Directors' Remuneration Report

Letter from Nick Gregg, Chair of the Remuneration Committee

Dear Shareholder.

On behalf of the Board, I am pleased to present our 2023 Directors' Remuneration Report.

As a company having its shares admitted to trading on the AIM division of the London Stock Exchange, we are not required to fully apply the remuneration-related disclosures that Premium Listed companies incorporated in the UK are subject to. Nevertheless, the Board wishes to ensure that executive remuneration remains both transparent and stable and, therefore, considers it appropriate for the Company to provide Shareholders with detailed information with respect to executive remuneration. Furthermore, and as we have done for many years now, Shareholders will be asked to approve the Directors' Remuneration Report ('DRR') at the forthcoming AGM. We consider that our current approach to remuneration is working well and has the support of the vast majority of Shareholders, as reflected by the voting results at the 2023 AGM where we received 98.91 per cent of votes in favour of the DRR. This year, following consultation with major shareholders, we are making some changes to the remuneration policy for 2024 in respect of award limits for LTIP and bonus, as explained further below. In addition, our philosophy is to pay fairly and in doing this we are cognisant of the growth trajectory of the business and pay levels available for comparable roles at companies of similar scale and complexity. Accordingly, whilst the proposed changes to the remuneration policy for 2024 are focused on the incentive scheme elements of Executive Director reward, we shall, in line with our remuneration philosophy, continue to monitor the levels of fixed remuneration to ensure that this remains appropriate and fair relative to the performance, scale and complexity of the business.

Remuneration in 2023

For 2023, with the exception of a reduction to the CFO's pension contribution rate (as previously disclosed) in order to progress this towards alignment with the rate available to the majority of the wider workforce, the operation of our remuneration schemes was broadly consistent with the general principles that applied in 2022, however (as also previously disclosed) in 2023 we implemented the policy differently in respect of the weighting on ESG measures within the annual bonus scheme and the choice of performance measures for the LTIP:

- base salary for each Executive Director was increased by 3.5 per cent with effect from 1 January 2023, such increase being lower than that of the Group's wider employee population;
- we adopted a similar approach to the bonus scheme as applied in 2022, with an adjusted Profit Before Tax ('PBT') measure applying to the vast majority of the bonus, supplemented with ESG targets linked to the sustainability strategy of the business. We increased the weighting on ESG (versus 2022), from 10 per cent to 15 per cent, acknowledging the increasing importance placed by the Board on driving performance in this area. Achievement against the performance targets was assessed after the end of the financial year and this results in a payment of 95 per cent of the maximum available to the Executive Directors. No discretion was applied to this outcome. The full targets are disclosed on pages 103 to 104; and
- in determining the performance conditions for the LTIP, the Committee took into account the Group's business plan as well as the outlook for the sector, general macroeconomic conditions and the range of analysts' consensus forecasts for the financial year ending 31 December 2025. As disclosed in the 2022 Annual Report, following careful consideration, for the 2023 grant the Committee agreed to retain the relative Total Shareholder Return ('TSR') measure and targets for 50 per cent of the award. For the other 50 per cent, the Committee decided to adopt stretching targets linked to adjusted PBT per share growth over the three-year performance period in place of the adjusted Earnings per Share ('EPS') measure used for previous awards:
  - TSR: 50 per cent of the 2023 LTIP Award will vest by reference to the annualised growth in the Company's TSR 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 this element of the 2023 LTIP Award will vest if the TSR growth is less than the Index growth, one quarter will vest if the TSR growth is equal to the Index growth and the whole of this element will vest if the TSR growth is at least seven per cent above the Index growth. Vesting will be on a straight-line basis between these points. This performance target is the same as for previous awards.
  - PBT per Share: The remaining 50 per cent of the 2023 LTIP Award will vest by reference to the Company's adjusted PBT per share growth over the three-year performance period. None of the adjusted PBT per share element of the 2023 LTIP Award will vest if adjusted PBT per share growth is less than 5 per cent per annum above the level of adjusted PBT per share for the financial year ended 31 December 2022. One quarter of this element will vest for adjusted PBT per share growth of 5 per cent per annum, and the whole of this element will vest for adjusted PBT per share growth of 10 per cent per annum or greater. Vesting will be on a straight-line basis if adjusted PBT per share growth is between 5 per cent and 10 per cent per annum.

As disclosed in last year's DRR, the key reason for the change from EPS to PBT per share was to mitigate against the expected changes to tax rates as the benefit of the capital allowances super-deduction unwinds and in recognition of the headline rate of corporation tax increasing to 25 per cent from April 2023. By focusing on adjusted PBT per share, management is incentivised on a similar per share measure but one which is not impacted by these changes (over which the Group has limited control). The Committee is satisfied that the targets chosen for the 2023 LTIP Award are appropriately challenging in the context of expectations of the Company's performance over the three-year performance period.

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After the end of the financial year, the Committee assessed the extent to which the targets had been met for the LTIP award made in 2021, with performance measured over the three-year period to 31 December 2023. Taking into account both the Group's TSR performance relative to the FTSE AIM All-Share Industrial Goods and Services net return index and adjusted Earnings Per Share (EPS) performance over the period, the Committee determined that there would be partial vesting of this award. While the adjusted EPS targets were not met, TSR performance against the index was sufficient to lead to 68.7 per cent vesting for this element of the award. The Committee was satisfied that this TSR was aligned with the underlying financial performance of the Company over the performance period. The total vesting level for the 2021 LTIP award was 34.35 per cent. No discretion was applied to this outcome.

Remuneration Policy and Changes for 2024

During the year, the Committee undertook its usual review of the remuneration policy and its implementation, taking account of Group progress and growth in the current business environment, the leadership demonstrated by the Executive Directors, the provisions of the UK Corporate Governance Code (the 'Code'), the Remuneration Regulations which apply to Main Market companies, and general market developments. The Committee takes seriously its role in ensuring the interests of colleagues, Shareholders and other key stakeholders are considered fairly and in the context of wider societal expectations.

The year's review concluded that the overall approach to executive remuneration remains appropriate. However, the Committee has decided that it is the right time to increase the variable pay opportunities for the Executive Directors. As evidenced by the results for 2023, the Group has made considerable progress since recovering from the impact of the Covid pandemic, reporting strong levels of organic growth while proactively managing the challenges posed by rising input costs. The management team has successfully focused on the strategy of expanding the range and scale of services offered and has taken advantage of selective growth opportunities, as evidenced by the acquisitions of Regency and, more recently, Celtic Linen in the Republic of Ireland which, as a step outside of the UK, has expanded the Group's geographic footprint and the markets it serves as well as introducing additional complexity to business operations. The balance sheet is strong and the Group has a continued commitment to employing a disciplined approach to investment, returns and capital efficiency. At the same time, there has been excellent progress with the sustainability programme, with the Group delivering against the ambitious Vision 2030 goals.

The Group's resilience during the pandemic and its performance in recent years has been spearheaded by the CEO, Peter Egan, who has proved himself to be an exceptionally capable leader since his appointment to the role in January 2019. In Peter and Yvonne Monaghan, the CFO, we have Executive Directors of a very high calibre, supported by a highly capable and experienced senior management team. Given the performance of the business under this leadership and our expectations of future growth, we believe that now is the right time to make changes to reward levels. At this stage, we are focusing on the incentive schemes, with management appropriately incentivised to take full advantage of the exciting growth opportunities available to the business over the coming years. This emphasis on performance is integral to our overall approach to remuneration.

In addition, our philosophy is to pay fairly, and in doing this we are cognisant of the pay levels available for comparable roles at companies of similar scale and complexity. A benchmarking exercise undertaken by the Committee's external advisers last year indicated that the incentive offering (and, as a result, total remuneration) for the Executive Directors is below market when compared to other UK-listed companies of similar scale and complexity in the services, hospitality and transportation sectors.

Taking into account these factors, the Committee has decided to make some relatively modest changes now to avoid falling behind as the Company continues its growth trajectory. Specifically, the Committee has decided to increase the annual bonus limit for 2024 to 150 per cent of base salary for the CEO and to 125 per cent of base salary for the CFO (previously 125 per cent and 110 per cent respectively). In addition, the LTIP grant in 2024 will be at the level of 150 per cent of salary for the CEO and at 125 per cent of salary for the CFO (previously 125 per cent and 110 per cent respectively). There will be a corresponding increase in the levels of performance required for a full bonus payout and maximum LTIP vesting, as explained further below.

These changes will ensure that the Group has an approach to Executive Director remuneration that is transparent, fair, competitive, and appropriate for the future growth of the business. Accordingly, whilst the proposed changes to the remuneration policy for 2024 are focused on the incentive scheme elements of Executive Director reward, as the Group continues its growth trajectory, we shall, in line with our remuneration philosophy, continue to monitor the levels of fixed remuneration to ensure that this remains appropriate and fair relative to the performance, scale and complexity of the business.

I wrote to major shareholders and the main proxy advisory bodies in early 2024 to explain the rationale for these changes, and I am pleased to report that there was an overwhelmingly positive response from the majority of those consulted, with investors very supportive of the management team and particularly appreciative of the focus on performance-related remuneration. Full details of our remuneration policy and the intended approach for 2024 are set out later in this report.

UK Corporate Governance Code

The Committee believes that the Group's approach to executive remuneration remains consistent with the principles of the Code. There is a clear linkage between the performance metrics and targets used in the incentive schemes and the long-term growth strategy for the business. As outlined in this report, we have a formal and transparent procedure for developing our executive remuneration policy. Discretion is exercised appropriately when reviewing and authorising remuneration outcomes. No such discretion was exercised in respect of 2023.

The remuneration policy is structured in line with the factors set out in Provision 40 of the Code. Pay is designed to be relatively simple and is disclosed transparently in this report. We take into account the Group's approach for the broader employee base when considering executive remuneration. The size of potential awards under the annual bonus scheme and the LTIP is not considered excessive in the context of wider market practice and the likelihood of rewards which would be inconsistent with performance is limited. We set targets under the incentive schemes which are designed to be challenging but achievable and which do not encourage inappropriate risk-taking. We believe that the strong ethical and governance culture across the Group is echoed by the rigour with which executive remuneration is considered by the Committee and the commitment to openness highlighted in this report.

There remain two areas where we do not fully comply with the Code provisions on remuneration:

1) We have not introduced a formal post-employment shareholding requirement for the Executive Directors. We believe that our current approach provides for a sufficient long-term alignment of interest between executives and Shareholders through, for example, the LTIP (where the further two-year holding period over and above the three-year performance period continues to apply in the event of cessation of employment) and the existing personal shareholding requirement of 200 per cent of basic salary (which applies during employment). We will keep these matters under regular review as market practice in this area continues to develop.

2) Pension rates for the CEO and CFO reflect historic entitlements. We have not yet fully aligned Executive Director pensions with the wider workforce; however, and as previously disclosed, we have established a pathway to alignment towards the rate available to the majority of the wider workforce. Whilst provision for both the CEO and the CFO remains above the workforce average, the effective pension contribution rate for the CEO has moved closer towards the rate payable to the wider workforce, with his maximum entitlement capped at the cash value of his 2019 entitlement such that, over a period of time, the rate payable will reduce. For 2023, this equated to a contribution rate of 9.1 per cent of the CEO's salary (2022: 9.4 per cent). Furthermore, as previously disclosed, the pension contribution rate for the CFO reduced to 15 per cent of base salary with effect from 1 January 2023; then reduced to 12 per cent of base salary with effect from 1 January 2024; and will then reduce to 9 per cent of base salary with effect from 1 January 2025. For all new executive appointments to the Board, the employer pension contribution rate will be aligned with that available to the majority of the UK workforce (currently 6 per cent).

Looking Ahead

The Committee has agreed to increase the base salary for each of the CEO and CFO by 3.5 per cent with effect from 1 January 2024, such increase being in line with, and in many cases lower than, that for the Group's wider employee population.

The performance measures for the 2024 annual bonus scheme are set out on pages 110 to 111. We have decided to adopt a similar approach to the bonus scheme as applied in 2023, with an adjusted PBT measure applying to the majority of the bonus, supplemented with ESG targets linked to the sustainability strategy of the business. In recognition of the importance placed by the Board on driving ESG performance, we have retained the 15 per cent weighting in respect of ESG for 2024. We will assess similar ESG metrics as were used in 2023, although we have replaced the waste reduction measure with a new metric designed to incentivise a reduction in plastic usage across the business. As explained above, the bonus limit for the CEO and the CFO will increase to 150 per cent of salary and 125 per cent of salary, respectively, with effect from 1 January 2024. The 2024 maximum bonus targets have been increased and stretched accordingly in order to drive and reward stronger Company performance. As in previous years, we will disclose the specific 2024 annual bonus targets and the performance against them in our 2024 Directors' Remuneration Report.

In addition, and as also explained above, the LTIP award limits for the CEO and CFO for 2024 will increase to 150 per cent and 125 per cent of salary, respectively. The 2024 LTIP award will again be made to a wider group of senior employees to ensure that we are providing suitably competitive packages to key people within the organisation. The awards for all participants will have the same performance metrics. We will retain a relative TSR measure for 50 per cent of the award, recognising the importance of rewarding outperformance of other companies and the general investor preference in favour of TSR as a metric. We have, however, decided to change the way in which we measure TSR following a detailed review. The peer group used to date – the FTSE AIM All Share Industrial Goods and Services net return index – is no longer considered the best comparator group as many of the other companies in this index are considerably smaller than Johnson Service Group and can exhibit a significant degree of volatility. After considering a number of alternatives, we have decided to move to comparing performance against the FTSE 250 (excluding investment trusts). Although Johnson Service Group is not a member of the FTSE 250, it shares many characteristics with companies in the index in terms of size, scale and maturity, and the index provides an appropriate market barometer against which the Company's performance can be tested. We have also decided to move to the conventional approach of measuring TSR through the use of a 'ranking' system. Under this structure, one quarter of the award will vest for median performance against the peer group over the performance period, rising to full vesting for upper quartile performance or above. Vesting will be on a straight-line basis between median and upper quartile.

For the other 50 per cent of the 2024 LTIP award, the Committee has decided to revert to stretching targets linked to growth in the Company's adjusted diluted EPS from continuing operations over the LTIP performance period. EPS remains our preferred long-term financial metric and the reasons for the shift to PBT per share for the 2023 award no longer apply. We have further stretched EPS performance targets which are considered suitably challenging in the context of current internal and external forecasts of performance and reflective of the increased grant level. None of the EPS element of the 2024 LTIP Award will vest if growth in EPS over the performance period (on a CAGR basis) is less than 9% p.a., one quarter will vest if EPS growth is 9% p.a. and the whole of this element

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of the 2024 LTIP Award will vest if EPS growth is 16% p.a. or greater. Vesting will be on a straight-line basis if EPS growth is between 9% p.a. and 16% p.a.

As part of the investor consultation exercise mentioned above, we received a number of useful comments from shareholders on different performance measures that could be used for both annual bonus and LTIP. We have considered these in detail and are comfortable that the measures agreed for 2024 as set out above are the most appropriate for the business at the current time in light of the investment and growth plans for the coming years. We will, however, continue to consider on an annual basis whether different metrics would be appropriate and will report on this as required in future Directors' Remuneration Reports.

Conclusion

The changes we have agreed for the incentive schemes for 2024 provide a robust framework for executive reward for the year ahead and will help reinforce the performance-oriented culture of the business. As normal, we will keep the remuneration policy under regular review and will continue to be cognisant of market developments.

None of the changes set out above require formal shareholder approval although, as we have done for many years, we will put our Directors' Remuneration Report to Shareholders for approval at the 2024 AGM. In the interests of good corporate governance, we will defer granting the 2024 LTIP awards until after the AGM, and we will consider the outcome of the vote before granting the awards. If you have any questions on this issue or any other matter regarding executive remuneration, I am contactable via the Company Secretary.

Nick Gregg
Chair, Remuneration Committee

4 March 2024

Directors' Remuneration Report

Committee Summary

Remuneration Committee

Membership and Attendance

Throughout 2023, membership of the Remuneration Committee (the 'Committee') comprised of the Independent Non-Executive Directors (including the Non-Executive Chair of the Board) and the Committee has been chaired by Nick Gregg. Kirsty Homer joined the Committee as an additional member following her appointment as an Independent Non-Executive Director on 1 August 2023. 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.

	Member Since	Eligible to Attend[1]	Meetings Attended[1]
Nick Gregg (Committee Chair)	Jan 2016	5	5
Chris Girling	Aug 2018	5	5
Jock Lennox	Jan 2021	5	5
Nicola Keach	Jun 2022	5	5
Kirsty Homer	Aug 2023	2	2

Note 1: Includes scheduled and unscheduled meetings.

Main Responsibilities

In line with the authority delegated by the Board, the Committee sets the Company's Remuneration Policy and is responsible for determining remuneration terms and conditions of employment for the Chair of the Board, Executive Directors and those members of the Group Management Board whom are not Executive Directors.

The Committee:

- ensures that the Executive Directors are appropriately incentivised to enhance the Group's performance and rewarded for their contribution to the success of the business by designing, monitoring and assessing incentive arrangements, including setting stretching targets and assessing performance and outcomes against them;
- reviews the remuneration arrangements for other senior executives within the Group, namely those members of the Group Management Board who are not Executive Directors;
- in undertaking its responsibilities above, reviews and monitors the remuneration and related policies and culture applying to the wider workforce, taking these into account when considering, developing and setting remuneration policies and packages for Executive Directors and the Group Management Board; and
- maintains an active dialogue with Shareholders, ensuring their views and those of their advisors are sought and considered when setting executive remuneration.

The Committee regularly reports to the Board on how it has discharged its responsibilities. The full terms of reference of the Committee are available on the Company's website, or on request to the Company Secretary.

External Advisors

The Committee seeks and considers advice from independent remuneration advisors where appropriate. The current appointed advisors, Korn Ferry, were selected through a thorough process led by the Chair of the Committee and were appointed by the Committee in 2019.

The Chair of the Committee has direct access to the advisors as and when required, and the Committee determines the protocols by which the advisors interact with management, in particular the Company Secretary, in support of the Committee. The advice and recommendations of the external advisors are used as a guide, but do not serve as a substitute for thorough consideration of the issues by each Committee member. Advisors attend Committee meetings as and when required by the Committee.

Korn Ferry is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the Remuneration Consultants' Group Code of Conduct in relation to executive remuneration consulting in the UK. This is based upon principles of transparency, integrity, objectivity, competence, due care and confidentiality by executive remuneration consultants. Korn Ferry has confirmed that it has adhered to that Code of Conduct throughout the year for all remuneration services provided to the Group and therefore the

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Committee Summary
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Committee is satisfied that its advice is independent and objective. The Remuneration Consultants' Group Code of Conduct is available at remunerationconsultantsgroup.com.

Fees payable in respect of services provided to the Committee during the current and preceding year, in each case as at 31 December, are as follows:

	2023 £000	2022 £000
Fees payable (note 1)	15	17

Note 1: Fees payable during the current and prior year relate to advice on market practice, governance updates, reward benchmarking and consultancy, attendance at Committee meetings and ad-hoc advice.

Directors' Remuneration Report

Remuneration Policy

Overview

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 market 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 remuneration 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.

Prior to proposing the adoption of new or amended employee share schemes, the Company will consult in advance with, and seek feedback from, major Shareholders. New schemes may need to be proposed in order for the Company to be able to continue to operate its executive and all employee share schemes, for example, due to the incumbent scheme nearing the end of its lifetime. Existing schemes may need to be amended to reflect current or emerging best practice. Following any consultation process, the adoption of new or amended employee share schemes will then be proposed at the next relevant AGM (as evidenced at the 2018 AGM). The increase to the LTIP award limit for 2024, as explained on pages 91 to 92, does not require an amendment to the current LTIP rules.

Full details of all current schemes are included within this Report.

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Remuneration Policy Table

The current remuneration of Executive Directors comprises base salary, taxable benefits, pension, annual bonus and a Long-Term Incentive Plan ('LTIP'). Details of how the various components of remuneration are delivered are set out below.

Component and Link to Strategy	Operation	Maximum Opportunity	Performance Measures
Base Salary Reflects the individual's role, experience and contribution. Set at levels to attract and retain individuals of the calibre required to lead the business and to ensure no over reliance on variable pay.	Base salaries are reviewed annually with any increases normally taking effect on 1 January of each year. Salaries are appropriately benchmarked and reflect the role, job size and responsibility as well as the performance and effectiveness of the individual.	Whilst there is no prescribed formulaic maximum, any increases will take into account prevailing market and economic conditions as well as increases for the wider workforce. Increases may be above this when an Executive Director progresses in the role, gains substantially in experience, there is a significant increase in the scale of the role, or was appointed on a salary below the market. In addition, increases may be agreed in the event of a significant change in the size, scale and/or complexity of the business. Any increase will be appropriately explained in the relevant year's annual report.	None.
Taxable Benefits To provide a competitive level of benefits in order to attract and retain individuals of the calibre required to lead the business.	Taxable benefits, which are not performance related, principally include, but are not limited to, the provision of a car or car allowance and private medical insurance for Executive Directors and their dependants.	The cost of providing these benefits can vary in accordance with market conditions, which will, therefore, determine the maximum value.	None.
Pension To ensure the Company can provide a fully competitive level of benefits in order to attract and retain individuals of the calibre required to lead the business.	Executive Directors are invited to participate in the Company's defined contribution pension scheme or to take a cash alternative allowance in lieu of pension entitlement. In addition, both the CEO and CFO are members of the Company's defined benefit pension scheme. The CEO left active pensionable service on 31 December 2014 and the CFO left active pensionable service on 31 December 2011.	For the Company's pension cash allowance (or pension contribution as appropriate), the CEO was historically entitled to a maximum employer contribution of 14 per cent of base salary. As previously disclosed, the Committee determined that the CEO's maximum entitlement would be capped at the cash value of his 2019 entitlement such that, over a period of time, the rate payable to the CEO would reduce and move closer to that payable to the wider workforce. For 2023, this equated to a contribution rate of 9.1 per cent on the CEO's salary (2022: 9.4 per cent). The CFO was previously entitled to a maximum pension cash allowance of 17.8 per cent of base salary. As previously disclosed, the pension contribution rate for the CFO reduced to 15 per cent of base salary with effect from 1 January 2023; then reduced to 12 per cent of base salary with effect from 1 January 2024; and will then reduce to 9 per cent of base salary with effect from 1 January 2025. For all new executive appointments to the Board, the employer pension contribution rate will be aligned with that available to the majority of the wider workforce, such rate currently being approximately 6 per cent. Further details are set out on pages 102 to 103.	None.

Component and Link to Strategy	Operation	Maximum Opportunity	Performance Measures
Annual Bonus To incentivise and reward the achievement of stretching one-year key performance targets set by the Committee at the start of each financial year.	The annual bonus is, ordinarily, earned by the achievement of one-year performance targets set by the Committee at the start of each financial year and is delivered in cash. The Committee sets appropriately challenging targets each year. The Committee retains the discretion to adjust the targets to take account of events which were not foreseen or allowed for at the start of the year when targets were set, for example, acquisitions in the year. The Committee also retains the discretion to adjust the bonus outcomes and/or targets to ensure that they reflect the underlying business performance. The annual bonus is subject to malus and/or clawback. The Chair and the Non-Executive Directors are not eligible to participate in the annual bonus scheme.	For 2024, the maximum amount payable to the CEO is 150 per cent of base salary. The target award is 75 per cent of base salary. The maximum amount payable to the CFO is 125 per cent of base salary. The target award is 62.5 per cent of base salary. In both cases, no bonus is payable for below threshold performance. Payments increase on a straight-line basis from threshold to target and from target to maximum. Maximum performance requires performance significantly ahead of the minimum threshold.	The vast majority of the annual bonus (currently 85 per cent) is based on the Group's adjusted profit before taxation result, with performance measured over the financial year. Since 2022 a minority of the annual bonus has been based on specific and measurable sustainability targets. For 2024 the weighting for this element of the bonus will remain at 15 per cent of the total.
LTIP To incentivise and reward Executive Directors for the delivery of longer-term financial performance and Shareholder value. Share-based to provide alignment with Shareholder interests.	An annual conditional award of ordinary shares which may be earned after a single three-year performance period, based on the achievement of stretching performance conditions. Participants are required to hold vested LTIP shares (net of any shares sold to meet tax and social security liabilities) for a period of two years post vesting. Calculations of the achievement of the performance targets are independently performed and are approved by the Committee. To ensure continued alignment between Executive Directors' and Shareholders' interests, the Committee also reviews the underlying financial performance of the Group and retains its discretion to adjust vesting if it considers that performance is unsatisfactory. Malus and clawback rules operate in respect of the LTIP.	In 2024, annual LTIP awards will be made at the following levels of base salary: CEO: 150 per cent CFO: 125 per cent	The Committee will select the performance measures and weightings prior to the grant of awards that support the Company's longer-term strategy and shareholder value from time to time. Awards have, historically, been granted with performance conditions linked to the Company's Total Shareholder Return (TSR) and Earnings per Share (EPS) performance. However, for the 2023 LTIP Award, as explained in the 2022 Annual Report, the Committee decided to replace EPS with an adjusted PBT per share measure. For the 2024 LTIP, the Committee has decided to revert to an EPS measure in place of adjusted PBT per share. Further details are set out on pages 107 to 108.

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Remuneration Policy

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Notes to the Remuneration Policy Table

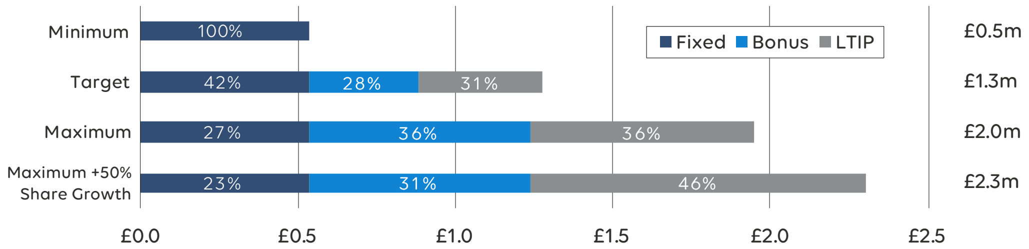
The Remuneration Policy for Executive Directors differs from that of other members of the Group Management Board solely in respect of quantum of the various components and remuneration. Executive Directors have a greater proportion of their total remuneration package at risk than other employees, however, the structure and principles of incentives are broadly consistent. The wider employee population of the Group will receive remuneration that is considered to be appropriate in relation to their geographic location, level of responsibility and performance.

Illustrations of the Application of the Remuneration Policy

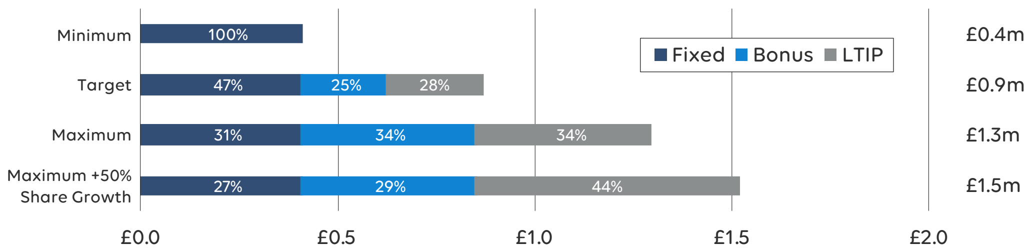
The Company's policy is to provide a total remuneration package that links corporate and individual performance with an appropriate balance between short and long term elements, and fixed and variable components. The charts below show an example of the remuneration that could be receivable by Executive Directors in office at 1 January 2024 under the policy set out in this Directors' Remuneration Report.

Each bar gives an indication of the minimum amount of remuneration payable, remuneration payable at target and at maximum performance to each Executive Director under the policy. Each of the bars is broken down to show how the total under each scenario is made up of fixed elements of remuneration, the annual bonus and the LTIP.

Peter Egan
Illustration Only



Yvonne Monaghan
Illustration Only



The above illustration is based on a number of assumptions:

- fixed remuneration includes:
  - annual base salary as at 1 January 2024;
  - value of taxable benefits received in 2023 as shown in the single figure table on page 102; and
  - pension cash alternative allowance as at 1 January 2024.
- the maximum bonus opportunity is 150% of base salary for the CEO and 125% of base salary for the CFO;
- the maximum LTIP award is 150% of base salary for the CEO and 125% of base salary for the CFO;
- variable remuneration at minimum, target and maximum payout has been assumed at 0%, 50% and 100% respectively of maximum bonus opportunity;
- variable remuneration at minimum, target and maximum payout has been assumed at 0%, 55% and 100% respectively of maximum LTIP opportunity;
- share price appreciation has been calculated as a 50% increase in the value of the LTIP between the date of grant and vesting; and
- no dividend accrual has been incorporated in the values relating to the LTIP.

Malus and Clawback

To reflect best practice, and to align with Shareholder interests, malus and clawback provisions apply to awards under the annual bonus and LTIP schemes (together 'Awards').

Those provisions enable the Committee to decide, up until the third 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 third 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 has been met;
- a material failure of risk management by the Company;
- serious reputational damage to the Company;
- misconduct by a participant; and
- a material downturn in the financial position of the Company.

Personal Shareholding Requirement and Holding Periods

In order that their interests are linked with those of Shareholders, Executive Directors are expected to build and maintain a personal shareholding in the Company equal to at least 200 per cent of the value of their base salary over a period of five years. For the current Executive Directors, this five-year period commenced on 31 December 2019. For the purpose of this requirement, the net of tax number of vested but unexercised share awards, which are not subject to any further performance conditions, will be included. The Committee will monitor progress annually.

In addition, awards granted under the 2018 Long-Term Incentive Plan (the '2018 LTIP Scheme') in 2019 and thereafter are subject to a two year post-vesting holding period over and above the three year vesting period of an LTIP award (the 'Holding Period'). The Holding Period will continue to apply in the event of cessation of employment, save where cessation is by reason of death in which case the Holding Period shall immediately be deemed to have ended.

Directors' Remuneration Report

Remuneration Policy

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Approach to Recruitment Remuneration

The Committee would expect to apply the same Remuneration Policy as that which applies to existing Executive Directors when considering the recruitment of a new Executive Director.

Nevertheless, other arrangements may be established specifically to facilitate recruitment of a particular individual, albeit that any such arrangement would be made within the context of minimising the cost to the Company. An example might be the need to provide a level of compensation for forfeiture of bonus entitlements and/or unvested long term incentive awards from an existing employer, if any, or the additional provision of benefits in kind and other allowances, such as relocation, education and tax equalisation, as may be required in order to achieve a successful recruitment. Any arrangement established specifically to facilitate the recruitment of a particular individual would be intended to be of comparable form, timing, commercial value and capped as appropriate. The quantum, form and structure of any buyout arrangement will be determined by the Committee taking into account the terms of the previous arrangement being forfeited. The buyout may be structured as an award of cash or shares, however, the Committee will normally have a preference for replacement awards to be made in the form of shares, deliverable no earlier than the previous awards.

Where an Executive Director is appointed from either within the Company or following corporate activity/reorganisation, the normal policy would be to honour any legacy incentive arrangements to run off in line with the original terms and conditions.

The policy on the recruitment of new Non-Executive Directors would be to apply the same remuneration elements as for the existing Non-Executive Directors. It is not intended that variable pay, cash supplements, day rates or benefits in kind be offered, although in exceptional, currently unforeseen, circumstances such remuneration may be required.

Executive Directors' Service Agreements

It is the Company's policy that Executive Directors have rolling service agreements. Peter Egan is employed under a service agreement dated 30 March 2018, as amended by a Variation Letter dated 21 December 2018 relating to his appointment to Chief Executive Officer from 1 January 2019. 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.

The length of Board service as at 31 December 2023 for Peter Egan and Yvonne Monaghan was five years, nine months and sixteen years, four months respectively.

The current Executive Directors' service agreements contain the key terms shown in the table below:

Provision	Detailed Terms
Remuneration[1]	• base salary, pension and benefits • car benefit • family private health insurance • life assurance • 30 days' paid annual leave • participation in the annual bonus plan, subject to plan rules • participation in the LTIP, subject to plan rules
Change Of Control	• no special contractual provisions apply in the event of a change of control
Notice Period	• 12 months' notice from the Company • 6 months' notice from the directors
Termination[2,3]	• payment in lieu of notice for a period of up to 12 months
Restrictive Covenants	• during employment and for a period of up to 12 months after leaving

Note 1: Whilst service agreements outline the components of remuneration payable, they do not prescribe how remuneration levels may be adjusted from year to year.

Note 2: In the event of termination without cause, the Company has a contractual obligation to compensate the Executive Director for the unexpired period of his or her notice. The Company will seek to reduce this payment by means of the Executive Director's duty to mitigate this payment wherever possible.

Note 3: Whilst unvested awards will ordinarily lapse upon termination, the Committee may in its absolute discretion allow for awards to continue until the normal vesting date or to be accelerated (for example on death), subject to achievement of the attendant performance conditions. In such circumstances, awards vesting will normally be prorated on a time apportioned basis, unless the Committee determines otherwise. Any such discretion in respect of leavers would only be applied by the Committee to 'good leavers' where it considers that continued participation is justified, for example, by reference to performance prior to the date of leaving. 'Good leaver' status may apply in circumstances of, inter alia, cessation of employment due to death, ill-health, disability, redundancy or retirement. The malus and clawback provisions would continue to apply in the event that any such discretion was exercised.

Chair's Service Agreement

The Chair has a fixed term appointment. The fee for the Chair, which is commensurate with his experience and contribution to the Group, is reviewed annually with any increase generally taking effect from 1 January. The Chair does not participate in decisions regarding his own remuneration. The Chair is not eligible for pension scheme membership, bonus or incentive arrangements. Costs in relation to business expenses and travel will be reimbursed. The Chair's appointment is terminable without compensation on three months' notice from either side.

The Chair is expected to devote such time as is necessary for the proper fulfilment of the role. Whilst this is not ordinarily expected to exceed 40 days per annum, the nature of the role makes it impossible to be specific about the maximum time commitment.

The Chair is encouraged, but is not required, to hold a personal shareholding in the Company.

Under the terms of the Chair's initial letter of appointment, dated 4 January 2021, the Chair's initial term of appointment was due to end on 4 January 2024. Following recommendation by the Nomination Committee and subsequent approval by the Board, on 23 November 2023, a new letter of appointment was issued to the Chair which extended the Chair's term of appointment end date to 4 January 2027. Accordingly, as at 31 December 2023, the unexpired term of the Chair's letter of appointment was 3 years.

Non-Executive Directors' Service Agreements

Non-Executive Directors each have fixed term appointments. Fees payable to the Non-Executive Directors, which are commensurate with their experience and contribution to the Group, are reviewed annually by the Board with any increase ordinarily taking effect on 1 January. Non-Executive Directors do not participate in decisions regarding their own remuneration. Non-Executive Directors are not eligible for pension scheme membership, bonus or incentive arrangements. Costs in relation to business expenses and travel will be reimbursed. A Non-Executive Director's appointment is terminable without compensation on three months' notice from the Company and one month's notice from the individual.

Non-Executive Directors are expected to devote such time as is necessary for the proper fulfilment of the role. Whilst this is not, ordinarily, expected to exceed 20 days per annum, the nature of the role makes it impossible to be specific about the maximum time commitment.

Non-Executive Directors are encouraged, but are not required, to hold a personal shareholding in the Company.

At 31 December 2023, the unexpired terms of the Non-Executive Directors letters of appointment were:

	Date of Latest Letter of Appointment[1]	Term Start Date	Term End Date	Unexpired Term at 31 December 2023
Chris Girling	24 August 2021	29 August 2021	28 August 2024	8 months
Nick Gregg	24 August 2021	1 January 2022	31 December 2024	1 year
Nicola Keach	31 May 2022	1 June 2022	31 May 2025	1 year 5 months
Kirsty Homer	13 July 2023	1 August 2023	31 July 2026	2 years 7 months

Note 1: Chris Girling was first appointed to the Board on 29 August 2018; Nick Gregg was first appointed to the Board on 1 January 2016; Nicola Keach was first appointed to the Board on 1 June 2022; and Kirsty Homer was first appointed to the Board on 1 August 2023.

Directors' Remuneration Report

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Single Total Figure of Remuneration (Audited)

	Note	Peter Egan 2023 £000	Peter Egan 2022 £000	Yvonne Monaghan 2023 £000	Yvonne Monaghan 2022 £000
FIXED PAY					
Base Salary		**457**	441	**343**	331
Taxable Benefits	1	**16**	17	**19**	19
Pension	2	**42**	42	**51**	59
		515	500	**413**	409
PERFORMANCE RELATED PAY					
Bonus	3	**542**	124	**358**	82
LTIP	3	**157**	-	**104**	-
		699	124	**462**	82
SINGLE TOTAL FIGURE OF REMUNERATION		**1,214**	**624**	**875**	**491**

Note 1: Taxable benefits relate to the provision of a car allowance and private medical insurance. Peter Egan's car benefit for the year was £14,500 (2022: £14,500) and his private medical insurance benefit was £1,659 (2022: £2,428). Yvonne Monaghan's car benefit for the year was £17,500 (2022: £17,500) and her private medical insurance benefit was £1,327 (2022: £1,942).

Note 2: Details of the amounts shown for Pension are set out below.

Note 3: Details of the performance measures and weighting as well as the achieved results for the bonus and LTIP components are shown on pages 103 to 104 and 106 to 107 respectively. No bonus was deferred. The LTIP numbers in the table reflect the value of the shares which are due to vest in March 2024 based on performance measured up to 31 December 2023, based on a share price of 133.4 pence, being the average price over the last three months of 2023. No amount of the LTIP award was attributable to share price appreciation.

Pensions

Executive Directors are contractually entitled to receive retirement benefits, which are calculated on base salary, under one or more of the Group's contributory defined benefit or defined contribution schemes. Details of the schemes are given in note 26 of the Consolidated Financial Statements.

Defined Benefit Entitlement

Each Executive Director who served during the year has left active pensionable service in the Johnson Group Defined Benefit Scheme (the 'JGDBS'), which is of the defined benefit type, and is entitled to a preserved benefit.

The accrued pension entitlement, which is the amount that would be paid annually on retirement (at normal retirement age), for Peter Egan at 31 December 2023 was £14,600 (2022: £13,200) and allows for revaluation in deferment from the date of leaving to the date of calculation. Pension entitlement is calculated based on the total period of pensionable service to the Company, both before and after becoming a Director.

Yvonne Monaghan took a partial transfer of benefits from the JGDBS on 31 March 2012 and her date of retirement from the JGDBS was 16 September 2021.

Defined Contribution Entitlement – Peter Egan

From 1 January 2015, Peter became a deferred member of the JGDBS. From that date, he was contractually entitled to a monthly employer pension contribution, equal to up to 14 per cent of his monthly salary, which was paid to the JSG Pension Plan (the 'Plan'), a defined contribution scheme. The majority of UK employees within the Group are eligible to participate in the Plan. Employer contribution rates to the Plan are on a matching plus basis determined with reference to the employee's own pension contribution together with their salary banding. The employer contribution rate that is currently available to the majority of the wider UK workforce is approximately 6 per cent, whilst the maximum employer contribution is 14 per cent, based upon a 7 per cent employee contribution, for all UK employees currently earning an annual salary greater than or equal to £121,903. With effect from April 2019, Peter opted to receive a cash alternative allowance in lieu of an employer pension contribution. From that date, the cash alternative allowance payable to Peter was 12.3 per cent of his base salary – adjusted downwards from the 14 per cent referred to above in order to take account of the impact of employer's national insurance.

Had Peter received a cash alternative allowance for the whole of 2019, it would have equated to £41,613. As previously disclosed, having regard to developments in executive pensions and in order that the employer rate in respect of Peter progresses towards the rate available to the majority of the wider workforce, the Committee determined that Peter's entitlement in 2020 and thereafter would be capped at the cash value of his 2019 cash alternative entitlement. The effect of this is that as Peter's salary increases, his cash alternative allowance, as a percentage of salary, will progress towards that available to the majority of the wider workforce. The cash alternative allowance payable in the year was £41,613 (2022: £41,613).

Defined Contribution Entitlement – Yvonne Monaghan

From 1 January 2012, Yvonne opted to become a deferred member of the JGDBS and is contractually entitled to receive a monthly cash alternative allowance equal to 17.8 per cent of her monthly salary. As previously disclosed and as noted in the letter from the Chair of the Remuneration Committee, the pension contribution rate for Yvonne reduced to 15 per cent of her base salary with effect from 1 January 2023; then reduced to 12 per cent of her base salary with effect from 1 January 2024; and will then reduce to 9 per cent of her base salary with effect from 1 January 2025. The cash alternative allowance payable in the year was £51,410 (2022: £58,944).

2023 Bonus Achievement

The annual bonus is normally earned by the achievement of one-year performance targets set by the Committee, ordinarily at the start of each financial year, adjusted accordingly to take account of events which were not foreseen or allowed for at the start of the year when targets were set, for example, acquisitions or changes in accounting policy.

For 2023, whilst the vast majority (85 per cent) of the bonus opportunity was based on the Group's adjusted PBT result, measured over the financial year, a number of specific and measurable sustainability targets were applied to a minority portion (15 per cent) of the bonus.

The performance targets for 2023 are as set out below:

	Minimum £m	Target £m	Maximum £m	Achieved £m	Bonus Achieved as % of Maximum Opportunity
Adjusted PBT (excluding notional interest)	34.3	37.1	41.7	44.9	100%

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For the 15 per cent of the bonus based on sustainability, the targets and the performance achieved are set out in the table below.

Target	Weighting	Minimum	Maximum	Achievement	Bonus Achieved as % of Maximum Opportunity
Waste 5% Reduction in volume of waste sent to landfill 5% reduction in volume of plastics sent to landfill	5%	Reduction of 5%	Reduction greater than 5%	Deemed not achieved.	0%
Water Consumption 2% Reduction on 2022 Water intensity • 2023 M^3/ Tonnes processed target: 7.526	5%	Reduction of 2%	Reduction greater than 2%	Reduction of 5.6%	100%
Carbon Emissions 5% Reduction on 2022 Carbon Emissions intensity • Tonnes CO_2e/ Tonnes processed target: 0.324	5%	Reduction of 5%	Reduction greater than 5%	Reduction of 6.9%	100%
Total	**15%**				**66.67%**

The Committee believes that these targets were appropriately stretching in the context of expected levels of performance for the business over 2023. Performance against the targets was assessed after the end of the financial year and this resulted in a bonus outcome as set out in the tables above. The overall bonus, inclusive of both the financial and sustainability measures, was assessed at 95 per cent of maximum. The Committee felt that this represented a strong result in the wider market context and was a fair reflection of the Company's overall performance over the period both in terms of profit performance and against the set of sustainability measures used for incentive purposes. As further explained on pages 34 to 39, an internal review in 2023 of our sustainability data collection, recording and reporting processes resulted in a restatement of our 2021 and 2022 carbon, energy and water data. The restatement did not impact achievement of bonus targets for 2022. Whilst we continue to review and streamline the data collection processes in relation to our waste streams, the Board and the Remuneration Committee determined that achievement against the 2023 waste target be deemed "not achieved".

Bonuses will be paid in cash and are subject to malus and clawback provisions.

Interests in Share Capital

The interests of the Directors who were in office at 31 December 2023, together with the interests of their close family, in the shares of the Company at the start and close of the financial year, were as follows:

	Beneficial		Conditional (note 4)		
	31 December 2023 Ordinary shares of 10p each	31 December 2022 Ordinary shares of 10p each	31 December 2023 LTIP/SAYE options	31 December 2022 LTIP/SAYE options	Share ownership guidelines
Peter Egan	**384,061**	359,061	**1,107,263**	818,654	Note 1
Yvonne Monaghan (note 3)	**694,955**	694,955	**742,291**	542,988	Note 1
Jock Lennox	**72,000**	72,000	**–**	–	Note 2
Chris Girling	**17,333**	17,333	**–**	–	Note 2
Nick Gregg	**33,695**	33,695	**–**	–	Note 2
Nicola Keach	**–**	–	**–**	–	Note 2
Kirsty Homer	**–**	–	**–**	–	Note 2

Note 1: Executive Directors are expected to build up and maintain a personal shareholding in the Company equal to at least 200 per cent of their base salary. Further details of each Executive Director's personal shareholding are set out in the table below.

Note 2: Non-Executive Directors are encouraged, but are not required, to hold a personal shareholding in the Company.

Note 3: In addition to the beneficial and conditional interests shown above, Yvonne Monaghan is a Trustee of the Johnson Brothers Employee Benefit Trust (the "Trust"). The Trust is governed by a Trust deed, originally dated 18 August 1936, and was set up for the benefit of employees or ex-employees of the Company or their respective widows, widowers, children or other dependants. The Trust owns 588,452 Ordinary shares of 10 pence each in the Company. The Company considers this to be a Non-Beneficial interest.

Note 4: Further details of the split between LTIP (with performance conditions attached) and SAYE (no performance conditions attached) options are shown below.

Note 5: There have been no changes in the Directors' interests in the shares of the Company during the period 31 December 2023 up until the date of signing this report.

The extent to which each Executive Director has achieved their personal shareholding requirement, further details of which are set out on page 99, is set out below; all values (including share price) are as at 31 December 2023:

	Beneficial Shareholding (No.)	Conditional Shareholding[1] (No.)	Deemed Shareholding (No.)	Share Price (p)	Value of Deemed Shareholding (£000)	Base Salary (£000)	Value of Deemed Shareholding as a % of Base Salary
Peter Egan	384,061	62,393	446,454	141.6	632	457	138%
Yvonne Monaghan	694,955	41,204	736,159	141.6	1,042	343	304%

Note 1: Vested shares, which have not yet been exercised, together with unvested shares, which are not subject to a further performance condition, can count towards the shareholding requirement on a net of tax basis.

In respect of Peter Egan, the 117,723 options granted on 22 March 2021 under the 2018 LTIP Scheme which are scheduled to vest in March 2024 are not subject to any further performance conditions and consequently, on a net of tax basis, represent a further 62,393 shares.

In respect of Yvonne Monaghan, the 77,743 options granted on 22 March 2021 under the 2018 LTIP Scheme which are scheduled to vest in March 2024 are not subject to any further performance conditions and consequently, on a net of tax basis, represent a further 41,204 shares.

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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 (or date of appointment if later) and close (or date of resignation if earlier) of the financial year were as follows:

	Date of Grant	At 31 December 2022	Options Granted During Year	Options Lapsed During Year	Options Cancelled During Year	Options Exercised During Year	At 31 December 2023	Option Price
Peter Egan								
Scheme 1	22 March 2021	342,689	–	(224,966)	–	–	**117,723**	nil
Scheme 3	1 October 2021	6,936	–	–	–	–	**6,936**	129.75p
Scheme 1	16 March 2022	469,029	–	–	–	–	**469,029**	nil
Scheme 1	8 March 2023	–	487,934	–	–	–	**487,934**	nil
Scheme 2	8 March 2023	–	25,641	–	–	–	**25,641**	117.0p
		818,654	513,575	(224,966)	–	–	**1,107,263**	
Yvonne Monaghan								
Scheme 1	22 March 2021	226,309	–	(148,566)	–	–	**77,743**	nil
Scheme 3	1 October 2021	6,936	–	–	–	–	**6,936**	129.75p
Scheme 1	16 March 2022	309,743	–	–	–	–	**309,743**	nil
Scheme 1	8 March 2023	–	322,228	–	–	–	**322,228**	nil
Scheme 2	8 March 2023	–	25,641	–	–	–	**25,641**	117.0p
		542,988	347,869	(148,566)	–	–	**742,291**	

Scheme 1 - The Johnson Service Group 2018 Long-Term Incentive Plan (the ‘2018 LTIP Scheme’)
Scheme 2 - The Johnson Service Group 2018 Long-Term Incentive Plan CSOP Section (the ‘2018 Approved LTIP Scheme’)
Scheme 3 - The Johnson Service Group Sharesave Plan (‘SAYE Scheme’)

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

Details of the 2018 LTIP, the 2018 Approved LTIP and the SAYE Scheme are given on pages 107 to 108 of the Directors’ Remuneration Report.

Awards Exercised in 2023

No Director exercised any awards during 2023.

Awards Vested and Lapsed in 2023

Under the 2018 LTIP Scheme, awards were granted to certain employees on 22 March 2021 with an exercise price of £nil (the ‘2021 LTIP Award’). The closing mid-market share price of Johnson Service Group PLC on the day immediately preceding the date of grant was 153.2 pence.

The number of options granted to each of the Executive Directors was as follows:

	2018 LTIP Scheme
Peter Egan	342,689
Yvonne Monaghan	226,309

The number of options granted under the 2018 LTIP Scheme to each of Peter Egan and Yvonne Monaghan were equivalent to 125 per cent and 110 per cent, respectively, of their base salaries at the time. The performance period was the three financial years starting 1 January 2021 and ending 31 December 2023.

Whilst the award would not be capable of vesting until at least 22 March 2024, the performance period ended on 31 December 2023. The extent to which the performance conditions were met is set out below:

	Minimum Target	Maximum Target	Result	% of Award Vesting	No. of Options to Vest (Peter Egan)	No. of Options to Vest (Yvonne Monaghan)
EPS for 2023	9.45p	10.5p	7.7p	0%	nil	nil
TSR (over Index)	Index	Index + 7% p.a.	Index + 4.1% p.a.	68.7%	117,723	77,743
					117,723	77,743

The EPS performance condition was based on the Company's adjusted diluted EPS from continuing operations as at 31 December 2023. The figure was further adjusted to exclude any impact on EPS of the capital allowances super-deduction. The TSR performance condition was based on the annualised growth in the Company's 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').

Based on the performance achieved as set out above, the Remuneration Committee determined that there would be partial vesting of the 2021 LTIP Award. The Committee was satisfied that the TSR achieved was aligned with the underlying financial performance of the Company over the performance period. The total vesting level for the 2021 LTIP Award was 34.35 per cent. No discretion was applied to this outcome.

Outstanding LTIP Awards

2022 LTIP Award

Awards were granted, under the 2018 LTIP Scheme, to certain employees on 16 March 2022 with an exercise price of £nil. The closing mid-market share price of Johnson Service Group PLC on the day immediately preceding the date of grant was 117.6 pence. Peter Egan was granted 469,029 options, equivalent to 125 per cent of his base salary at the time; Yvonne Monaghan was granted 309,743 options, equivalent to 110 per cent of her base salary at the time. The performance period is the three financial years starting 1 January 2022 and ending 31 December 2024. The performance conditions are as set out below within 'Overview of Share Option Schemes'. If the minimum performance criteria were to be achieved, 25 per cent of the scheme interests would become receivable.

2023 LTIP Award

Awards were granted, under the 2018 LTIP Scheme, to certain employees on 8 March 2023 with an exercise price of £nil. In addition, linked awards were granted on the same date, under the 2018 Approved LTIP Scheme, with an exercise price of 117.0 pence. The closing mid-market share price of Johnson Service Group PLC on the day immediately preceding the date of grant was 117.0 pence.

The number of options granted to each of the Executive Directors was as follows:

	2018 LTIP Scheme	2018 Approved LTIP Scheme
Peter Egan	487,934	25,641
Yvonne Monaghan	322,228	25,641

The number of options under the 2018 LTIP Scheme to each of Peter Egan and Yvonne Monaghan were equivalent to 125 per cent and 110 per cent, respectively, of their base salaries at the time. The performance period is the three financial years starting 1 January 2023 and ending 31 December 2025. The performance conditions are as set out below within 'Overview of Share Option Schemes'. If the minimum performance criteria were to be achieved, 25 per cent of the scheme interests would become receivable.

Holding Period

Each of the awards above are subject to an additional holding period for two years from the date on which the award vests (the 'Holding Period'). During the Holding Period, which will continue to apply in the event of cessation of employment, the award holder may not normally dispose of any of the shares which vest except to cover any income tax or social security contributions arising on the exercise of the award.

Overview of Share Option Schemes

2018 LTIP Scheme

The 2018 LTIP Scheme was approved by Shareholders at the 2018 AGM; a summary of the principal features of the rules of the 2018 LTIP Scheme is included within the 2018 Notice of AGM.

The 2018 LTIP Scheme includes an 'unapproved' section, under which nil cost awards are made.

The first award under the 2018 LTIP Scheme was granted in March 2019, with further awards granted on an annual basis since then. Full details of the performance conditions for each outstanding award are included in this report. Details of the performance conditions for earlier awards and the extent to which the conditions were met can be found in previous Directors' Remuneration Reports.

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Performance Conditions

An award was granted under the 2018 LTIP Scheme in March 2021 (the '2021 LTIP Award'). A summary of the performance conditions for this award is included in the section above which explains the performance achieved against the relevant targets.

Another award was granted under the 2018 LTIP Scheme in March 2022 (the '2022 LTIP Award'). Following careful consideration, the Committee agreed two separate performance targets which are similar to the targets agreed for the 2021 LTIP Award:

- 50 per cent of the 2022 LTIP Award will vest by reference to the annualised growth in the Company's TSR over the performance period relative to the annualised growth in the FTSE AIM All-Share Industrial Goods and Services Index over the performance period. None of this element of the 2022 LTIP Award will vest if the TSR growth is less than the Index growth, one quarter will vest if the TSR growth is equal to the Index growth and the whole of this element of the 2022 LTIP Award will vest if the TSR growth is at least seven per cent above the Index growth. Vesting will be on a straight-line basis between these points.
- The remaining 50 per cent of the 2022 LTIP Award will vest by reference to the Company's adjusted fully diluted EPS as at 31 December 2024. None of this element of the 2022 LTIP Award will vest if EPS is less than 9.5 pence, one quarter will vest if EPS is equal to 9.5 pence and the whole of this element of the 2022 LTIP Award will vest if EPS is 10.6 pence or greater. Vesting will be on a straight-line basis if EPS is between 9.5 pence and 10.6 pence.

A further award was granted under the 2018 LTIP Scheme in March 2023 (the '2023 LTIP Award'). Following careful consideration, the Committee agreed two separate performance targets:

- 50 per cent of the 2023 LTIP Award will vest by reference to the annualised growth in the Company's TSR over the performance period relative to the annualised growth in the Index over the performance period. The specific performance targets are the same as for the 2022 LTIP Award as explained above.
- The remaining 50 per cent of the 2023 LTIP Award will vest by reference to the Company's adjusted profit before tax ('PBT') per share as at 31 December 2025. None of the PBT per share element of the 2023 LTIP Award will vest if PBT per share growth is less than 5 per cent per annum above the level of PBT per share for the financial year ended 31 December 2022. One quarter of this element will vest for PBT per share growth of 5 per cent per annum, and the whole of this element will vest for PBT per share growth of 10 per cent per annum or greater. Vesting will be on a straight-line basis if PBT per share growth is between 5 per cent and 10 per cent per annum.

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 Index.

2018 Approved LTIP Scheme

The rules of the 2018 LTIP Scheme also include a 'CSOP' section (the '2018 Approved LTIP Scheme'), under which UK tax-advantaged market value options are awarded and which are linked to the nil cost awards under the 2018 LTIP Scheme. The linked awards give the holder the same potential gross gain as if they had just received the 2018 LTIP Scheme award, however, as the 2018 Approved LTIP Scheme is tax favoured, in certain circumstances all or part of any gain on the 2018 LTIP Scheme award will be received through the 2018 Approved LTIP Scheme 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 2018 LTIP Scheme are achieved, the extent to which they are achieved and also on how much of the gain (if any) can be delivered through the 2018 Approved LTIP Scheme. 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 2018 LTIP Scheme arrangement.

As set out above, on 8 March 2023 certain employees (including the Executive Directors) were granted awards under the 2018 Approved LTIP Scheme, linked to the awards granted on the same date under the 2018 LTIP Scheme, at an exercise price of 117.0 pence.

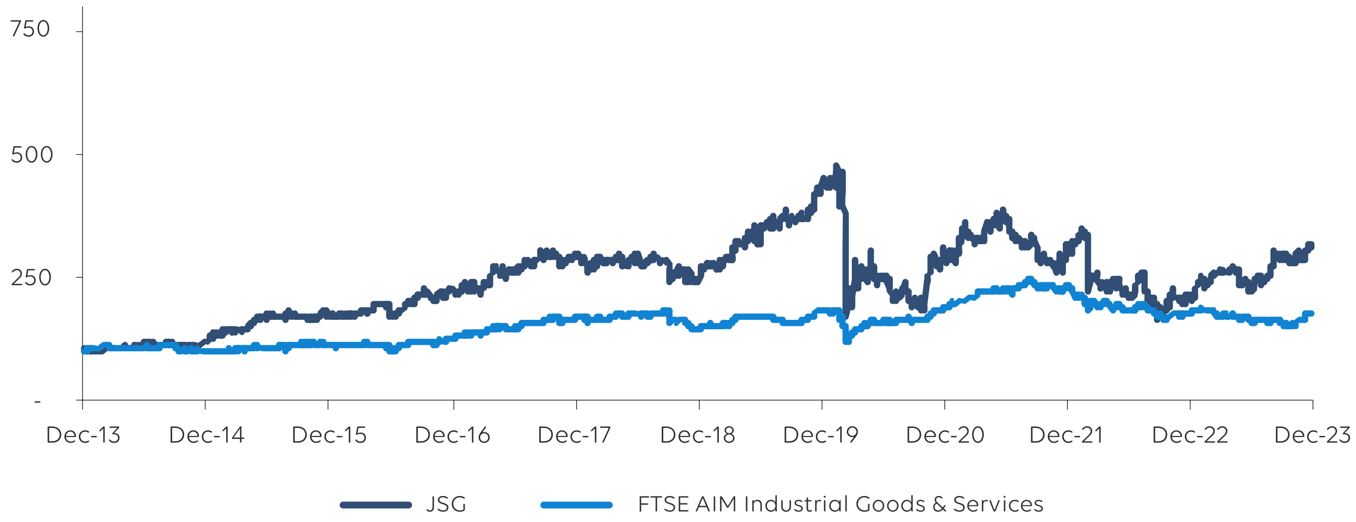
SAYE Scheme

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 29 of the Consolidated Financial Statements.

Total Shareholder Return

The performance graph below shows the Company's TSR performance against the performance of the FTSE AIM Industrial Goods and Services Index over the ten-year period to 31 December 2023. The FTSE AIM Industrial Goods and Services Index has been selected for this comparison as, in the opinion of the Directors, it represents the general sector in which the Group operates.



Non-Executive Directors' Remuneration (Audited)

Details of the amounts received by the Chair and the Non-Executive Directors during the year ended 31 December 2023 are as follows:

	2023 £000	2022 £000
Current Directors		
Jock Lennox	**151**	145
Chris Girling	**63**	61
Nick Gregg	**57**	55
Nicola Keach	**49**	28
Kirsty Homer	**20**	-
	340	**289**

The base fees referred to above were increased by 3.5 per cent with effect from 1 January 2023. The annualised fee payable to Kirsty Homer was £49,042 in 2023; the figure in the above table reflects the total amount of fees received by Kirsty Homer since her appointment with effect from 1 August 2023. The annualised fee payable to Nicola Keach was £47,383 in 2022; the figure in the above table reflects the total amount of fees received by Nicola Keach since her appointment with effect from 1 June 2022.

Non-Executive Director fees are subject to annual review with any increases generally applying with effect from 1 January. The Board has approved a 3.5 per cent increase to base fees for Non-Executive Directors with effect from 1 January 2024. The Remuneration Committee has also agreed a 3.5 per cent increase to the fee for the Board Chair with effect from the same date. In addition, the Board approved increasing the additional fees payable to each of the Remuneration Committee Chair; the Audit Committee Chair; and the Senior Independent Director to £10,000 per annum, also with effect from 1 January 2024.

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Total Directors' Remuneration (Audited)
The aggregate total amount of remuneration received by all Directors in office during the year ended 31 December 2023, together with the aggregate total amount of remuneration received by all Directors in office during the year ended 31 December 2022, is shown below:

	2023 £000	2022 £000
Executive Directors	**2,089**	1,115
Non-Executive Directors	**340**	289
	2,429	**1,404**

Payments to Past Directors
There were no payments of money or other assets made to any former directors during the financial year ended 31 December 2023.

Payments for Loss of Office
There were no loss of office payments made to former directors during the year.

Implementation of Remuneration Policy in 2024
The Committee anticipates the remuneration policy to apply as follows in the year ending 31 December 2024:

Base Salary[1]	CEO: £472,692 CFO: £354,730
Taxable Benefits	Car allowance, medical insurance
Pension	CEO: Capped at the cash value of 2019 entitlement (£41,613) CFO: 12 per cent of base salary
Bonus[2]	CEO: Up to 150 per cent of base salary. CFO: Up to 125 per cent of base salary. Targets: 1) 85 per cent of maximum entitlement to be based on the Group's financial results using the adjusted PBT result excluding notional interest; and 2) to reflect our continued commitment to sustainability, 15 per cent of maximum entitlement to be subject to the satisfaction of targets linked to plastic consumption, water consumption and carbon emission reductions.
LTIP[3]	CEO: Grant at 150 per cent of base salary. CFO: Grant at 125 per cent of base salary. Targets: 1) 50 per cent of the award to be based on the Company's TSR performance relative to that of the constituents of the FTSE 250 (excluding investment trusts) over the performance period. None of this element will vest if the Company's TSR positions it below the median of the comparator group, one quarter will vest if the Company's TSR is equal to the median of the group and the whole of this element will vest if the Company's TSR is at the upper quartile level or above when compared to the peer group. Vesting will be on a straight-line basis between median and upper quartile. 2) The remaining 50 per cent of the award will vest by reference to growth in the Company's adjusted fully diluted EPS over the three-year performance period. None of this element will vest if EPS growth (on a CAGR basis) is less than 9% p.a., one quarter will vest if EPS growth is equal to 9% p.a. and the whole of this element will vest if EPS growth is 16% p.a. or greater. Vesting will be on a straight-line basis if EPS growth is between 9% p.a. and 16% p.a.

Note 1: Base salary payable in 2024 reflects a 3.5 per cent increase on the base salary payable in 2023.

Note 2: Annual bonus targets are considered by the Committee and the Board to be commercially sensitive as they could inform the Company's competitors of its budgeting. Consequently, we do not publish details of the targets on a prospective basis, however, we will provide full and transparent disclosure of the targets and the performance against these targets on a retrospective basis in next year's Annual Report at the same time that the bonus outcome is reported.

Note 3: The decisions to use the FTSE 250 (excluding investment trusts) as a TSR peer group and to revert to EPS in place of adjusted PBT per share for this LTIP award is explained on pages 91 to 92.

CEO Pay Ratio

The pay ratio regulations provide companies with a number of options for gathering the data required to calculate the ratio. We have chosen to use "Option B" to calculate the CEO pay ratio which involves the use of data previously gathered for gender pay gap reporting purposes. This option was chosen given the size and complexity of the exercise required to produce these ratios using other means and on the basis that the Company has already completed comprehensive data collation and analysis for the purposes of gender pay gap reporting.

The total pay and benefits of our employees at the 25th, 50th and 75th percentile and the ratios between the CEO and these employees, using the CEO's single total remuneration figure are as follows:

	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2023	**49:1**	**45:1**	**32:1**
2022	32:1	25:1	19:1
2021	33:1	31:1	28:1
2020	23:1	19:1	16:1
2019	46:1	31:1	26:1

The table below sets out the salary and total pay and benefits for the three identified quartile point employees:

	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2023 Salary	£21,681	£22,838	£35,230
2023 Total Pay and Benefits	£24,557	£26,938	£38,156

As explained in previous reports, our pay ratios have fluctuated between each reported year to date (not least due to the impact of the Covid pandemic on employee remuneration) and no overall trend in the median pay ratio is observed at this time.

The majority of our employees work either within one of our processing facilities or in distribution. Irrespective of the specific role, we aim to apply the same reward principles for all employees, in particular, that overall remuneration should be competitive when compared to similar roles in other organisations from which we draw our talent. We are aware that year-to-year movements in the pay ratio will be driven largely by our CEO's variable pay outcomes. These movements will significantly outweigh any other changes in pay within the organisation. Whatever the CEO pay ratio, the Company will continue to invest in competitive pay for all employees.

The Committee also recognises that, due to the specific nature of the Company's business and the flexibility permitted within the regulations for identifying and calculating the total pay and benefits for employees, as well as differences in employment and remuneration models between companies, the ratios reported above may not be comparable to those reported by other companies.

Gender Pay Gap Reporting

Background

Under legislation that came into force in 2017, all companies with 250 or more employees must publish and report specific figures about their gender pay gap. In respect of the Group, the legislation applies to Johnsons Textile Services Limited (the "Reporting Company") which for the period under review employed the vast majority of employees within the Group.

Employers must publish the gap in pay between men and women on both a mean basis (average hourly salary) and a median basis (pay per hour based on the person 'in the middle' of the distribution of pay). In relation to bonus pay, employers are required to disclose both a mean and median basis for average bonus pay received. Furthermore, the percentage of employees receiving bonuses by gender must be disclosed. In addition, employers are required to disclose the distribution of gender by pay quartile – in other words, splitting the workforce into four groups based on their pay and showing the proportion of males and females in each group.

The information provided below reflects the results of the most recent comprehensive data collation and analysis for the purposes of our external gender pay gap reporting. The 'Gender Pay Gap' calculations relate to the pay period in which the snapshot date, 5 April 2023, falls for each full-pay relevant employee only. The 'Gender Bonus Gap' calculations relate to the period 6 April 2022 to 5 April 2023 for all relevant employees.

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Gender Pay Gap

The Company provides the following information in respect of its Gender Pay Gap:

Difference in the hourly rate of pay (mean)	**9.9%**
Difference in the hourly rate of pay (median)	**7.4%**

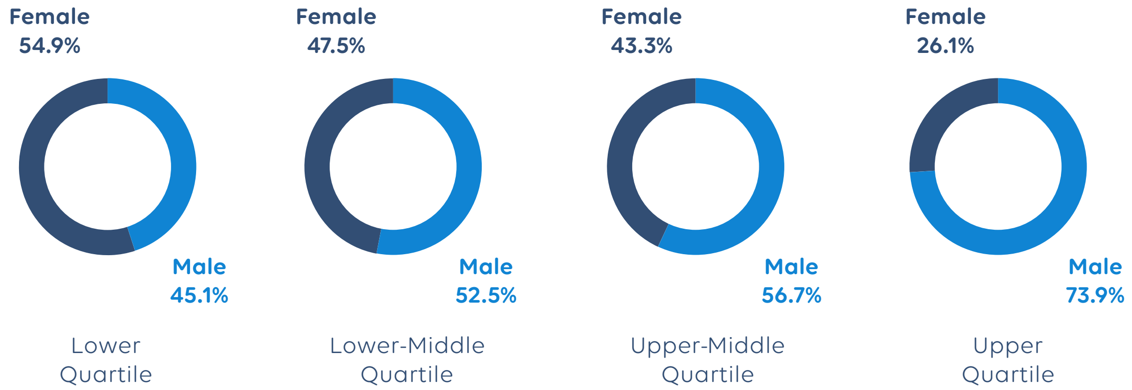
Gender Bonus Gap

The Company provides the following information in respect of its Gender Bonus Gap:

Difference in bonus pay (mean)	**6.3%**
Difference in bonus pay (median)	**0.0%**
Percentage of male employees who receive bonus pay	**33.8%**
Percentage of female employees who receive bonus pay	**23.8%**

Distribution of Male and Female Employees by Quartile

The proportions of male and female full-pay relevant employees in the lower, lower-middle, upper-middle and upper quartile bands were as follows:



Explanatory Commentary

The results show that, as in previous years, there is a gender pay gap. Whilst having fewer females than males in senior and leadership roles has an impact, it is also significantly influenced by two industry related factors:

1) laundries operate large transport fleets and hence employ a significant number of drivers. The role generally commands a higher pay scale and is predominantly populated by males; and

2) laundry operations are very labour intensive with such roles being predominantly in the lower quartiles. A higher proportion of these roles are currently performed by females.

The Group strives to ensure that it provides a workplace where all our people feel valued and equal and we continue to take action to address the gap and to make sure our employment policies and practices are fair. This includes actively reviewing decisions around annual pay, bonus pay and promotion opportunities and the Group will continue to endeavour to provide a training and development platform for all individuals to grow, both personally and in their work role, irrespective of gender.

Relative Importance of Spend on Pay

The following table sets out the amounts payable in dividends; amounts paid in connection with the Company's share buyback programmes, launched in September 2022 and, more recently, September 2023; and total employee costs in respect of the years ended 31 December 2023 and 31 December 2022. The Committee does not consider that there are any other significant distributions or payments outside the ordinary course of business that warrant disclosure.

	2023 £m	2022 £m	% Change
Dividends payable (note 1)	**11.7**	10.3	13.6%
Share buyback programme (note 2) (note 3)	**29.9**	5.6	433.9%
Total employee costs (note 4)	**204.7**	181.4	12.8%

Note 1: The 2023 dividend comprises an interim dividend of 0.9 pence (2022: 0.8 pence) per Ordinary share and a proposed final dividend of 1.9 pence (2022: 1.6 pence) per Ordinary share. This total dividend of 2.8 pence per Ordinary share, subject to the approval of Shareholders and based upon the number of shares in issue as at the date of this report, will amount to a dividend distribution for the year of £11.7 million (2022: £10.3 million).

Note 2: On 15 September 2022, the Company announced the commencement of a share buyback programme with an aggregate market value equivalent of up to £27.5 million (excluding expenses) ('2022 Share Buyback Programme'). Consistent with the Company's capital allocation policy, the purpose of the 2022 Share Buyback Programme was to reduce the Company's share capital. Pursuant to the 2022 Share Buyback Programme, the Company entered into a non-discretionary instruction with Investec Bank plc to purchase up to £27.5 million (excluding expenses) of the Company's Ordinary shares of 10 pence each and to make trading decisions under the 2022 Share Buyback Programme independently of the Company in accordance with certain pre-set parameters. The 2022 Share Buyback Programme commenced on 15 September 2022 and ended on 4 May 2023, being the date of the Company's AGM. The total consideration payable in connection with the 2022 Share Buyback Programme, including expenses, was £25.5 million of which £19.9 million was expended during 2023. All of the Ordinary shares bought back pursuant to the 2022 Share Buyback Programme were cancelled.

Note 3: On 20 September 2023, the Company announced the commencement of a share buyback programme with an aggregate market value equivalent of up to £10.0 million (excluding expenses) ('2023 Share Buyback Programme'). Consistent with the Company's capital allocation policy, the purpose of the 2023 Share Buyback Programme was to reduce the Company's share capital. Pursuant to the 2023 Share Buyback Programme, the Company entered into a non-discretionary instruction with Investec Bank plc to purchase up to £10.0 million (excluding expenses) of the Company's Ordinary shares of 10 pence each and to make trading decisions under the 2023 Share Buyback Programme independently of the Company in accordance with certain pre-set parameters. The 2023 Share Buyback Programme commenced on 20 September 2023 and completed on 27 November 2023. The total consideration payable in connection with the 2023 Share Buyback Programme, including expenses, was £10.0 million all of which was expended during 2023. All of the Ordinary shares bought back pursuant to the 2023 Share Buyback Programme were cancelled.

Other Details

The mid-market price of the Ordinary shares of 10p each on 31 December 2023 and 31 December 2022 was 141.6 pence and 96.9 pence respectively. During the year, the mid-market price of the Ordinary shares of 10p each ranged between 94.0 pence and 145.4 pence (2022: 77.0 pence and 162.0 pence).

Annual General Meeting

The table below shows the voting outcome at the 2023 AGM, held on 4 May 2023, for the 2022 Directors' Remuneration Report.

No. of Votes 'For'[1]	% of Votes Cast	No. of Votes 'Against'	% of Votes Cast	Total No. of Votes Cast	No. of Votes 'Withheld'[2]
295,968,686	98.91%	3,248,089	1.09%	299,216,775	7,480

Note 1: Includes 'Discretionary' votes.
Note 2: A vote 'Withheld' is not a vote under English law and is not counted in the calculation of votes 'For' or 'Against' a resolution.

At the 2024 AGM, due to be held on 1 May 2024, Shareholders will be invited to vote on the Directors' Remuneration Report for 2023.

Nick Gregg
Chair, Remuneration Committee

4 March 2024