STANDARD INVESTMENTS
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NEW YORK, NY 10019

December 16, 2024

Mr. Patrick Thomas, Chairman of the Board of Directors

Johnson Matthey Plc
25 Farringdon Street, 5th Floor
London EC4A 4AB
United Kingdom

Dear Mr. Thomas,

As you are aware, Standard Latitude Master Fund Ltd ("Standard Investments" or "Standard") is a significant and long-standing investor in Johnson Matthey ("JM" or the "Company"). As of December 13, 2024, Standard is the largest investor in JM, with an economic interest in approximately 18.6mm shares of the Company's stock representing approximately 11.01% of shares outstanding.[1]

We are, first and foremost, owners and operators. Over the past several decades, we have built Standard Industries, a leading global industrial business with more than 20,000 employees across 80 countries, which generates more than $11bn in annual revenue. As owners of W.R. Grace, a market-leading specialty chemicals company and global supplier of catalysts, and as former owners of International Specialty Products, we have a particular expertise in the specialty chemicals industry. Across our company, we have a strong track record of investing significant capital and resources into the assets, technologies and people needed to achieve outsized growth.

As long-term shareholders, we believe in the unique value of JM. Over the past two years, we have directly engaged with the Board and management regarding the many challenges facing the Company and the opportunities which should be seized. Despite our patient and constructive approach, the Board and management remain complacent and incapable of correcting a misguided strategy that has delivered sustained underperformance. This has created a massive credibility gap with investors and the broader market.

In the six years since the current Chairman has led the Board, JM shares have delivered a total shareholder return of -53%, underperforming the FTSE 250 by 72%. Since March 1, 2022, when the current CEO assumed the role, JM's total shareholder return has underperformed the FTSE 250 by 27%.[2] Immediate action must be taken to prevent further value degradation for shareholders.

We detail below some of the concerns we have already discussed privately with the Company, none of which have been rectified.

- **Significant capital has been spent over many years on unproven growth businesses, with no demonstrated path to profitability**. When JM announced its intention to exit the Battery Materials unit in November 2021, the Company disclosed it had spent a cumulative £340mm[3] to date. At the subsequent announcement of the sale of the unit, JM cited high capital intensity and commoditization of its chosen battery technology as the rationale for exit. It was only able to sell

[1] Based on 169,275,750 shares outstanding as of December 4, 2024 disclosed in Total Voting Rights report published on December 10, 2024.
[2] Bloomberg as of December 13, 2024.
[3] Per management commentary and transcript (Battery Materials conference call, November 11, 2021).

the unit for £50mm and incurred an impairment and restructuring charge of £363mm in FY22, representing a significant destruction of shareholder value.[4]

Since FY22, JM's Hydrogen Technologies has followed a similar path—the business has consumed ~£310mm of cash and continues to generate operating losses with no apparent path for return on capital. The Board continues to demonstrate a clear lack of discipline around expected returns and an inability to invest thoughtfully and to appropriately anticipate market changes. While intended to offset the secular decline of the Company's core businesses, these endeavors instead have served only to further destroy value.

- **JM's industry leadership and fundamental strength in Clean Air should command margins beyond announced targets. Meanwhile, Clean Air margins significantly underperform peers**. JM's Clean Air business continues to operate at margin levels well below those of peers and its own historical performance. In the four years from FY19 to FY23, EBIT margins in Clean Air fell from 14.4% to 8.7%, and in the 18 months since, margins have recovered to only 11.0% for the 12 months ended September 30, 2024. Over approximately the same period, Umicore's Catalysis segment, one of Clean Air's closest peers, recorded a significant improvement in EBIT margin, from 12.4% in 2018 to 20.8% for the 12 months ended June 30, 2024.

  Despite the Company's technological leadership and a strong reputation within the industry, management's plans to grow Clean Air margins remain unambitious, targeting a mid-teens EBIT margin by the end of 2025/2026. Management has shown far too little urgency in developing a clear and effective plan to improve profitability of a business operating in secular decline.

- **PGM Services is opaque and continues to tremendously underperform**. At the June 2024 PGM Services ("PGMS") seminar, management noted that PGMS is a "highly profitable and cash generative" business. Yet management also noted that in the last three years, PGMS had consumed over £1bn of cash from working capital increases, while earnings continued to miss expectations. As JM is a leading player in the industry, we believe PGMS is capable of far greater performance.

  Investors have lost faith in management due to JM's inability to explain or acknowledge the significance of this £1bn of "lost" cash, compounded by management's lack of guidance around earnings and cash flow, despite repeated promises of future working capital release.

- **Group-level free cash flow is volatile and meager**. JM has relied on disposals to return cash to shareholders and maintain net debt levels, as the underlying business generated volatile free cash flow. Though JM reported cumulative free cash flow of £831mm[5] since April 1, 2021, when the proceeds from disposals of £966mm are excluded, the underlying business experienced a cumulative cash burn of £135mm.

  Investors have difficulty reconciling JM's weak group-level free cash flow performance with management's £4.5bn FY22-FY31 cumulative free cash flow target for Clean Air, of which £2bn has already been generated through FY24, according to management. With the completion of divestitures for its non-core assets, investors see only a weak track record of group-level free cash flow generation.

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[4] The sale of the Battery Materials unit was announced in May 2022 for a total consideration of £50mm in cash and a minority equity stake in EV Metals. As reported in JM FY22 Annual Report.
[5] Defined as reported in JM's investor presentations.

In discussing these issues in private and at length with management over the past two years, we've demonstrated the utmost patience and cooperation. While we hoped the Board and management would act to address our concerns, we have yet to see meaningful progress towards tackling JM's continued underperformance or delivering on the unrealized promise of "New Johnson Matthey."

Unfortunately, we are convinced that decisive action must be taken. We now publicly urge management and the Board to consider the following recommendations:

1. **Refresh the Board of Directors with highly qualified independent directors**. JM's current Board of Directors lacks the sense of urgency and strategic capabilities required to improve the Company's performance. The Board has failed to address the underperformance of the core businesses or hold management accountable. Moreover, since the announcement of the Battery Materials exit in November 2021, only one new independent director has joined the Board, with another joining in 2025. JM requires new voices on its Board ready to take swift action and put a stop to the significant value destruction that the current Board and management have presided over.

2. **De-risk or sell Hydrogen Technologies**. Hydrogen Technologies is facing a similar fate as Battery Materials. With JM's history and poor track record of managing its growth businesses, we are convinced that JM should explore all opportunities to minimize further required investment in Hydrogen Technologies, including, but not limited to, securing outside capital from a strategic or financial partner or exiting the business entirely through a sale.

3. **Launch a formal, public strategic review process**. We strongly urge the Board to hire advisors and publicly launch a formal strategic review process exploring all potential paths for maximizing shareholder value, including, but not limited to, a sale of part or all of the Company.

As long-term owners and operators of both industrial and investment businesses, we believe pursuing the actions we outline will position JM to unlock the unrealized promise of "New Johnson Matthey" and emerge as a stronger, more resilient business, enabling significant value creation for the Company and its shareholders.

Sincerely,

David J. Millstone
Co-Chief Investment Officer

David S. Winter
Co-Chief Investment Officer

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