BOARD REPORT ON REMUNERATION

Prior to 13 December 2013, Premium Listed companies incorporated in the UK were required to fully apply the Listing Rules of the Financial Conduct Authority (the 'Listing Rules') with respect to the disclosure of directors' remuneration. From 13 December 2013, whilst certain aspects of the Listing Rules remain in force with respect to the disclosure of directors' remuneration, most remuneration-related disclosures for Premium Listed companies incorporated in the UK will only need to comply with the BIS Directors' Remuneration Reporting Regulations (the 'Remuneration Regulations') when making disclosures regarding directors' remuneration.

As an AIM listed company, the Company is not required to fully apply either the Listing Rules or the Remuneration Regulations, and hence is not required, and has not, presented a Board Report on Remuneration in accordance with those rules. Nevertheless, the Board considers it appropriate for the Company to provide Shareholders with information with respect to Executive remuneration.

The information presented within this Board Report on Remuneration has, therefore, been prepared on a consistent basis with that in prior years.

Remuneration Committee

Throughout 2016, membership of the Remuneration Committee (the 'Committee') comprised the Chairman and the Independent Non-Executive Directors. Since the retirement of the previous Committee Chairman, at the conclusion of the 2016 Annual General Meeting, the Committee has been chaired by myself. None of the members of the Committee have, or had, any personal financial interests in the Company (other than as Shareholders), conflicts of interests arising from cross-directorships or day to day involvement in running the business.

The Committee is responsible for overseeing the policy regarding Executive remuneration and for determining the remuneration packages for the Executive Directors.

Periodically, the Committee engage PricewaterhouseCoopers LLP ('PwC') to provide guidance on standard market practice with regard to Executive remuneration, including the provision of factual reward surveys, based on a comparator group determined by the Remuneration Committee, which is used for benchmarking purposes.

Remuneration Policy

The Committee reviews the Company's remuneration philosophy and structure each year to ensure that the remuneration framework remains effective in supporting the Company's business objectives, in line with best practice, and fairly rewards individuals for the contribution that they make to the business, having regard to the size and complexity of the Group's operations and the need to retain, motivate and attract employees of the highest calibre.

The Committee intends that base salary and total remuneration of Executive Directors should be in line with the market. Remuneration is periodically benchmarked against rewards available for equivalent roles in a suitable comparator group with the aim of paying neither significantly above nor below the median for each element of remuneration. The Committee also considers general pay and employment conditions of all employees within the Group and is sensitive to these, to prevailing market conditions, and to governance trends when assessing the level of salaries and remuneration packages of Executive Directors.

The total remuneration package links corporate and individual performance with an appropriate balance between short and long term elements, and fixed and variable components. The policy is designed to incentivise executives to meet the Company's strategic objectives, such that a significant portion of total remuneration is performance related, based on a mixture of internal targets linked to the Company's strategic business drivers (which can be easily measured, understood and accepted by both executives and Shareholders) and appropriate external comparator groups.

The Committee considers that the targets set for the different elements of performance related remuneration are both appropriate and demanding in the context of the business environment and the challenges with which the Group is faced.

As an AIM listed company, the Company does not require Shareholder approval for the adoption of new employee share plans, however, proposals for new schemes are discussed with major Shareholders to gain their views before being implemented. Full details of all schemes are included within this report, which is subject to approval by Shareholders at the Annual General Meeting.

Malus and Clawback

To reflect emergent best practice, and to align with Shareholder interests, the Committee introduced malus and clawback provisions in relation to all annual bonus and LTIP schemes (together 'Awards') granted on or after 1 January 2015.

The provisions enable the Committee to decide, up until the second anniversary of an Award becoming payable, in circumstances in which the Committee considers it appropriate, to reduce the quantum of an Award, cancel an Award or impose further conditions on an Award. The provisions also enable the Committee to decide, up until the second anniversary of an Award becoming payable that, in the relevant circumstances, the participant must repay to the Company (or any person nominated by the Company) some or all of the cash or shares received under an Award.

The circumstances in which the Committee may apply the 'malus' and 'clawback' provisions include, but are not limited to, a material misstatement of the Company's audited financial results, a miscalculation of the extent to which a performance target, applying to any Award granted on or after 1 January 2015, has been met, a material failure of risk management by the Company or any group company and serious reputational damage to the Company or any group company.

Personal Shareholding Requirement and Holding Periods

In order that their interests are linked with those of Shareholders, Executive Directors are expected to build up and maintain a personal shareholding in the Company, equal to at least the value of base salary. Non-Executive Directors are encouraged, but are not required, to hold a personal shareholding in the Company.

The Committee has considered whether Executive Directors should be required to hold any shares for a further period after vesting or exercise, subject to the need to finance any costs of acquisition and associated tax liabilities. It was determined, for the present time at least, that a further restriction over the personal shareholding requirement was unnecessary.

Components of Executive Remuneration

The current remuneration of Executive Directors comprises the following five components:

- basic salary;
- annual bonus;
- taxable benefits;

- share options (including the Long-Term Incentive Plan (Approved and Unapproved sections) and the Sharesave Plan); and
- pension arrangements (only basic salary is pensionable).

Details of how the various components of remuneration are delivered are set out below.

Basic Salary

Basic salary represents a value which reflects the Remuneration Committee's assessment of the market rate for relevant positions and the individual Director's experience and value to the business. Annual reviews are considered against published information for similar sized groups and the level of increases awarded to staff throughout the Group.

Annual Bonus

The Group operates a Short Term Incentive Programme ('STIP') which provides for a performance related bonus based on the Group's results. The individual targets for the Executive Directors are established by the Committee with a view to maximising Shareholder value and meeting other Group objectives. Subject to the achievement of the targets, the maximum amount of basic salary which any annual performance related bonus can represent is as follows:

	Chief Executive Officer	Chief Financial Officer
Awards made prior to 1 January 2017	100%	100%
Awards made on or after 1 January 2017	125%	110%

The Chairman and the Non-Executive Directors are not eligible to participate in the STIP.

The Committee reviews, on an annual basis, the performance criteria for each Executive Director to ensure that they remain appropriate.

Taxable Benefits

Taxable benefits, which are not performance related, principally include the provision of a car or car allowance, private medical insurance and, when necessary, payments for the curtailment of holiday as a result of business requirements.

Share Options

2009 Long-Term Incentive Plan (the 'LTIP')

To incentivise certain employees to maximise Shareholder value and to ensure the employees' services are retained, the Company has adopted the LTIP, which was approved by a resolution of the Board on 7 May 2009. All employees (including Executive Directors) of the Group are eligible to participate in the LTIP, although in practice, participants will be limited to Executive Directors and Senior Management. Participants in the LTIP will be selected by the Remuneration Committee.

Eligible participants will be granted awards entitling them to receive Ordinary shares in the Company after a specified vesting period and subject to the achievement of specified performance conditions. Vesting of awards granted under the LTIP will normally occur after a three year performance period.

2014 Award

Awards were granted to Executive Directors and certain Senior Management on 13 March 2014 with an exercise price of £nil. The performance period is the three financial years starting 1 January 2014 and ending 31 December 2016, however, an award cannot vest before the third anniversary of its grant date. The performance conditions are linked to the Company's Total Shareholder Return and Earnings per Share.

The 2014 Award will vest in two tranches:
- 50 per cent of the award will vest by reference to the annualised growth in the Company's net return index ('TSR') over the performance period relative to the annualised growth in the FTSE AIM All-Share Industrial Goods and Services net return index (the 'Index') over the performance period. None of the award will vest if the TSR growth is less than the Index growth. One quarter of the award will vest if the TSR growth is equal to the Index growth. The whole of the award will vest if the TSR growth is at least seven per cent above the Index growth. Vesting of the award will be on a straight line basis between these points.
- The remaining 50 per cent of the award will vest by reference to the annualised growth in the Company's adjusted fully diluted earnings per share from continuing operations ('EPS') over the performance period relative to the annualised growth in the retail price index ('RPI') over the performance period. None of the remaining award will vest if the EPS growth is less than three per cent above the RPI growth. One quarter of the remaining award will vest if the EPS growth is three per cent above the RPI growth. The whole of the remaining award will vest if the EPS growth is at least eight per cent above the RPI growth. Vesting of the remaining award will be on a straight line basis if EPS growth is between three per cent and eight per cent above the RPI growth.

For the purpose of calculating TSR and Index growth, the average of the net return index over the dealing days falling in the period of one month ending on the last day of the performance period will be compared to the average of the net return index over the dealing days falling in the period of one month immediately preceding the first day of the performance period, in each respect of the Company and for the FTSE AIM All-Share Industrial Goods and Services index.

For the purpose of calculating EPS growth, the Company's adjusted fully diluted earnings per share from continuing operations for the final financial year in the performance period will be compared to the Company's adjusted fully diluted earnings per share from continuing operations for the financial year immediately before the start of the performance period.

For the purpose of calculating RPI growth, the retail prices index value for the last month of the final financial year in the performance period will be compared to the retail prices index value for the last month of the financial year immediately before the start of the performance period.

2015 Award

Awards were granted to Executive Directors and certain Senior Management on 8 May 2015 with an exercise price of £nil. The performance period is the three financial years starting 1 January 2015 and ending 31 December 2017. The awards will vest in two tranches and the performance conditions are as for the 2014 Award.

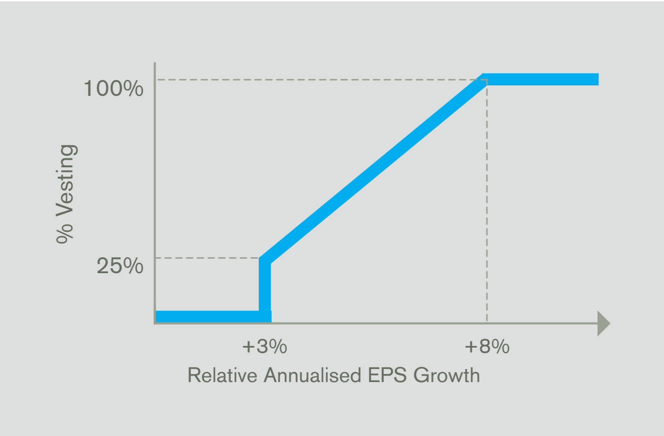
2016 Award

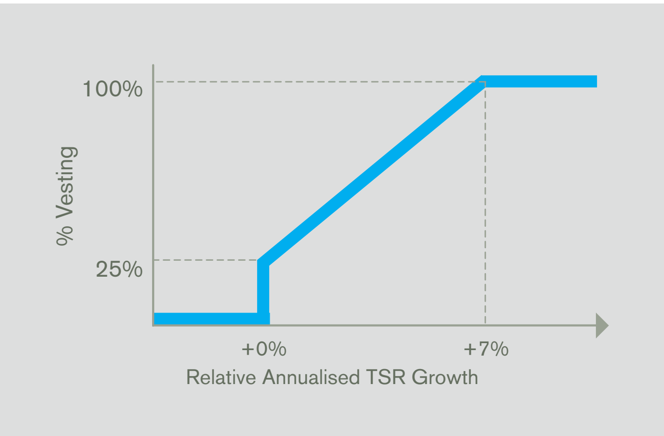
Awards were granted to Executive Directors and certain Senior Management on 6 May 2016 with an exercise price of £nil. The performance period is the three financial years starting 1 January 2016 and ending 31 December 2018. The awards will vest in two tranches and the performance conditions are as for the 2014 Award.

BOARD REPORT ON REMUNERATION CONTINUED

Selection of LTIP Performance Conditions

The performance conditions for the 2014 Award, 2015 Award and 2016 Award were selected to incentivise award holders to maximise Shareholder value. The charts below demonstrate the effect on vesting of the above performance conditions:





Measurement of Performance Conditions for the 2014 Award

The performance period for the 2014 Award ended on 31 December 2016. The performance conditions, calculated as set out above, were both met in full. In accordance with the rules of the LTIP the award will vest on 13 March 2017, being the third anniversary of the 2014 Award grant date. Award recipients will then be eligible, subject to the rules of the LTIP, to exercise their Award up to and including 13 March 2024.

2009 Long-Term Incentive Plan Approved Section (the 'Approved LTIP')

The Approved LTIP was approved by a resolution of the Board on 7 May 2009, and received approval from HM Revenue & Customs on 25 June 2009. The Approved LTIP is linked to the LTIP award referred to above. The linked awards give the holder the same potential gross gain as if they had just received the LTIP award, however, as the Approved LTIP is tax favoured, in certain circumstances all or part of any gain on the LTIP award will be received through the Approved LTIP and therefore taxed at a lower rate, or even zero.

The actual number of shares the award holder will receive when exercising options will depend on the date of exercise, whether the performance conditions of the LTIP are achieved and the extent to which they are achieved, and also on how much of the gain (if any) can be delivered through the Approved LTIP. Part of the total award will be forfeited once the gain is determined, however, this will still leave the holder with the same gross gain that would have been received had only an award been made under the LTIP arrangement.

On 8 May 2015, the Executive Directors and certain Senior Management were granted awards under the Approved LTIP, linked to the awards granted on the same date under the LTIP, at an exercise price of 80 pence.

Sharesave Plan (the 'SAYE Scheme')

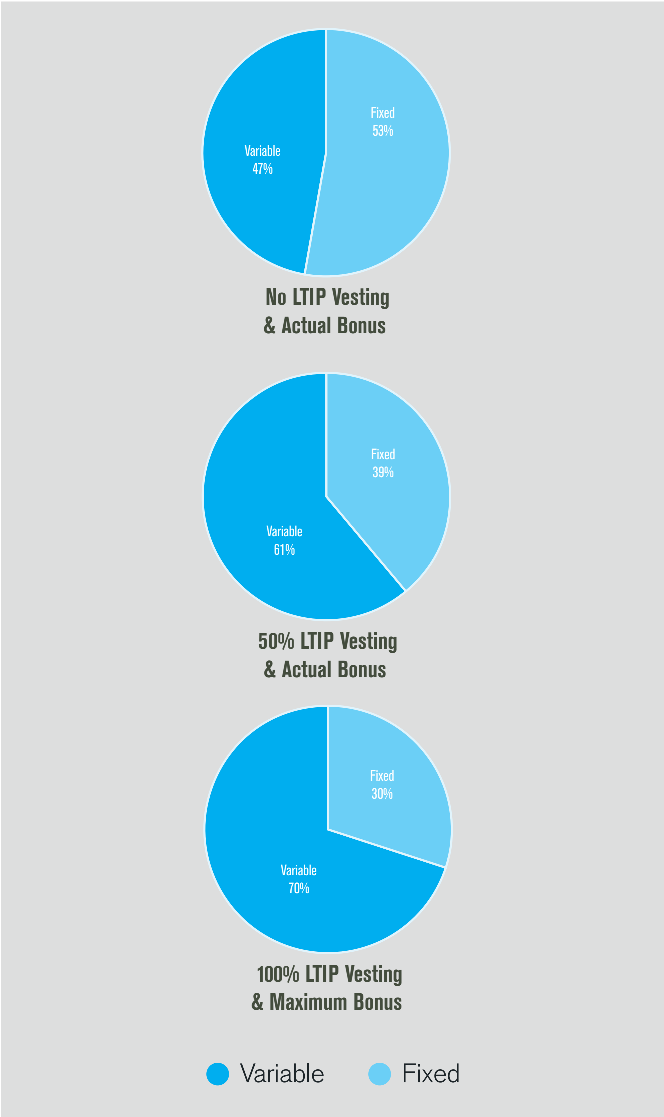
The SAYE Scheme is open to all employees, including Executive Directors, who have completed two years' service at the date of invitation and who open an approved savings contract.

When the savings contract is started, options are granted to acquire the number of shares that the total savings will buy when the savings contract matures. Details of the exercise periods and normal expiry dates are given in note 26 of the Consolidated Financial Statements.

Fixed and Variable Remuneration

As stated above, the Company's policy is to provide a total remuneration package that links corporate and individual performance with an appropriate balance between short and long term elements, and fixed and variable components.

By way of illustration, the balance between the fixed and variable elements for the Executive Directors who were in office at 31 December 2016 is shown in the charts below for varying levels of vesting of the 2009 Long-Term Incentive Plan (LTIP), granted in 2014, 2015 and 2016, together with actual bonus and the maximum achievable bonus. Broadly, and assuming actual bonus achievement in 2016, there is a 53:47 split between fixed and variable pay if none of the LTIP were to vest and a 30:70 split between fixed and variable pay assuming maximum bonus achievement and maximum performance of the LTIP, showing the high proportion of performance-related pay that is 'at risk' in the total remuneration package.



The illustration of the current Executive Directors' percentage of fixed and variable remuneration is based on a number of assumptions:

- fixed remuneration includes basic salary only and represents actual annual salary for 2016;
- variable remuneration includes annual bonus (assumed at either actual achievement for 2016 or maximum achievement where indicated within this illustration) and vested share options (LTIP); and
- the amount included in respect of the LTIP represents the annualised gross gain over the three year performance period, at an assumed vesting of 50% and then at 100% and assuming a share price at the date of exercise of 110 pence.

Non-Executive Directors

The Chairman and Non-Executive Directors receive fees which are set by the Board and which are commensurate with their experience and contribution to the Group. The Chairman and Non-Executive Directors do not participate in decisions regarding their own remuneration. They do not participate in any of the Group's pension, share option or performance related bonus schemes.

Service Contracts

In the event of termination, without cause, the Company has a contractual obligation to compensate the Director for the unexpired period of his or her notice. The Company will seek to reduce this payment by means of the Director's duty to mitigate this payment wherever possible.

Executive Directors

Chris Sander is employed under a service agreement dated 6 July 2004, as amended by a Variation Letter dated 20 October 2009 and as further amended on the appointment to Chief Executive Officer on 1 January 2014, which has no fixed expiry date and provides that the Company is required to give twelve months' notice and Chris Sander is required to give six months' notice.

Yvonne Monaghan is employed under a service agreement dated 14 January 2004, as amended with the appointment to Chief Financial Officer on 31 August 2007, which has no fixed expiry date and provides that the Company is required to give twelve months' notice and Yvonne Monaghan is required to give six months' notice.

Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors each have fixed term appointments. Each has a letter of appointment, dated as set out below, which requires the Company to provide three months' notice, the Chairman to provide at least three months' notice and each Non-Executive Director to provide at least one months' notice.

At 31 December 2016, the unexpired terms of the Chairman and Non-Executive Directors letters of appointment were:

	Date of Latest Letter of Appointment	Service Agreement Start Date	Service Agreement End Date	Unexpired Term at 31 December 2016
Paul Moody[1]	30 April 2014	1 May 2014	30 April 2017	4 months
Bill Shannon[2]	25 February 2016	8 May 2016	7 May 2017	4 months
Nick Gregg	23 December 2015	1 January 2016	31 December 2018	2 years

Note 1: On 24 February 2017, a new letter of appointment was issued which extended the unexpired term above by 36 months.
Note 2: On 24 February 2017, a new letter of appointment was issued which extended the unexpired term above by 12 months.

STRATEGIC REPORT
CORPORATE GOVERNANCE
GROUP FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

BOARD REPORT ON REMUNERATION CONTINUED

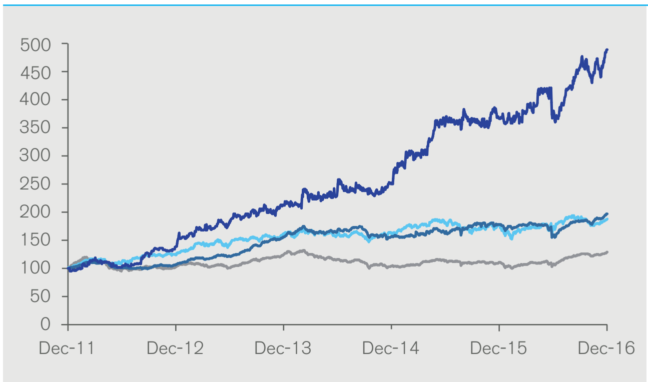
Performance Graph

Over the five years to 31 December 2016 the Company has outperformed the FTSE AIM Industrial Goods and Services Index, the FTSE Support Services Index and the FTSE AIM All-Share Index with a net total shareholder return of 389% against a net total shareholder return of 97%, 88% and 29% respectively.

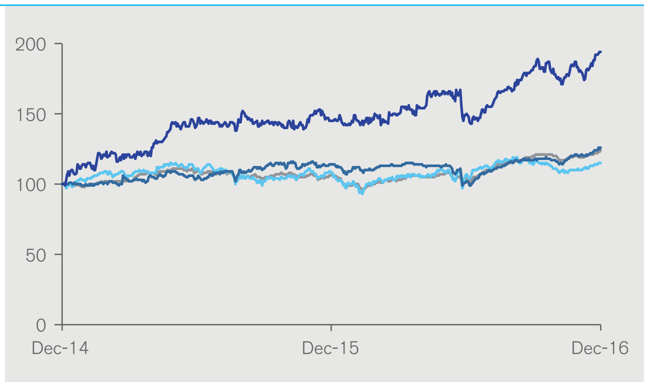
Over the two years to 31 December 2016 the Company has outperformed the FTSE AIM Industrial Goods and Services Index, the FTSE Support Services Index and the FTSE AIM All-Share Index with a net total shareholder return of 94% against a net total shareholder return of 26%, 15% and 24% respectively.

These indices have been selected for this comparison as, in the opinion of the Directors, they represent the general and specific sectors in which the Group operates.

TSR 5 Year Performance



TSR 2 Year Performance



JSG
FTSE AIM All-Share
FTSE Support Services
FTSE AIM Industrial Goods & Services

Directors' Remuneration (Audited)

	Note	Basic Salary/Fees 2016 £000	Bonus/ Allowance 2016 £000	Cash in Lieu of Pension 2016 £000	Taxable Benefits 2016 £000	Total 2016 £000	Total 2015 £000
Executive Directors							
Chris Sander	1	331	291	59	19	700	565
Yvonne Monaghan	1,2	253	222	45	31	551	451
Non-Executive Directors							
Paul Moody		105	–	–	–	105	85
Bill Shannon	3	43	–	–	–	43	36
Nick Gregg	4	38	–	–	–	38	–
Former Directors							
Michael Del Mar	5	14	–	–	–	14	37
		784	513	104	50	1,451	1,174

Note 1: Details of the amounts included in the table above for Chris Sander and Yvonne Monaghan under 'Cash in Lieu of Pension' are set out below.

Note 2: As set out within the Director biographies on page 20, Yvonne Monaghan is also a Non-Executive Director of NWF Group plc. She received, and retained, fees of £38,000 and £37,000 in 2016 and 2015 respectively for her services.

Note 3: Following the retirement of Michael Del Mar on 5 May 2016, Bill Shannon assumed the role of Senior Independent Non-Executive Director. The figure included in the table above for 2016 reflects the increased amount paid in respect of his additional responsibility.

Note 4: Following the retirement of Michael Del Mar on 5 May 2016, Nick Gregg assumed the role of Chairman of the Remuneration Committee. The figure included in the table above for 2016 reflects the increased amount paid in respect of his additional responsibility.

Note 5: Michael Del Mar retired as Senior Independent Non-Executive Director on 5 May 2016. The figure included in the table above for 2016 reflects the amount paid up until the date of retirement.

No Director waived any emoluments in respect of the years ended 31 December 2016 and 31 December 2015.

Pension Benefits of Executive Directors

Executive Directors are entitled to receive retirement benefits, which are calculated on basic salary, under one or more of the Group's contributory defined benefit or defined contribution schemes. Details of the schemes are given in note 23 of the consolidated financial statements.

Each Executive Director, who served during the current year has left active pensionable service and is entitled to a preserved benefit under the Johnson Group Defined Benefit Scheme (the 'JGDBS'), which is of the defined benefit type. The accrued pension entitlement shown is the amount that would be paid annually on retirement (at normal retirement age). This pension is calculated based on the total period of pensionable service to the Company, both before and after becoming a Director.

	Accrued pension entitlement at December 2016 £000	Accrued pension entitlement at December 2015 £000
Chris Sander	58	58
Yvonne Monaghan	48	48

From 1 April 2011, Chris Sander opted to become a deferred member of the JGDBS and receive a monthly cash amount equal to 16.0% of his monthly salary. From 1 January 2014, the monthly cash amount increased to 17.8% of his monthly salary.

From 1 January 2012, Yvonne Monaghan opted to become a deferred member of the JGDBS and receive a monthly cash amount equal to 17.8% of her monthly salary.

The amounts payable in the year to Chris Sander and Yvonne Monaghan under the above arrangements were £58,918 and £44,945 respectively (2015: £56,070 and £43,966 respectively).

Both Executive Directors took a partial transfer of benefits on 31 March 2012.

Interests in Share Capital

The interests of the Directors who were in office at 31 December 2016, together with the interests of their close family, in the shares of the Company at the commencement, or date of appointment if later, and close of the financial year, were as follows:

	31 December 2016 Ordinary shares of 10p each	31 December 2015 Ordinary shares of 10p each
Beneficial		
Paul Moody	100,000	100,000
Chris Sander	525,930	525,930
Yvonne Monaghan	564,086	564,086
Bill Shannon	125,000	125,000
	1,315,016	1,315,016
Issued share capital*	365,108,019	330,570,023
Directors' share holding	0.4%	0.4%
Non Beneficial		
Yvonne Monaghan, Chris Sander and others	588,452	588,452

* Issued share capital is as at the balance sheet date

There have been no changes in the Directors' interests in the shares of the Company during the period 31 December 2016 up until the time of signing this report.

BOARD REPORT ON REMUNERATION CONTINUED

Beneficial Interests in Share Options (Audited)

The interests of the Directors, who have served during the year, in share options of the Company at the commencement and close of the financial year (or date of resignation if earlier) were as follows:

	Date of Grant	At 31 December 2015	Options Granted During Year	Options Lapsed During Year	Options Cancelled During Year	Options Exercised During Year	At 31 December 2016	Option Price
Chris Sander								
Scheme 3	1 October 2013	17,526	–	–	–	–	17,526	43.75p
Scheme 1	13 March 2014	461,855	–	–	–	–	461,855	nil
Scheme 1	8 May 2015	393,750	–	–	–	–	393,750	nil
Scheme 2	8 May 2015	37,500	–	–	–	–	37,500	80.00p
Scheme 1	6 May 2016	–	359,782	–	–	–	359,782	nil
Yvonne Monaghan								
Scheme 3	1 October 2013	17,526	–	–	–	–	17,526	43.75p
Scheme 1	13 March 2014	387,628	–	–	–	–	387,628	nil
Scheme 1	8 May 2015	308,750	–	–	–	–	308,750	nil
Scheme 2	8 May 2015	37,500	–	–	–	–	37,500	80.00p
Scheme 1	6 May 2016	–	274,456	–	–	–	274,456	nil

Scheme 1 – 2009 Long-Term Incentive Plan (the '2009 LTIP')
Scheme 2 – 2009 Long-Term Incentive Plan Approved Section (the '2009 Approved LTIP')
Scheme 3 – Sharesave Plan ('SAYE Scheme')

Details of the 2009 LTIP, the 2009 Approved LTIP and the SAYE Scheme are given on pages 35 to 36 of the Board Report on Remuneration.

Director Gains

No Director exercised options over shares in the Company during 2015 or 2016.

On 1 December 2015, Yvonne Monaghan sold 28,689 ordinary shares at a price of 88 pence per Share. On the same day her spouse sold 171,311 ordinary shares also at a price of 88 pence per Share.

Other Details

The mid market price of the Ordinary shares of 10p each on 31 December 2016 and 31 December 2015 was 114.75 pence and 87.75 pence respectively. During the year, the mid market price of the Ordinary shares of 10p each ranged between 85.00 pence and 114.75 pence (2015: 61.50 pence and 92.75 pence).

None of the terms or conditions of the share options were varied during the year.

There have been no changes in the Directors' interests during the period 31 December 2016 to 28 February 2017, this being the date of this report.

Annual General Meeting

A resolution will be proposed at the Annual General Meeting to seek approval of the Board Report on Remuneration.

Nick Gregg
Chairman, Remuneration Committee
28 February 2017