After	6,500	9,600	12,800	21,600	31,400	42,500	55,000	69,100
JMEPS Diversified Growth Fund	Before	6,400	9,200	12,000	19,100	26,400	33,900	41,600	49,500
	After	6,400	9,100	11,800	18,700	25,500	32,500	39,500	46,500
BlackRock Over 5 Year UK Index Linked Gilt Fund	Before	6,600	10,000	13,800	24,700	38,400	55,400	76,500	102,900
	After	6,600	10,000	13,700	24,500	37,800	54,400	74,800	100,200
JMEPS Global Equity Index Tracker Fund	Before	6,500	9,600	12,800	21,700	31,800	43,100	56,000	70,500
	After	6,500	9,500	12,700	21,300	30,800	41,500	53,300	66,500
BlackRock All Stocks Corporate Bond Index	Before	6,400	9,200	12,000	19,100	26,400	33,900	41,600	49,500
	After	6,400	9,100	11,900	18,900	26,000	33,200	40,600	48,000
JMEPS Real Assets Fund	Before	6,500	9,600	12,800	21,700	31,800	43,100	56,000	70,500
	After	6,500	9,500	12,600	20,900	30,100	40,100	51,200	63,300
BlackRock Cash Fund	Before	6,300	8,700	11,100	16,800	22,100	27,000	31,500	35,700
	After	6,300	8,700	11,100	16,600	21,700	26,400	30,700	34,700

Post 2012 charges

Period (yrs)		1	3	5	10	15	20	25	30
Drawdown Glidepath	Before	6,500	9,600	12,800	21,400	30,300	39,200	47,400	54,600
	After	6,500	9,500	12,700	21,000	29,400	37,500	44,900	51,300
Cash Glidepath	Before	6,500	9,600	12,800	21,400	30,300	39,200	47,400	53,300
	After	6,500	9,500	12,700	21,000	29,400	37,500	44,900	50,100
BlackRock UK Equity Fund	Before	6,600	10,000	13,800	24,700	38,400	55,400	76,500	102,900
	After	6,600	10,000	13,700	24,400	37,600	54,000	74,100	99,000
BlackRock World Ex-UK Index Fund	Before	6,600	10,000	13,800	24,700	38,400	55,400	76,500	102,900
	After	6,600	10,000	13,700	24,400	37,700	54,100	74,400	99,400
BlackRock Over 15 Year UK Gilt Index Fund	Before	6,500	9,600	12,800	21,700	31,800	43,100	56,000	70,500
	After	6,500	9,600	12,800	21,500	31,300	42,300	54,600	68,500
JMEPS Diversified Growth Fund	Before	6,400	9,200	12,000	19,100	26,400	33,900	41,600	49,500
	After	6,400	9,100	11,800	18,600	25,500	32,400	39,400	46,400
BlackRock Over 5 Year UK Index Linked Gilt Fund	Before	6,600	10,000	13,800	24,700	38,400	55,400	76,500	102,900
	After	6,600	10,000	13,700	24,400	37,700	54,000	74,200	99,200
JMEPS Global Equity Index Tracker Fund	Before	6,500	9,600	12,800	21,700	31,800	43,100	56,000	70,500
	After	6,500	9,500	12,700	21,200	30,800	41,400	53,100	66,300
BlackRock All Stocks Corporate Bond Index	Before	6,400	9,200	12,000	19,100	26,400	33,900	41,600	49,500
	After	6,400	9,100	11,900	18,900	25,900	33,100	40,400	47,800
JMEPS Real Assets Fund	Before	6,500	9,600	12,800	21,700	31,800	43,100	56,000	70,500
	After	6,500	9,500	12,600	20,900	30,000	40,000	51,000	63,100
BlackRock Cash Fund	Before	6,300	8,700	11,100	16,800	22,100	27,000	31,500	35,700
	After	6,300	8,700	11,100	16,600	21,700	26,400	30,700	34,700

Appendix D: Costs and charges illustrations continued

Example member (C) – This example member is 50 years old with a pensionable salary of £60,000 per annum. Contributions of 21% of pensionable pay over the earnings threshold are being paid into JMEPS Elements Platinum and this member is also contributing 3% into JMEPS Extra (and is receiving the Company's 3% matching contribution). The existing fund value is £50,000. Please refer to the notes at the end of this section for further details on the overall assumptions used. Please note the first two tables relate to the charges that apply for active members that joined the Company prior to 1 October 2012 and the subsequent two tables relate to the charges that apply for active members that joined the Company after this date. Please note that this member would also have a cash balance benefit but this is not included within the illustration.

Pre 2012 charges

Period (yrs)		1	3	5	10	15
Drawdown Glidepath	Before	55,500	66,500	77,500	104,300	129,200
	After	55,300	65,900	76,300	101,500	124,400
Cash Glidepath	Before	55,500	66,500	77,500	104,300	126,000
	After	55,300	65,900	76,300	101,500	121,600
BlackRock UK Equity Fund	Before	57,100	72,300	88,900	137,300	197,600
	After	57,000	72,000	88,300	135,700	194,400
BlackRock World Ex-UK Index Fund	Before	57,100	72,300	88,900	137,300	197,600
	After	57,000	72,000	88,300	135,600	194,100
BlackRock Over 15 Year UK Gilt Index Fund	Before	56,100	68,600	81,800	117,800	158,600
	After	56,000	68,400	81,500	116,900	156,700
JMEPS Diversified Growth Fund	Before	55,000	65,100	75,300	101,200	127,800
	After	54,800	64,500	74,100	98,400	122,900
BlackRock Over 5 Year UK Index Linked Gilt Fund	Before	57,100	72,300	88,900	137,300	197,600
	After	57,000	72,000	88,300	135,800	194,600
JMEPS Global Equity Index Tracker Fund	Before	56,100	68,600	81,800	117,800	158,600
	After	55,900	68,100	80,800	115,000	153,200
BlackRock All Stocks Corporate Bond Index	Before	55,000	65,100	75,300	101,200	127,800
	After	54,900	64,800	74,700	99,900	125,400
JMEPS Real Assets Fund	Before	56,100	68,600	81,800	117,800	158,600
	After	55,700	67,600	79,900	112,700	148,700
BlackRock Cash Fund	Before	54,000	61,700	69,200	87,000	103,600
	After	53,900	61,400	68,600	85,700	101,400

Post 2012 charges

Period (yrs)		1	3	5	10	15
Drawdown Glidepath	Before	55,500	66,500	77,500	104,300	129,200
	After	55,300	65,800	76,300	101,400	124,300
Cash Glidepath	Before	55,500	66,500	77,500	104,300	126,000
	After	55,300	65,800	76,300	101,400	121,400
BlackRock UK Equity Fund	Before	57,100	72,300	88,900	137,300	197,600
	After	57,000	71,900	88,100	135,200	193,300
BlackRock World Ex-UK Index Fund	Before	57,100	72,300	88,900	137,300	197,600
	After	57,000	71,900	88,200	135,400	193,700
BlackRock Over 15 Year UK Gilt Index Fund	Before	56,100	68,600	81,800	117,800	158,600
	After	56,000	68,300	81,300	116,400	155,900
JMEPS Diversified Growth Fund	Before	55,000	65,100	75,300	101,200	127,800
	After	54,800	64,400	74,100	98,400	122,800
BlackRock Over 5 Year UK Index Linked Gilt Fund	Before	57,100	72,300	88,900	137,300	197,600
	After	57,000	71,900	88,200	135,300	193,500
JMEPS Global Equity Index Tracker Fund	Before	56,100	68,600	81,800	117,800	158,600
	After	55,900	68,000	80,700	114,800	152,800
BlackRock All Stocks Corporate Bond Index	Before	55,000	65,100	75,300	101,200	127,800
	After	54,900	64,800	74,700	99,700	125,100
JMEPS Real Assets Fund	Before	56,100	68,600	81,800	117,800	158,600
	After	55,700	67,500	79,800	112,500	148,400
BlackRock Cash Fund	Before	54,000	61,700	69,200	87,000	103,600
	After	53,900	61,400	68,600	85,700	101,400

Example member (Deferred) – This example member is 45 years old with a DC fund size of £15,000. They have no contributions being paid into the Scheme. Please refer to the notes at the end of this section for further details on the overall assumptions used.

Deferred charges

Period (yrs)		1	3	5	10	15	20
Drawdown Glidepath	Before	15,300	15,800	16,300	17,300	17,900	18,100
	After	15,200	15,600	16,000	16,600	16,800	16,700
Cash Glidepath	Before	15,300	15,800	16,300	17,300	17,900	17,600
	After	15,200	15,600	16,000	16,600	16,800	16,300
BlackRock UK Equity Fund	Before	15,700	17,100	18,700	23,300	29,000	36,200
	After	15,600	17,000	18,500	22,700	28,000	34,500
BlackRock World Ex-UK Index Fund	Before	15,700	17,100	18,700	23,300	29,000	36,200
	After	15,600	17,000	18,500	22,800	28,100	34,600
BlackRock Over 15 Year UK Gilt Index Fund	Before	15,400	16,200	17,000	19,200	21,700	24,600
	After	15,300	16,100	16,800	18,800	21,100	23,600
JMEPS Diversified Growth Fund	Before	15,100	15,200	15,400	15,800	16,200	16,600
	After	15,000	15,000	15,000	15,100	15,100	15,200
BlackRock Over 5 Year UK Index Linked Gilt Fund	Before	15,700	17,100	18,700	23,300	29,000	36,200
	After	15,600	17,000	18,500	22,800	28,000	34,500
JMEPS Global Equity Index Tracker Fund	Before	15,400	16,200	17,000	19,200	21,700	24,600
	After	15,300	16,000	16,600	18,500	20,500	22,700
BlackRock All Stocks Corporate Bond Index	Before	15,100	15,200	15,400	15,800	16,200	16,600
	After	15,000	15,100	15,200	15,400	15,600	15,800
JMEPS Real Assets Fund	Before	15,400	16,200	17,000	19,200	21,700	24,600
	After	15,300	15,800	16,400	18,000	19,700	21,600
BlackRock Cash Fund	Before	14,800	14,300	13,900	12,900	12,000	11,100
	After	14,700	14,200	13,800	12,600	11,600	10,600

Assumptions and notes:

- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of inflation.
- Contributions and costs/charges are shown as a monetary amount and reductions are made halfway through the year.
- Investment returns and costs/charges as a percentage reduction per annum are assumed to be deducted at the end of the year.
- Charges and costs are deducted before applying investment returns.
- Switching costs are not considered in the lifestyle strategy.
- Inflation is assumed to be 2.5% each year.
- Contributions are assumed to be paid from age 18 to 65 for member A, 35 to 65 for member B and 50 to 65 for the member C; contributions increase in line with assumed earnings inflation of 0% per year (in real terms).
- Values shown are estimates and are not guaranteed.

Appendix D: Costs and charges illustrations continued

- The real projected growth rates for each fund are as follows:

Fund	Real projected growth rate (p.a.)
Drawdown Lifestyle	From 0.00% to 2.50%
Cash Lifestyle	From -0.90% to 2.50%
JMEPS Global Equity Index Tracker Fund	2.50%
JMEPS Diversified Growth Fund	0.50%
Blackrock Over 15 years UK Gilt Index Fund	2.50%
Blackrock Cash Fund	-1.50%
Blackrock UK Equity Index Fund	4.50%
BlackRock World (ex-UK) Index Fund	4.50%
BlackRock Over 5 Years UK Index-Linked Gilt Index Fund	4.50%
BlackRock All Stocks Corporate Bond Index Fund	0.50%
JMEPS Real Assets Fund	2.50%

- Transactions costs and other charges have been provided by Aegon and covered the period Q2 2020 to Q1 2024, except for JMEPS Real Estate Funds where transaction costs covered the period Q2 2022 to Q1 2024. The transaction costs have been averaged by WTW using a time-based approach. The transaction costs for Blended funds were estimated by WTW based on the transaction costs for the underlying funds.
- A zero cost has been used where there are negative transaction costs (i.e. an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative. It is important to note that using a negative or zero cost during any one scheme year may not accurately represent the actual transaction costs a member may expect to see in any future scheme year.
- Pension scheme's normal retirement age is 65.

Appendix E: DC Statement of Investment Principles

Section 1: Introduction

Scheme details

1.1 This document describes the investment policy pursued by the Johnson Matthey Employees Pension Scheme (JMEPS, the "Scheme") Trustee.

1.2 The Scheme operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries. The Scheme operates several Defined Contribution (DC) sections (listed below). This Statement of Investment Principles (SIP) is only applicable to the DC sections of the Scheme.

I. JMEPS DC
II. JMEPS Elements (Investment Account)
III. JMEPS Extra

1.3 The Scheme is a registered pension scheme under the Finance Act 2004.

Pensions Acts

1.4 Under the Pensions Act 1995 (as amended by the Pensions Act 2004), the Trustee is required to prepare a statement of the principles governing investment decisions. This document contains that statement and describes the investment principles adopted by the Trustee of the Scheme.

1.5 Before preparing this document, the Trustee has consulted Johnson Matthey ('the Sponsor') and the Trustee will consult the Sponsor before revising this document. However, the ultimate power and responsibility for deciding DC investment policy lies solely with the Trustee.

1.6 In drawing up this document, the Trustee has sought advice from the Scheme's DC Investment Consultant, WTW. Before preparing this document, the Trustee has had regard to the requirements of Section 36 of the Pensions Act 1995 concerning diversification of investments and suitability of investments. The Trustee will consider those requirements on any review of this document, or any change in their investment policy. The Trustee will refer to this document where necessary to ensure that it exercises its powers of investment to give effect to the principles set out in it as far as is reasonable.

Financial Services and Markets Act 2000

1.7 In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to appointed investment managers, which may include an insurance company or companies.

Regulatory guidance

1.8 The Pensions Regulator has several regulatory tools, including issuing Codes of Practice to enable it to meet its statutory objectives. Codes of Practice provide practical guidelines on the requirements of pensions legislation. This document has been drafted in the light of the Code of Practice and specifically its recommendations relating to the content of Statements of Investment Principles generally.

Appendix E: DC Statement of Investment Principles continued

Section 2: Division of Responsibilities

2.1 The Trustee has ultimate responsibility for decision-making on DC investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates some of these responsibilities.

Trustee

2.2 The Scheme Trustee will exercise their powers of investment in accordance with the provisions of regulation 4 of the Occupational Pension Schemes (Investment) Regulations (2005). As such, the Trustee's responsibilities include:

I. Reviewing the content of this Statement of Investment Principles and modifying it if deemed appropriate, in consultation with the Investment Consultant and the Sponsor.
II. Developing a work plan for the Scheme.
III. Setting terms of reference for the Trustee and appointing the members of the Trustee Board.
IV. Assessing its own performance and that of its advisors and delegates in fulfilling the requirements of the work plan.
V. Reporting to Scheme members as appropriate on the content of and compliance with this statement.
VI. Monitoring investment arrangements on an ongoing basis.
VII. Appointing and discharging the underlying investment manager(s).
VIII. Assessing the quality of the performance and processes of the investment managers by means of regular reviews of the investment results and other information, in consultation with the Investment Consultant.
IX. Monitoring and considering the appropriateness of the investment strategy, having regard to the need for diversification of investment so far as is appropriate and to the suitability of investments.
X. To monitor investment choices made by members.

Platform provider

2.3 Aegon as the investment platform provider will be responsible for:

I. Providing access to a range of funds managed by various investment managers.
II. Providing the Trustee with regular information concerning the management and performance of the assets.
III. The independent safekeeping of the assets and appropriate administration (including income collection and corporate actions) within any pooled funds used by the Trustee.

Investment managers

2.4 The underlying DC investment managers' responsibilities include:

I. Managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation.
II. Taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets.
III. Exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments.
IV. Having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

Appendix E: DC Statement of Investment Principles continued

Investment Consultant

2.6 The Investment Consultant's responsibilities include:

I. Participating with the Trustee in reviews of this Statement of Investment Principles.
II. Undertaking project work as required including transitions and implementations, strategy reviews and reviews of the investment managers.
III. Advising the Trustee on topics such as the ones described below:
   a. How any changes within the Scheme's membership profile may affect the investment funds or Glidepath options offered.
   b. How any changes in the investment managers' organisations could affect the interests of the Scheme.
   c. How any changes in the investment environment could either present opportunities or problems for the Scheme.
IV. Undertaking trustee education on DC investment matters.
V. Providing commentary on investment performance.
VI. Providing general advice in respect of the Scheme's investment activities.
VII. Providing views of the investment managers employed by the Scheme.
VIII. Providing accurate and timely deliverables as agreed with the Trustee.
IX. Delivering advice in a clear and engaging manner to the Trustee.
X. Reflecting any Trustee-specific investment beliefs and Scheme-specific circumstances in the advice provided.
XI. Facilitating a review of the Trustees' investment governance arrangements.
XII. Negotiating a competitive fee basis for the proposed manager mandates, on the Trustee's behalf.
XIII. Ensuring that the Trustee's policy on ESG including climate change is integrated into the advice provided.

Section 3: Objective and Investment Strategy

3.1 Within the defined contribution sections members' benefits are dependent on the amount of money paid into their individual accounts, performance of investments and annuity rates at retirement.

Investment Objective

3.2 The Trustee's objective is to make available to members a programme of investment via pooled funds which seek to generate income and capital growth which, together with new contributions from members and the Sponsor, will provide a fund at retirement with which to provide retirement benefits.

Investment Strategy

3.3 The Trustee recognises that investment is essentially about decision making in an uncertain and complex environment. To help bring clarity to the decision-making process, the Trustee has established an investment beliefs framework which is in line with achieving the investment objective for the Scheme. This was last agreed in December 2021 and will be considered periodically and as part of any future investment review.

3.4 The Trustee believes that following an effective set of investment beliefs allows a coherent and consistent approach to investment that leads to a better suite of options which are tailored to members' needs.

3.5 The Scheme's investment fund options are sourced through various investment managers.

3.6 A full list of the range of funds offered is shown in Appendix A.

3.7 The Scheme also offers three pre-determined glidepath strategies for members. The aim of the glidepath strategies is for members to achieve a reasonable level of long-term growth on the investments over the majority of their working life, with an element of risk protection as retirement approaches. All three strategies have been designed to comply with the charge cap of 0.75%.

3.8 The Default Glidepath strategy for JMEPS DC, JMEPS Investment and JMEPS Extra Account members is called the “Drawdown Glidepath strategy”. It is a ‘white-labelled’ strategy that invests in the JMEPS Global Equity Index-Tracker Fund before switching to the JMEPS Diversified Growth Fund over a 20-year period beginning 25 years from retirement. Members then start switching into the BlackRock Cash Fund five years from retirement. At the member’s target retirement age, the asset split is 75% JMEPS Diversified Growth Fund and 25% BlackRock Cash.

3.9 The “Annuity Glidepath strategy” is offered as an alternative glidepath strategy. It is a ‘white-labelled’ strategy that invests in the JMEPS Global Equity Index-Tracker Fund before switching to the JMEPS Diversified Growth Fund over a 20-year period beginning 25 years from retirement. Members then start switching into the BlackRock Over 15 Year Gilt Index and BlackRock Cash Fund from ten and five years before retirement respectively. At the member’s target retirement age, the asset split is 85% BlackRock Over 15 Year Gilt Index Fund and 15% BlackRock Cash Fund.

3.10 There is an additional glidepath strategy called the “Cash Glidepath strategy”. It is a ‘white-labelled’ strategy that invests in the JMEPS Global Equity Index-Tracker Fund, before switching to the JMEPS Diversified Growth Fund over a 20-year period beginning 25 years from retirement.

Members then start switching into the BlackRock Cash Fund from five years before retirement. At the member’s target retirement age, the asset split is 70% BlackRock Cash and 30% JMEPS Diversified Growth Fund.

Default Options

3.11 The Trustee offers members the option to invest in the range of funds described in Appendix A entirely at their discretion. If members opt to join the Scheme and do not make a choice, they will be automatically enrolled into the Default Glidepath (noted above) with a default target retirement age of 65.

3.12 The Trustee designed the Default Glidepath strategy in conjunction with their investment advisers, with due regard for the best interests of members invested in the default option, having given in-depth consideration to the Scheme’s demographic profile and the retirement outcome needs and risk tolerance of the membership. Due consideration was also given to charge cap compliance.

Appendix E: DC Statement of Investment Principles continued

3.13 In addition to the above, the Trustee has historically selected various investment options for the purposes of fund mapping exercises. In such cases, in order to consider the best interests of these groups of members, the Trustee's policy is to select suitable 'like for like' investments to most closely match the prior investments. The Trustee's aims and objectives, expected risks and returns of these 'default arrangements' are consistent with their overarching investment strategy, monitoring and risk management policies as set out in this document.

I. As a result of the AVC rationalisation exercise conducted in 2013/14, the Trustee considers the following investment options to be default arrangements as they all received member assets on a non-consent basis:
   i. BlackRock UK Equity Index Fund
   ii. BlackRock World (ex-UK) Index Fund
   iii. BlackRock Over 15 years UK Gilt Index Fund
   iv. BlackRock Over 5 Years UK Index-Linked Gilt Index Fund
   v. BlackRock Cash Fund
   vi. JMEPS Diversified Growth Fund
   vii. Cash Glidepath strategy

   The investment funds were chosen as they represented the closest equivalents to the members' prior investments in terms of broad asset class exposure, investment objective and expected risk and return.

   The Cash Glidepath strategy was chosen to receive members' with-profits assets as it offered a gradual risk reduction approach over time with increasing capital protection as members get closer to retirement.

II. The Trustee also considers the JMEPS Global Equity Index Tracker Fund and the Aegon BlackRock Corporate Bond Fund to be default arrangements as it has received member assets on a non-consent basis from members previously invested in the BlackRock Global Equity (30:70) Index Fund and the JMEPS Global Corporate Bond Fund, respectively, as a result of the investment strategy changes implemented in 2020 and 2023. The JMEPS Global Equity Index Tracker Fund aims to achieve a return consistent with a composite market capitalisation global equity index, which take account of ESG and Climate risks and opportunities through the use of exclusions and tilts to portfolio weights. The Aegon BlackRock Corporate Bond Fund aims to track the return of a UK index market composed of sterling denominated investment-grade corporate bonds.

3.14 The Trustee's other investment policies set out in Section 4 covering sustainable investing, rights attached to investments, liquidity and realisation of investments, diversification, suitability and fee basis apply to the default arrangements.

3.15 The Trustee's policies regarding its investment manager arrangement set out in Section 5 covering investment manager structure, performance objectives and fees apply to the default arrangements.

Appendix E: DC Statement of Investment Principles continued

Expected Risk and Return

3.16 The investment options invest in the following assets and have the following risk and expected return characteristics:

I. Equities – expected to produce returns in excess of rates of salary and price inflation in the medium to long term. Capital values may be highly volatile in the short term.

II. Real assets – expected to produce returns in line with the infrastructure sector in excess of rates of salary and price inflation in the medium to long term. Capital values may be volatile in the short term although this is expected to be less than for equities.

III. Diversified assets – expected to produce returns in excess of rates of salary and price inflation in the medium to long term. Capital values may be volatile in the short term although this is expected to be less than for equities.

IV. Bonds – capital values are likely to be less volatile than equities but tend to produce lower returns in the medium to long term. The value of bonds are expected to move broadly in line with the price of annuities, providing some protection to the 'purchasing power' of a member's account near retirement (for those members electing to purchase an annuity).

V. Cash – low risk to capital and asset values are easily realisable with limited investment returns associated with the low risk nature of the assets.

Additional Voluntary Contributions ('AVCs')

3.17 The Scheme provides a facility for members to pay AVCs into the Scheme (through JMEPS Extra) to enhance their benefits at retirement. The Company offers a matched contribution up to certain levels. Members have the choice of investing their AVC in any combination of self-select or glidepath investment options. The Trustee's objective is to provide funds which will offer a suitable long-term return for members, consistent with members' investment needs as they approach retirement age.

Section 4: Other investment policies

The Trustee also faces other requirements relating to investment, be they legislative or considered best practice.

Sustainable investing

4.1 The Trustee takes account of financially material risks and opportunities in consultation with its advisers. All risks and opportunities are considered for materiality and impact within a risk management framework, which takes account of members' investment time horizons and objectives. The Trustee considers sustainable investment factors, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, in the context of this broader risk management framework.

4.2 The Trustee's policy is that day-to-day decisions relating to the investment of the Plan's assets is left to the discretion of the investment managers. This includes consideration of all financially materially factors, including ESG-related issues where relevant. The Trustee explores these issues with its advisers to understand how the investment managers exercise these duties in practice.

Appendix E: DC Statement of Investment Principles continued

4.3 When considering the appointment of new managers, and reviewing existing managers, the Trustee, together with their adviser, look to take account of the approach taken by investment managers with respect to sustainable investing including engagement and voting policies where relevant.

4.4 The Trustee have selected the underlying funds within the JMEPS Global Equity Index Tracker Fund that aim to track indices that incorporate ESG and/or Climate change factors. Such factors are considered through exclusions or adjustments to the index weights.

4.5 The Trustee monitors investment managers' sustainable investment practices, including the approach to ESG integration within the investment process, by meeting with investment managers periodically.

4.6 Member views on non-financial matters are not currently taken into account.

Rights attached to investments

4.7 The Trustee's policy is to delegate responsibility for the exercising of ownership rights (including engagement and voting rights) attaching to investments to the investment managers and the Trustee expects these to be exercised in an appropriate manner. The Trustee recognises the UK Stewardship Code as best practice and encourages their investment managers, via their adviser, to comply with the UK Stewardship Code or explain where they do not adhere to this policy. Furthermore, in alignment with the Trustee's ESG Policy, the Trustee have replicated their priorities in order to maintain consistency across their stewardship policy, which highlights two main areas of ESG focus:

- Climate change risk and the transition to a low carbon economy (i.e. achieving net zero emissions);
- The exclusion of investments from companies or countries that demonstrate poor human rights practices.

Liquidity and realisation of investments

4.8 The Trustee's policy is that members' accounts are held in funds that trade regularly, typically daily, which can be realised promptly to provide pension benefits on retirement, or earlier on transfer to another pension arrangement.

4.9 The default arrangements do not include a specific allocation to illiquid assets, although there may be an allocation to illiquid assets within the JMEPS Diversified Growth Fund at the discretion of the investment manager. The Trustee's policy is to invest in assets that are sufficiently liquid to allow them to be realised readily and typically daily dealt. The Trustee does not currently have any plans to invest in illiquid assets in the future.

Diversification

4.10 The Trustee believes that the provision of the investment funds and the three glidepath strategies meet the Scheme's investment needs and that these funds provide adequate diversification of investments.

Suitability

4.11 The Trustee has taken advice from the Investment Consultant to ensure that the investment options are suitable for the Scheme. The Scheme continues to monitor, and take advice on, the various options on an ongoing basis.

Fee basis

4.12 Members bear the investment management charges on their investment. These fees are charged by adjustment to the unit prices within the funds, calculated daily on the value that day.

4.13 The Trustee is aware of the importance of fees for members over long periods and therefore take into account the level of fees when selecting funds and seek to negotiate improved terms where possible. The Trustee will keep this under periodic review.

Section 5: Investment Manager Arrangements

Investment Manager Structure

5.1 Currently, the Scheme offers members a range of self-select and glidepath investment options as listed in Appendix A.

5.2 The Scheme has two white-labelled funds the JMEPS Diversified Growth Fund and the JMEPS Global Equity Index Tracker Fund. White-labelling refers to the process of using a generic name for each investment option offered to members. White-labelling allows for underlying components to be changed more easily. In addition, the use of white labelled investment options that are not specifically branded by reference to the manager makes it potentially easier (at a high level) for members to understand where they are investing their assets. The assets of the Scheme are invested with investment managers appointed by the Trustee.

5.3 The Trustee's policy is to obtain ongoing advice on whether these funds continue to be satisfactory as required by the Pensions Act and that the various investment managers continue to be appropriate DC investment managers.

5.4 The Trustee has delegated day-to-day management of the assets to the investment managers.

5.5 The Scheme is in a contractual insurance policy with the platform provider, which allows the Scheme to access a number of different funds and managers. The Trustee ensures that, in aggregate, its portfolio is aligned with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustee will also ensure that the investment objectives and guidelines of any particular pooled vehicle are aligned with its policies, where relevant to the mandate in question. These considerations also apply in the appointment process of new investment managers and arrangements.

5.6 To maintain alignment, managers are provided with the most recent version of the Scheme's Statement of Investment Principles on an annual basis to ensure they are aware of the Trustee's expectations regarding how the Scheme's assets are being managed.

5.7 The Trustee monitors the manager's investment approach to assess alignment with the Trustee's policy. This monitoring process includes, but is not limited to, specific consideration of the sustainable investment/ESG characteristics of the fund and the managers' engagement activities. Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee's policy is to engage with the manager to ascertain the reasons for this and whether closer alignment can be achieved. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the Trustee will consider alternative options available in order to consider terminating and replacing the Investment Manager. The managers have been informed of this by the Trustee's Investment Consultant to incentivise alignment.

5.8 For most of the Scheme's investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity with the underlying issuers of debt or equity to drive improved performance over these periods. The Trustee may select certain investment funds where such engagement is not deemed appropriate, due to the nature of the strategy and/or the investment time horizon underlying decision making.

5.9 The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

Performance Objectives

5.10 Whilst the Trustee is not involved in each investment managers' day to day method of operation and therefore cannot directly influence attainment of the performance target, it will regularly assess performance and review appointments in line with its SIP policies.

5.11 The investment managers set performance objectives and risk tolerances for each of the Scheme's funds. The Trustee considers these investment performance objectives to be appropriate to assess each fund's performance against.

5.12 The investment objectives will be treated as a target only and will not be considered as an assurance or guarantee of the performance or risk of the Scheme or any part of it.

5.13 The Trustee receive investment manager performance reports on a quarterly basis, which present performance information over 3 month, 1 year, 3 year and 5 year time periods. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and/or against the managers' stated target performance (over the relevant time period).

Appendix E: DC Statement of Investment Principles continued

5.14 The Trustee's focus is on long-term performance but may review a manager's appointment if:

I. There are sustained periods of underperfomance;
II. There is a change in the portfolio manager or portfolio team;
III. There is a change in the underlying objectives of the investment manager;
IV. There is a significant change in the management of the fund;
V. There is a concern at the manager's approach to ESG and climate change;
VI. The manager's investment approach does not align with the Trustee's policies.

Fees

5.15 Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee has accepted the fees of the Scheme's investment manager in line with the manager's stated fee scale.

5.16 The Trustee reviews the costs incurred in managing the Scheme's assets regularly, which includes the costs associated with portfolio turnover, including regular engagement with Investment Managers on this subject and through the receipt of cost and charges reporting. There is no broad targeted portfolio turnover (how frequently assets within a fund are bought and sold by Investment Managers) which the Trustee adheres to. The Trustee, with the help of the Investment Consultant, will monitor that the level of portfolio turnover remains appropriate in the context of the Investment Managers' strategy and the Plan's investment strategy.

5.17 The Trustee will pay fees to WTW based on time cost (or as agreed in advance for specific projects).

Section 6: Risk Management

6.1 The Scheme recognises specific investment risks which can be managed by the range of investment options provided to the members. These are:

(i) 'Inflation risk' – the risk that the investment return over members' working lives does not keep pace with inflation and does not therefore secure an adequate pension.
(ii) 'Conversion risk' – the risk that relative market movements in the years just prior to retirement lead to a substantial reduction in the benefits secured.
(iii) 'Shortfall' or 'opportunity cost' risk – the risk that members end up with insufficient funds at retirement with which to secure a reasonable income.
(iv) 'Manager risk' – the risk that the chosen investment manager underperforms the benchmark against which the investment manager is assessed.
(v) 'Capital risk' – the risk of a fall in the value of the members' fund.

6.2 The funds offered through the Scheme have been chosen, in part, to help members mitigate these risks.

Appendix E: DC Statement of Investment Principles continued

The Trustee recognises a number of risks involved in the investment of the assets of the Scheme:

1. **Manager risk:**
   I. is measured by the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.
   II. is managed by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment processes.

2. **Liquidity risk:**
   I. is measured by the amount of a pooled fund investment that can be redeemed by members over a specified period.
   II. is managed by typically offering members pooled funds that are readily redeemable in normal circumstances at reasonable prices.

3. **Political risk:**
   I. is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention.
   II. is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.

4. **Diversification risk:**
   I. is measured by observing the relative and absolute volatility of the investment options.
   II. is managed through the selection of broad-based funds that show internal diversification, as well as by offering the membership a fund range which provides for reasonable diversification.

5. **Currency risk:**
   I. is measured by observing the difference between hedged and unhedged returns.
   II. is managed by providing the membership with a number of GBP based investment options and communicating those funds which invest overseas.

6. **ESG and Climate Change Risk:**
   I. is measured through engagement and reporting from the managers to understand the level of ESG and climate change risks present in the investment funds.
   II. is managed by monitoring managers' sustainable investment practices, including the approach to ESG integration within the investment process, to ensure alignment with the Trustee's policies and beliefs.
   III. the Trustee has created a specific ESG policy to facilitate effective management of this risk. The purpose of the ESG Policy is to sit alongside the Scheme's Statement of Investment Principles ("SIP") and Climate Delegation Framework, formalising the Trustee's ESG beliefs and its policy on how ESG factors should be integrated into investment decision making.

Appendix E: DC Statement of Investment Principles continued

Section 7: Compliance with and Review of this Statement

Compliance with this Statement

7.1 The Trustee will monitor compliance with this Statement annually.

Review of this Statement

7.2 The Trustee will review this Statement in response to any material changes to any aspects of the Scheme, its membership profile and the attitude to risk of the Trustee, which it judges to have a bearing on the stated investment policy.

7.3 This review will occur no less frequently than every three years or at the time of any changes to the fund range. Any such review will be based on written expert investment advice and the Sponsor will be consulted.

Appendix A: Fund range

UK Equity	BlackRock UK Equity Index Fund
JMEPS Diversified Growth	LGIM Diversified Fund
JMEPS Real Assets	LGIM Infrastructure Index Fund
Overseas Equity	BlackRock World (ex-UK) Index Fund
JMEPS Global Equity Index Tracker	50% LGIM FTSE TPI Global (ex Fossil Fuels) Equity Index: 45% BlackRock World ESG Equity Tracker: 5% BlackRock EM Equity Index
Corporate Bonds	BlackRock Corporate Bond All Stocks Index Fund
Government Bonds	BlackRock Over 15 Years UK Gilt Index Fund BlackRock Over 5 Years UK Index-Linked Gilt Index Fund
Emerging Markets Equity	BlackRock Emerging Markets Equity Index
Cash	BlackRock Cash Fund

Funds in the Glidepath Strategies	
Drawdown Glidepath Strategy (Default)	JMEPS Global Equity Index Tracker Fund JMEPS Diversified Growth Fund BlackRock Cash Fund
Annuity Glidepath Strategy	JMEPS Global Equity Index Tracker Fund JMEPS Diversified Growth Fund BlackRock Over 15 Years UK Gilt Index Fund BlackRock Cash Fund
Cash Glidepath Strategy	JMEPS Global Equity Index Tracker Fund JMEPS Diversified Growth Fund BlackRock Cash Fund

Appendix F: Annual Implementation Statement (forming part of the Trustee Report)

Scheme year ended 31 March 2024

Section 1: Introduction

This document is the Annual Implementation Statement ("the statement") prepared by the Trustee of the Johnson Matthey Employees Pension Scheme ("the Scheme") covering the Scheme year ("the year") to 31 March 2024.

The purpose of this statement is to:

- Detail any reviews of the Defined Benefit and Defined Contribution Statements of Investment Principles ("SIPs") that the Trustee has undertaken, and any changes made to the SIPs over the year as a result of the reviews
- Set out the extent to which, in the opinion of the Trustee, the Scheme's SIPs have been followed during the Scheme year
- Describe the engagement and voting behaviour on behalf of the Trustee over the year.

The Scheme makes use of a wide range of investments; therefore, the principles and policies in the SIPs are intended to be applied in aggregate and proportionately, focusing on areas of maximum impact.

A copy of this implementation statement has been made available on the following website:
https://elements.matthey.com/#/public-jmeps-trustee-governance-statement

Section 2: Review and changes to the SIPs

A) Defined Contribution SIP

The SIP was last reviewed and updated during 2023, with an updated version being published as at September 2023.

The update included:

- Clarified wording on the responsibilities of the Scheme's platform provider, investment managers and investment consultant
- Updates to the investment fund range (as implemented prior to the reporting period)
- Reference to the characteristics of the Scheme's real assets
- An update to the Scheme's policy on sustainable investment and ESG related issues
- The Trustee's policy regarding investing in illiquid assets

B) Defined Benefit SIP

The Defined Benefit (DB) SIP was reviewed and updated in December 2023. This included updates to the Trustee's responsibilities regarding developing a Long Term Journey Plan (LTJP) for the Scheme, which takes into account its short and longer term objectives, as well as current and expected future circumstances. It also included the addition of the Trustee's collateral management policy. This details the process that will be followed if the Scheme's Liability Driven Investment (LDI) manager requires additional capital. For further details on this, please refer to the Scheme's DB SIP.

Another update was the addition of the Trustee's stewardship policy. In alignment with the identified ESG focus areas and the engagement priorities of the Scheme's investment managers, the Trustee has set the following stewardship priorities for the Scheme:

1. Climate change
2. Biodiversity
3. Gender diversity and equality
4. Labour rights, including modern slavery

The Trustee has communicated these priorities with its investment managers and expects the managers to consider them when reporting on their most significant votes. The Trustee reviews each manager's track record of voting and engagement (including whether they have acted on the Scheme's stewardship priorities) as part of its investment governance framework. On an annual basis, the Trustee also reviews each manager's stewardship capabilities and alignment with the Trustee's investment beliefs. If any areas of improvement are identified, the Trustee, typically via its Investment Consultant, will engage with managers on proposed improvement actions.

Section 3: Adherence to the SIP

The Trustee believes the policies outlined in the DC and DB SIPs have been followed during the Scheme year and the justification for this is set out in the remainder of this section. Please note that this statement only covers sections of the SIPs deemed to represent the Trustee's policies, and not introductory or background comments, or statements of fact.

A) Defined Contribution

OBJECTIVE AND INVESTMENT STRATEGY

The Trustee has met its objective of making available to members a programme of investment expected to provide a fund at retirement with which to provide retirement benefits through the provision of three Glidepath strategies and a range of self-select fund options.

The Trustee's general investment aims are as follows:

To offer a suitable default strategy appropriate for the profile of the defaulting members that takes into account their expected risk tolerances and potential target retirement outcomes; and

To supplement the default strategy with a range of self-select investment options which offer sufficient investment choice to satisfy members' differing risk appetites and risk profiles, and retirement objectives.

The Glidepath strategies aim to provide a reasonable level of long-term growth, with both the equity and diversified growth elements delivering positive returns over the long-term. An element of risk management is provided for members approaching their designated retirement age through increasing diversification and reducing investment risk.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

INVESTMENT STRATEGY

Over the prior Scheme years, the Trustee has reviewed and implemented changes to the investment strategy. This entailed a review of the memberships to understand risk tolerance and likely levels of engagement and retirement choice, a review of investment beliefs, establishing an ESG policy, and considering the megatrends, including climate change, and their potential impact on investments over the long-term.

A key change was to the JMEPS Global Equity Index Tracker Fund. The Trustee with the help of its Investment Consultant agreed to integrate environmental, social and governance (ESG) factors as well as climate considerations into this Fund's portfolio construction processes via the introduction of market cap-based fund solutions. This was implemented via investment in the LGIM FTSE TPI (ex-Fossil Fuels) Global Equity Index and the BlackRock ACS World ESG Equity Tracker GBP hedged funds. The Emerging Markets Equity Index fund weight was reduced to 5% to maintain a similar overall allocation to this region.

These changes were in line with the Trustee's desire to reduce its investments' carbon footprint with an aim of reaching net zero by 2050 and avoiding investment in companies that have a record of poor human rights practices. It was agreed that opportunities for further integration of ESG across wider fund ranges remained limited.

Each investment manager that invests in equities has been provided with a copy of the SIP and has been asked to confirm whether they believe that the management of the assets is consistent with those policies in the SIP that are relevant to the fund in question.

SUSTAINABLE INVESTMENT

The Trustee monitors asset managers' sustainable investment practices, including the approach to ESG integration within the investment process through desk-based research. Just after the close of the Scheme year, the Scheme's Investment Consultant presented the Trustee with an annual Sustainable Investment review which summarised how the Scheme's managers incorporate sustainable investing into their approach.

The Trustee also considers sustainable investment factors, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, in the context of this broader risk management framework. All risks and opportunities are considered for materiality and impact within a risk management framework, which takes account of members' investment time horizons and objectives.

The Trustee has an ESG Policy Statement. The purpose of this policy is to sit alongside the Scheme's SIP and Climate Delegation Framework, formalising the Trustee's ESG beliefs and its policy on how ESG factors should be integrated into investment decision making. The policy will be made available to members upon request.

During the Scheme Year, A TCFD report was produced in which the Trustee was presented with data collected against the chosen metrics. The scope 1&2 carbon footprint of the DC section's overall portfolio was confirmed to be on track to reduce its carbon footprint by 50% by 2030. As of 30 September 2023, this figure was 53 tonnes of CO_2 per million $ invested versus a baseline of 72 as at 30 September 2021, a reduction of 26%.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

MONITORING PERFORMANCE, MANAGERS & COSTS

The Trustee regularly reviews the underlying performance of the funds within the default strategy and the self-select fund range. Over the reporting period, the Trustee reviewed performance information quarterly. The reports are prepared by the Investment Consultant and enable the Trustee to assess all funds against their respective benchmarks, identifying any areas of concern that may require further investigation.

The performance reporting format was updated over the period, with more focus on the key funds which make up the Glidepath options (including the default investment strategy) and provide some wider market context for the Diversified Growth Fund performance.

In December 2023, the Trustee advisers analysed the performance of the Drawdown Glidepath strategy against the assumptions made when constructing the strategy, considering the effects of the current and future economic outlook. This concluded that both replacement ratios for members at retirement and future projected fund values had improved since the last review. This analysis will be revisited as part of the next strategic investment review in Q4 2024.

MONITORING PORTFOLIO TURNOVER

The Trustee monitors the costs associated with portfolio turnover, as part of their annual assessment of the costs and charges incurred within the Scheme. As an additional monitoring item, fund managers were asked to confirm the actual level of portfolio turnover during the Scheme year. This enables the Trustee to consider whether the levels are consistent and proportionate to the type of fund and the way it is managed.

The Trustee is satisfied that over the reporting period, the performance of the investment funds has been consistent with their aims and objectives as set out in the SIP.

Fund	Level of portfolio turnover 01/04/23 – 31/03/24	Comments
LGIM FTSE TPI Global (ex Fossil Fuels) Equity	1.6%	The level of portfolio turnover for each fund is in line with our expectations for the given fund and asset class.
BlackRock World ESG Equity (Hedged)	54.0%	
BlackRock Emerging Markets Equity	37.0%	
LGIM Diversified Fund	38.9%	
BlackRock UK Equity Index Fund	36.9%	
BlackRock World ex-UK Index Fund	23.1%	

Notes
1 A number of funds invested in by the Scheme are not listed in this table as turnover is not appropriate to monitor on an annual basis.
2 Observed turnover for the year ending 31 March 2024 has been provided by the investment managers.
3 WTW expected ranges are produced by the WTW Manager Research Team. These ranges are to act as guidance and may vary year-on-year depending on specifics such as the manager's investment process and market environment. For some funds, a WTW expected range is not applied due to the fund type.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

RISK MANAGEMENT
The DC committee met four times during the year. At these meetings, the Trustee considered both short and long-term risks associated with the investment strategies. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The Trustee was supported in these considerations by reports prepared by its Investment Consultant.

B) Defined Benefit
OBJECTIVE AND INVESTMENT STRATEGY
The Trustee's objective is to invest the Main Section's assets in the best interests of the members and beneficiaries, and to pay for current benefits out of investment income as far as practical, provide for future accrual of benefits through capital growth and future contributions and reduce any funding deficit. This is done by setting a strategy that relies on a balance between contributions from the Sponsor and investment returns to achieve this goal, with due regard to risk.

The Trustee has agreed to a strategy which is expected to achieve full funding on a gilts+0.5% p.a. basis.

The Trustee's investment objective (at the Company's request) for the Elements Section is to invest in assets that best match the liabilities, pay for benefits out of investment income, provide for future accrual of benefits through capital growth and future contributions and reduce any funding deficits.

Full details of the investment managers and funds are contained in the DB SIP.

RESPONSIBLE INVESTMENT AND CORPORATE GOVERNANCE
The Trustee defines Responsible Investment ("RI") in line with the UN-backed Principles for Responsible Investing, which states that RI is an approach to investing that aims to incorporate ESG factors into investment decisions, to better manage risk and generate sustainable, long-term returns. The Trustee has a separate ESG Policy and Climate Delegation Framework which sets out its ESG beliefs and responsibilities.

As part of the Trustee's fiduciary duty, which includes a comprehensive approach to risk management, it has been recognised that ESG factors, including, but not limited to, climate change, can be financially material. The Trustee recognises that there is a need for the Scheme to be a long-term, responsible steward of its assets and consider, in a manner consistent with its fiduciary obligations, the wider impacts of its investment decisions on the environment and society, as well as the potential financial returns.

The two main ESG focus areas the Trustee has identified are:
- Climate change risk and the transition to a low carbon economy (i.e. achieving net zero emissions);
- The exclusion of investments from companies or countries that demonstrate poor human rights practices.

The Trustee will ensure its investment strategy is aligned with being net zero by 2050. The aim is to achieve this as soon as possible whilst maintaining appropriate levels of diversification. The Scheme is currently invested in an ESG-aligned equity mandate, and a climate-focused private markets mandate, which was implemented in late 2023. The Trustee also intends to consider excluding investments from companies or countries that demonstrate poor human rights practices or insufficient principles.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

The Trustee considers how ESG, climate change and stewardship are integrated within investment processes in appointing, monitoring, and withdrawing from investment managers. Monitoring is undertaken on a regular basis, and this makes use of the investment consultant's ESG ratings.

The Trustee has set explicit stewardship priorities (outlined in section 2 of this report) that the investment managers are monitored against. The Trustee engages with the investment managers on the agreed stewardship priorities and reviews the relevant managers' track record of voting in relation to these priorities as part of its investment governance framework. The Trustee publishes this information, where available, in the annual Implementation Statement.

MONITORING PERFORMANCE, MANAGERS & COSTS

The governance of the pension scheme is well documented in the SIP and includes the division of responsibilities between the Trustee, Investment Consultant and Custodians.

The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over 3-month, 1-year, 3-year and 5-year time periods. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and/or against the managers' stated target performance (over the relevant time period). The Trustee's focus is primarily on long-term performance, but short-term performance is also reviewed.

The Trustee has a meeting with each manager during the year to receive a presentation on their performance, discuss other investment matters (such as integration of ESG and climate change into the investment process and voting and engagement activities) and raise questions where actions appear to be out of line with the Scheme's policies.

In addition, the Trustee receives an annual assessment report from its Investment Consultant that assesses each of the investment managers with regard to their level of ESG integration, with a focus on climate-related risks, for each mandate in the Main and Elements Section. The report identifies areas for improvement and ensures engagement efforts are focused towards these areas. The Trustee monitors progress annually and expects the managers' capabilities to improve over time.

MONITORING PORTFOLIO TURNOVER

As an additional monitoring item, fund managers were asked to confirm the actual level of portfolio turnover during the Scheme year. This enables the Trustee to consider whether the levels are consistent and proportionate to the type of fund and the way it is managed.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

Fund	Level of portfolio turnover 01/04/23 – 31/03/24	Comments
BlackRock UK Property	0%	The level of portfolio turnover for each fund is in line with our expectations for the given fund and asset class.
BlackRock Diversified Private Debt	Not applicable	
BlackRock ETF Portfolio (Global High Yield Corp Bond)	29%	
BlackRock ETF Portfolio (£ Ultrashort Bond)	68%	
CQS Multi Asset Credit	51%	
Insight Diversified Growth	440%	
LGIM Absolute Return Bonds	32%	
LGIM Elements Buy & Maintain Credit	9%	
LGIM CARE Buy & Maintain Credit	5%	
LGIM Paris Aligned Equity	3%	
LGIM LDI Portfolio	Not applicable	
Wellington Multi Sector Credit	191%	
Partners Group Global Infrastructure 2012	Not applicable	
Partners Group Global Infrastructure 2018	Not applicable	
Schroders Climate+ Diversified Private Markets	Not applicable	

The Trustee takes regular advice from their investment consultant about the suitability of the funds and the investment managers, so that they can be satisfied that they are consistent with their investment policies.

Each investment manager has been provided with a copy of the SIP and has been asked to confirm whether they believe that the management of the assets is consistent with those policies in the SIP that are relevant to the fund in question.

RISK MANAGEMENT

The Trustee manages investment risks associated with the Scheme in several ways, for example:

- A proportion of the Main Section's assets are in a Matching portfolio which aims to hedge a proportion of the liabilities to decrease the likelihood of inflation and interest rate risk.
- The Trustee has regard for the strength of the Company's covenant and engages in regular dialogue with them to assess sponsor risk. The Trustee also receives a confidential review of the financials of the business at least once a year.
- The Trustee diversifies the investment across different asset classes and geographical markets to reduce market risk, credit risk and volatility risk.
- As part of the quarterly monitoring, the Trustee monitors the actual deviation of returns relative to the manager's objective and investment processes to reduce the likelihood of manager risk.
- To manage liquidity risk, the Trustee invests in assets of sufficient liquidity so that benefits can be paid as they fall due but, given the Scheme's long-term horizon, also in illiquid assets such as property and infrastructure to receive an illiquidity premium.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

- The Trustee assesses the creditworthiness of the custodian bank, the ability of the organisation to settle trades on time and provide secure safekeeping of the assets under custody to measure custodian risk.
- The Trustee regularly reviews the actual investments relative to the policy and regularly assesses the diversification within the existing policy to measure the level of concentration of any one market and reduce the impact of potential regulatory changes on investment values.
- The Trustee reviews the investment managers' Environmental, Social and Governance (ESG) policies before appointment and on an annual basis to manage ESG risks.
- The Trustee produces an annual TCFD Report.
- The Trustee produces a 'deep-dive' Stewardship Report when necessary.

Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The investment strategy reviews take account of the overall balance of these risks.

STEWARDSHIP
In March 2024, the Trustee conducted a 'deep-dive' review of the stewardship activities conducted by the Scheme's DB investment managers to assess alignment with the Trustee's priority areas (set out in Section 2); the results of this were summarised in the Trustee's first Stewardship Report.

Stewardship is a key risk management tool that can uncover potential problems in investee companies and enable managers to take preventative measures to minimise financial loss and support decision-making. The aim of the review was to challenge the managers' stewardship activity and to encourage risk management improvement going forwards. This review goes above and beyond regulatory guidance for the monitoring of investment managers' stewardship capabilities.

To assess managers' alignment with the Trustee's priority areas, the Investment Consultant identified sub-industries that are potentially material negative contributors to each of the Trustee's priority areas. Following this, the Trustee was able to analyse what proportion of the high risk holding companies were engaged with on the relevant stewardship priority, based on data provided by the managers.

Within the review there were areas identified which the Trustee has decided to engage on with managers, to further improve engagement. The review identified a greater focus on environmental issues relative to social issues and that there were challenges for some managers in providing relevant data. The Trustee is engaging with its investment managers to encourage improvements in data reporting capabilities and the alignment with the Trustee's stewardship priorities.

Section 4: Voting Data

The Scheme's equity holdings are held within pooled investment vehicles and the Trustee delegates voting rights and the execution of those rights to the underlying managers for the securities they hold. The Scheme's Investment Consultant engages managers on areas for development, not least around resourcing, and improving the breadth and depth of corporate engagements. In the main, full voting information has been provided by the Managers, however, information on size of the fund's holdings and next steps is not typically disclosed by BlackRock. The Trustee will look to obtain this information for future statements.

The Trustee believes that it should be a responsible steward of its assets and consider, in a manner consistent with its fiduciary obligations, the wider impacts of its investment decisions on the environment and society, as well as the potential financial returns.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

In its ESG policy, the Trustee agreed its stewardship priorities were:

- Climate change risk and the transition to a low carbon economy
- Labour rights and modern slavery
- Gender diversity and equality
- Biodiversity

In selecting the significant votes, the Trustee has had regards to its voting priorities, potential impact, the size of the holding and whether it was controversial.

Further information on the voting and engagement activities of the managers is provided in the summary table below. A supplementary document containing information on the managers' key voting activities will be published on the Scheme's website.

Having reviewed the information summarised in this Implementation Statement, the Trustee is satisfied with the way in which the managers are exercising voting rights. Further detail is provided on the most significant vote under each fund.

A) Defined Contribution summary

Fund	Votes cast	Significant votes
Main Section		
LGIM Diversified Fund	93,090 (99.8% of eligible votes cast) 23.1% of votes against management / 0.3% abstained	Prologis, Inc. Restaurant Brands International Inc.
LGIM FTSE TPI Global (ex Fossil Fuels) Equity	21,964 (99.8% of eligible votes cast) 20.4% of votes against management / 0.1% abstained	Amazon.com, Inc Toyota Motor Corporation
LGIM FTSE Developed Core Infrastructure Index Fund	1,855 (100.0% of eligible votes cast) 24.6% of votes against management / 0.0% abstained	The Southern Company Crown Castle Inc.
BlackRock World ESG Equity (Hedged)	7,296 (98% of eligible votes cast) 2% of votes against management / 0% abstained	The Goldman Sachs Group Shell Plc
BlackRock EM Equity Index	23,079 (98% of eligible votes cast) 12% of votes against management / 2% abstained	Zhejiang Expressway Co., Ltd. Shin Kong Financial Holding Co. Ltd.
BlackRock UK Equity Index	14,654 (96% of eligible votes cast) 3% of votes against management / 1% abstained	The Goldman Sachs Group, Inc. The Kraft Heinz Company
BlackRock World (ex-UK) Index Fund	24,856 (97% of eligible votes cast) 6% of votes against management / 0% abstained	Broadcom Inc. The Hong Kong and China Gas Company Limited

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

B) Defined Benefit

Fund	Votes cast	Significant votes
Main Section		
Insight Diversified Growth	164 (100% of eligible votes) 0% against management / 0% abstained Non-proxy agent votes: 0 Proxy agent votes: 164	Ecofin US Renewables Infrastructure Trust plc Aquila European Renewables Income Fund plc
Elements Section		
LGIM ESG Paris Aligned World Equity Fund	17,451 (99.77% of eligible votes) 21.72% against management / 0.21% abstained Non-proxy agent votes: 2,845 Proxy agent votes: 14,606	NVIDIA Corporation Schneider Electric SE Tyson Foods, Inc. Activision Blizzard, Inc.

Votes in line with stewardship priority areas
Insight Diversified Growth Fund – Insight were unable to provide this level of granularity in voting statistics.

LGIM ESG Paris Aligned World Equity Fund

Stewardship priority area	Votes cast
Climate Change	78 (100% of eligible votes) 69% against management / 0% abstained Non-proxy agent votes: 36 Proxy agent votes: 42
Biodiversity	4 (100% of eligible votes) 100% against management / 0% abstained Non-proxy agent votes: 1 Proxy agent votes: 3
Gender Diversity and Equality	42 (100% of eligible votes) 86% against management / 0% abstained Non-proxy agent votes: 16 Proxy agent votes: 26
Labour Rights and Modern Slavery	37 (100% of eligible votes) 57% against management / 0% abstained Non-proxy agent votes: 9 Proxy agent votes: 28

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

For DC assets, BlackRock have summarised voting data for the Scheme's assets. LGIM were unable to provide this level of granularity in voting statistics.

Stewardship priority area	Votes cast
Climate Change	190 (100% of eligible votes) 5% against management / 0% abstained Non-proxy agent votes: 190 Proxy agent votes: 0
Biodiversity	1 (100% of eligible votes) 0% against management / 0% abstained Non-proxy agent votes: 1 Proxy agent votes: 0
Gender Diversity and Equality	70 (99% of eligible votes) 4% against management / 0% abstained Non-proxy agent votes: 70 Proxy agent votes: 0
Labour Rights and Modern Slavery	59 (100% of eligible votes) 3% against management / 0% abstained Non-proxy agent votes: 59 Proxy agent votes: 0

Voting activity

1. Introduction

This document is supplementary to the Annual Implementation Statement ("the statement") prepared by the Trustee of the Johnson Matthey Employees Pension Scheme ("the Scheme") covering the Scheme year ("the year") to 31 March 2024. It provides additional detail on the key voting and engagement activities for the managers of the Scheme during the year.

A) Defined Contribution

BLACKROCK – EM EQUITY INDEX, UK EQUITY INDEX, WORLD (EX-UK) INDEX, WORLD ESG EQUITY INDEX

Voting Activities:

EM Equity Index

- There were 23,079 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 98% of its votes over the year
- 12% of votes were against management and 2% were abstained

World ESG Equity Index (Hedged)

- There were 7,296 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 98% of its votes over the year
- 2% of votes were against management and 0% were abstained

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

UK Equity Index

- There were 14,654 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 96% of its votes over the year
- 3% of votes were against management and 1% were abstained

World (ex-UK) Index

- There were 24,856 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 97% of its votes over the year
- 6% of votes were against management and 0% were abstained

What is BlackRock's policy on consulting with clients before voting?

BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. BlackRock believes that there are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' best interests to create sustainable value. Shareholders should have the right to vote to elect, remove, and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws.

Consistent with these shareholder rights, BlackRock has a responsibility to monitor and provide feedback to companies, in their role as stewards of our clients' investments. BlackRock Investment Stewardship ("BIS") does this through engagement with management teams and/or board members on material business issues including environmental, social, and governance ("ESG") matters and, for those clients who have given authority, through voting proxies in the best long-term economic interests of clients. BlackRock participate in the public debate to shape global norms and industry standards with the goal of a policy framework consistent with clients' interests as long-term shareholders.

BlackRock looks to companies to provide timely, accurate, and comprehensive reporting on all material governance and business matters, including ESG issues. This allows shareholders to appropriately understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or the approach taken is inconsistent with our view of what supports sustainable long-term value creation, we will engage with a company and/or use our vote to encourage a change in practice.

BlackRock views engagement as an important activity; engagement provides us with the opportunity to improve our understanding of the business and ESG risks and opportunities that are material to the companies in which our clients invest. As long-term investors on behalf of clients, they seek to have regular and continuing dialogue with executives and board directors to advance sound governance and sustainable business practices, as well as to understand the effectiveness of the company's management and oversight of material issues. Engagement is an important mechanism for providing feedback on company practices and disclosures, particularly where BlackRock believe they could be enhanced. We primarily engage through direct dialogue but may use other tools such as written correspondence to share their perspectives. Engagement also informs voting decisions.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. These high-level Principles are the framework for our more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The Principles describe their philosophy on stewardship (including how we monitor and engage with companies), our policy on voting, our integrated approach to stewardship matters and how they deal with conflicts of interest. These apply across relevant asset classes and products as permitted by investment strategies.

BlackRock reviews their Global Principles annually and updates them as necessary to reflect in market standards, evolving governance practice and insights gained from engagement over the prior year.

Please describe whether BlackRock has made use of any proxy voter services
BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") – located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.

In summary, proxy research firms help us deploy our resources to greatest effect in meeting client expectations:
- BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty to and enhance the value of clients' assets, using our voice as a shareholder on their behalf to ensure that companies are well led and well managed
- We use proxy research firms in our voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that our analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial
- We do not follow any single proxy research firm's voting recommendations and in most markets, we subscribe to two research providers and use several other inputs, including a company's own disclosures, in our voting and engagement analysis
- We also work with proxy research firms, which apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision
- The proxy voting operating environment is complex and we work with proxy research firms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

Please provide an overview of BlackRock's process undertaken for deciding how to vote
The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure they take into account a company's unique circumstances by market, where relevant. BlackRock inform their vote decisions through research and engage as necessary. Their engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update their regional engagement priorities based on issues that they believe could impact the long-term sustainable financial performance of companies in those markets. BlackRock welcome discussions with clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in their Global Corporate Governance and Engagement Principles, BlackRock determines which companies to engage directly based on an assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. BlackRock's voting guidelines are intended to help clients and companies understand their thinking on key governance matters. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. They inform their vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy themselves, but the client would engage a third-party voting execution platform to cast the votes.

Is BlackRock currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?
As an investment manager, BlackRock has a duty of care to its clients. BlackRock's duty extends to all of its employees and is critical to our reputation and business relationships, and to meeting the requirements of our various regulators worldwide. Employees are held responsible by BlackRock to seek to avoid any activity that might create potential or actual conflicts with the interests of clients. BlackRock maintains a compliance program for identifying, escalating, avoiding and/or managing potential or actual conflicts of interest. The program is carried out through our employees' adherence to relevant policies and procedures, a governance and oversight structure and employee training.

Among the various policies and procedures that address conflicts of interest is BlackRock's Global Conflicts of Interest Policy. This policy governs the responsibility of BlackRock and its employees to place our clients' interests first and to identify and manage any conflicts of interest that may arise in the course of our business. In order to mitigate potential and actual conflicts of interest, each BlackRock employee must, among other things:

- Identify potential or actual conflicts of interest both in relation to existing arrangements and when considering changes to, or making new, business arrangements;
- Report any conflicts of interest promptly to his/her supervisor and Legal & Compliance;
- Avoid (where possible) or otherwise take appropriate steps to mitigate a conflict to protect our clients' interests; and
- Where appropriate, disclose conflicts of interest to clients prior to proceeding with a proposed arrangement

BlackRock Legal & Compliance conducts mandatory annual compliance training, which includes a discussion of the Global Conflicts of Interest Policy.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

Please include here any additional comments which are relevant to BlackRock's voting activities or processes
No response provided

Most significant vote: EM Equity Index

Zhejiang Expressway Co., Ltd.

Date of Vote: 04/05/2023

Resolution: To Amend the Articles of Association. On balance, BlackRock find that shareholders' rights are likely to be diminished in material ways under the new Charter/Articles/Bylaws.

Approximate size of the fund's holding as at the date of the vote: Not provided by BlackRock

Why the vote is considered significant: Not directly aligned with the Trustee's specific voting priorities but considered significant given it seeks to protection of shareholder voting rights and interests

Action: Against

Outcome: Motion withdrawn

Most significant vote: World ESG Equity Index (Hedged)

The Goldman Sachs Group

Date of Vote: 26/04/2023

Resolution: Disclose 2030 Absolute GHG Reduction Targets Associated with Lending and Underwriting.

Approximate size of the fund's holding as at the date of the vote: Not provided by BlackRock

Why the vote is considered significant: Falls within Trustee's climate change priority

Rationale: The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company. The company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies.

Action: Against

Outcome: Fail

Most significant vote: World (ex-UK) Index

Broadcom Inc.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

Date of Vote: 03/04/2023

Resolution: Elect Director Check Kian Low. This was a vote against compensation committee members because pay is not properly aligned with performance and/or peers.

Approximate size of the fund's holding as at the date of the vote: Not provided by BlackRock

Why the vote is considered significant: Not directly aligned with the Trustee's specific voting priorities but considered significant given it seeks to protection of shareholder interests. This was one of several similar resolutions, increasing significance.

Action: Against

Outcome: Pass

Most significant vote: UK Equity Index

The Kraft Heinz Company

Date of Vote: 04/05/2023

Resolution: Report on Supply Chain Water Risk Exposure. BlackRock believes that the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.

Approximate size of the fund's holding as at the date of the vote: Not provided by BlackRock

Why the vote is considered significant: Falls broadly within Trustee's climate change priority

Action: Against

Outcome: Fail

LEGAL AND GENERAL INVESTMENT MANAGEMENT (LGIM) – DIVERSIFIED FUND, FTSE TPI GLOBAL (EX FOSSIL FUELS) EQUITY, FTSE DEVELOPED CORE INFRASTRUCTURE INDEX FUND

Voting Activities:

Diversified Fund

- There were 93,090 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 99.8% of its votes over the year
- 23.1% of votes were against management and 0.3% were abstained

FTSE TPI Global (ex Fossil Fuels) Equity

- There were 21,964 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 99.8% of its votes over the year
- 20.4% of votes were against management and 0.1% were abstained

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

FTSE Developed Core Infrastructure Index Fund

- There were 1,855 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 100.0% of its votes over the year
- 24.6% of votes were against management and 0% were abstained

What is LGIM's policy on consulting with clients before voting?

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Their voting policies are reviewed annually and take into account feedback from our clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as they continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Please describe whether LGIM has made use of any proxy voter services

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment their research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions.

To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what they consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

Please provide an overview of LGIM's process undertaken for deciding how to vote
All decisions are made by LGIM's Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures their stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

Is LGIM currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?
N/A

Please include here any additional comments which are relevant to LGIM's voting activities or processes
It is vital that the proxy voting service are regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out LGIM's expectations, an analysis of any issues we have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of our formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

Most significant vote: Diversified Fund: Restaurant Brands International Inc.

Date of Vote: 23/05/2023

Resolution: Report on Efforts to Reduce Plastic Use

How LGIM voted: For (Against Management Recommendation)

Approximate size of the fund's holding as at the date of the vote: 0.003%

Why the vote is considered significant: This shareholder resolution is considered significant as it aligns with the Trustee's biodiversity priority and due to the relatively high level of support received.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

Action: For – A vote in favour is applied as LGIM believes that improving the recyclability of products will have a positive impact on climate change and biodiversity.

Outcome: 36.8% of shareholders supported the resolution. LGIM will continue to engage with investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Most significant vote: LGIM FTSE TPI Global (ex Fossil Fuels) Equity: Amazon.com, Inc.

Resolution: Report on Median and Adjusted Gender/Racial Pay Gaps

How LGIM voted: For (Against Management Recommendation)

Date of Vote: 24/05/2023

Approximate size of the fund's holding as at the date of the vote: 2.5%

Why the vote is considered significant: This aligns with the Trustee's gender and diversity priority and aligns with LGIM's view that gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Action: For – A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.

Outcome: 29.0% of shareholders supported the resolution (Fail).

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Most significant vote: LGIM FTSE Developed Core Infrastructure Index Fund: The Southern Company

Resolution: Elect Director Anthony F. "Tony" Earley, Jr.

How LGIM voted: Against (Against Management Recommendation)

Date of Vote: 24/05/2023

Approximate size of the fund's holding as at the date of the vote: 3.4%

Why the vote is considered significant: This aligns with the Trustee's gender and diversity priority and aligns with LGIM's view that gender diversity is a financially material issue for our clients, with implications for the assets we manage on their behalf.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

Action: Against – A vote against is applied as LGIM expects a company to have at least one-third women on the board.

Outcome: Fail

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

B) Defined Benefit
INSIGHT – DIVERSIFIED GROWTH FUND

Voting Activities:
- There were 164 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 164 of its votes over the year
- 0% of votes were against management and 0% were abstained
- 100% of resolutions were voted on in line with the recommendation of Insight's proxy adviser.

What is Insight's policy on consulting with clients before voting?
Insight does not consult clients prior to voting on resolutions. However, Insight is committed to voting all proxies where it is deemed appropriate and responsible to do so. Insight takes its responsibility to vote very seriously and votes in the best interest of clients.

Please describe whether Insight has made use of any proxy voter services
Insight uses Minerva Analytics to analyse resolutions against Insight-specific voting policy templates to determine the direction of the vote, where applicable. Insight votes in line with the recommendations of the proxy voting agent and documents where it makes a voting decision against the recommendation.

Please provide an overview of Insight's process undertaken for deciding how to vote
Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote.

Is Insight currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?
Insight engages with clients frequently on a range of potential conflicts related to responsible investment. Among these, they describe two frequently occurring areas:
- To address potential conflicts that arise because of divergences between Insight's responsible investment policies and the responsible investment policies of the client.
- To address potential divergence between the interests of our client and their beneficiaries.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

In the reporting period, these issues are relevant to Insight's efforts to represent client interests, as opposed to conflicts between Insight's interests and those of clients and beneficiaries. To date, issues highlighted have been identified and addressed effectively through direct engagement between their investment team, client solutions team and the client to agree specifically how to proceed. These discussions happen in the context of the investment approach being pursued and need to balance financial and non-financial considerations and establish the correct approach to measure, monitor and report. In all cases during the reporting period, Insight identified and resolved issues in partnership with their clients, formally documenting the agreed approach in the investment guidelines for the mandate.

As Insight seeks to evolve its approach, they believe that conflicts are more likely to arise in this area as a result of legal changes; net-zero emissions goals; or the introduction of additional firmwide ESG or stewardship-related policies that need to be implemented, such as firm-wide exclusions lists. Because these have different implications in different jurisdictions or for different types of clients, they will need to be addressed on a case-by-case basis and Insight envisages that the identification and escalation of these types of conflict will be represented more frequently in their conflicts register, and that we will see increased monitoring and potentially escalation of issues through their governance structure.

Please include here any additional comments which are relevant to Insight's voting activities or processes
No response provided.

Most significant vote: Vote 1: Ecofin US Renewables Infrastructure Trust plc

Resolution: To re-elect as a director, Patrick O'Donnell Bourke.

Date of vote: 25/05/2023

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 0.2%

Why the vote is considered significant: While the vote does not relate to any of the Trustee's stewardship priorities, Insight consider it significant as it relates to Financial Conduct Authority board diversity targets. Insight are unable to provide reporting relating specifically to the Trustee's stewardship priority areas.

Action: Insight voted for the resolution

All board members stand for annual re-election at each AGM. A vote for was applied because any potential change to the board could have added further uncertainty during an already volatile period and may not have been in the best interest of the shareholders.

Outcome: 87% voted for the resolution

The 2022 Annual Report indicated that the board would endeavour to address this in future recruitment whilst ensuring appointments are made on merit and subject to a formal, rigorous and transparent procedure.

Most significant vote: Vote 2: Aquila European Renewables Income Fund plc

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

Resolution: To approve the continuation of the company as an investment trust.

Date of vote: 05/06/2023

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 0.6%

Why the vote is considered significant: The possible reconstruction, reorganisation or liquidation of the company could have an adverse impact on shareholders.

Action: Insight voted for the resolution

Over the course of 2023, the company introduced a number of initiatives including asset life extensions, in some instances which contributed to increase in NAV per share; accretive share buybacks; debt refinancing which would enable further investment and/or return additional capital to shareholders and additional listing on a European exchange which could improve the company's marketability and liquidity on the secondary market.

Insight voted in favour of the resolution for a continuation of the company as this would allow time to evaluate the success of initiatives outlined above. Shareholders will have a further opportunity to vote on the continuation of the company in Q3 2024 which has been brought forward from 2027.

Outcome: 74.1% voted for the resolution

Insight continue to evaluate the effectiveness of initiatives and reassess this proposal at the next opportunity in Q3 2024.

LEGAL & GENERAL INVESTMENT MANAGEMENT (LGIM) – ESG PARIS ALIGNED WORLD EQUITY FUND
Voting Activities:
- There were 17,491 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 17,451 votes over the year
- 21.72% of votes were against management and 0.21% were abstained
- Non-proxy agent votes: 2,845
- Proxy agent votes: 14,606

What is LGIM's policy on consulting with clients before voting?
LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all of their clients. LGIM's voting policies are reviewed annually and take into account feedback from clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

Please describe whether LGIM has made use of any proxy voter services
LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with their position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards that they believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows them to apply a qualitative overlay to their voting judgement. LGIM has strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes that require further action.

Please provide an overview of LGIM's process undertaken for deciding how to vote
All decisions are made by LGIM's Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents, which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures LGIM's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the voting decision process, therefore sending consistent messaging to companies.

Is LGIM currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?
Please refer to the LGIM investment stewardship conflict of interest document here.

Please include here any additional comments which are relevant to LGIM's voting activities or processes
It is vital that the proxy voting service is regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out their expectations, an analysis of any issues they have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of LGIM's formal RMS processes, the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

Most significant vote: Vote 1: Schneider Electric SE

Resolution: To approve company's climate transition plan.

Date of vote: 04/05/2023

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 0.31%

Why the vote is considered significant: The vote relates to the Trustee's stewardship priority of climate change.

Action: LGIM voted against the resolution (against management recommendation)

A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5Â°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5Â°C goal.

Outcome: 97.7% voted against the resolution

LGM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Most significant vote: Vote 2: NVIDIA Corporation.

Resolution: To elect Director Stephen C. Neal

Date of vote: 22/06/2023

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 2.9%

Why the vote is considered significant: The vote relates to the trustee's stewardship priority of gender diversity. LGIM also views diversity as a financially material issue for all their clients, with implications for the assets they manage on their behalf.

Action: LGIM voted against the resolution (Against Management Recommendation)

Appendix F: Annual Implementation Statement (forming part of the Trustee Report) continued

A vote against was applied as LGIM expects a company to have at least one-third women on the board. A vote against was applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.

Outcome: 89.2% of shareholders supported the resolution.

Most significant vote: Vote 3: Tyson Foods, Inc.

Resolution: To report on opportunities to support circular economy for packaging.

Date of vote: 08/02/2024

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 0.03%

Why the vote is considered significant: The vote relates to the Trustee's stewardship priority of biodiversity.

Action: LGIM voted for the resolution (against management recommendation)

A vote for was applied because LGIM believe the company should accelerate efforts to transition to a circular economy approach as they deem this a material risk. The circular economy is a key component of LGIM's approach to nature, and LGIM believe solving plastic pollution is critical in a just transition to net zero and nature-positive economies.

Outcome: 4.0% voted for the resolution

Most significant vote: Vote 4: Activision Blizzard, Inc.

Resolution: To adopt policy on freedom of association and collective bargaining

Date of vote: 21/06/2023

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 0.05%

Why the vote is considered significant: The vote relates to the Trustee's stewardship priority of labour rights and modern slavery.

Action: LGIM voted for the resolution (against management recommendation)

A vote in favour was applied as LGIM supports proposals that are set to improve human rights standards or policies because they consider this issue to be a material risk to companies.

Outcome: 33.9% voted for the resolution

LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.

JM

Get in touch

Group Reward & Benefits

Phone:
020 7269 8315

Email:
elements.uk@matthey.com

Address:
Group Reward & Benefits,
Johnson Matthey Plc,
5th Floor,
25 Farringdon Street
London EC4A 4AB

Elements