

Corporate Governance Report

"We are committed to high standards of corporate governance which we consider are critical to business integrity and to maintaining investors' trust in us. We expect all our directors, employees and suppliers to act with honesty, integrity and fairness. Our business principles set out the standards we set ourselves to ensure we operate lawfully, with integrity and with respect for others".

Legislative Overview

As an AIM listed company, we are required to provide details of a recognised corporate governance code that the Board has decided to apply, together with an explanation of how the Company complies with that code and, where it departs from its chosen code, an explanation for the reasons for doing so. All companies with a Premium Listing of equity shares in the UK are required to comply with the Financial Reporting Council's 2018 UK Corporate Governance Code (the 'Code'). The Board is committed to the highest standards of corporate governance and determined that it was, therefore, appropriate to apply the Code.

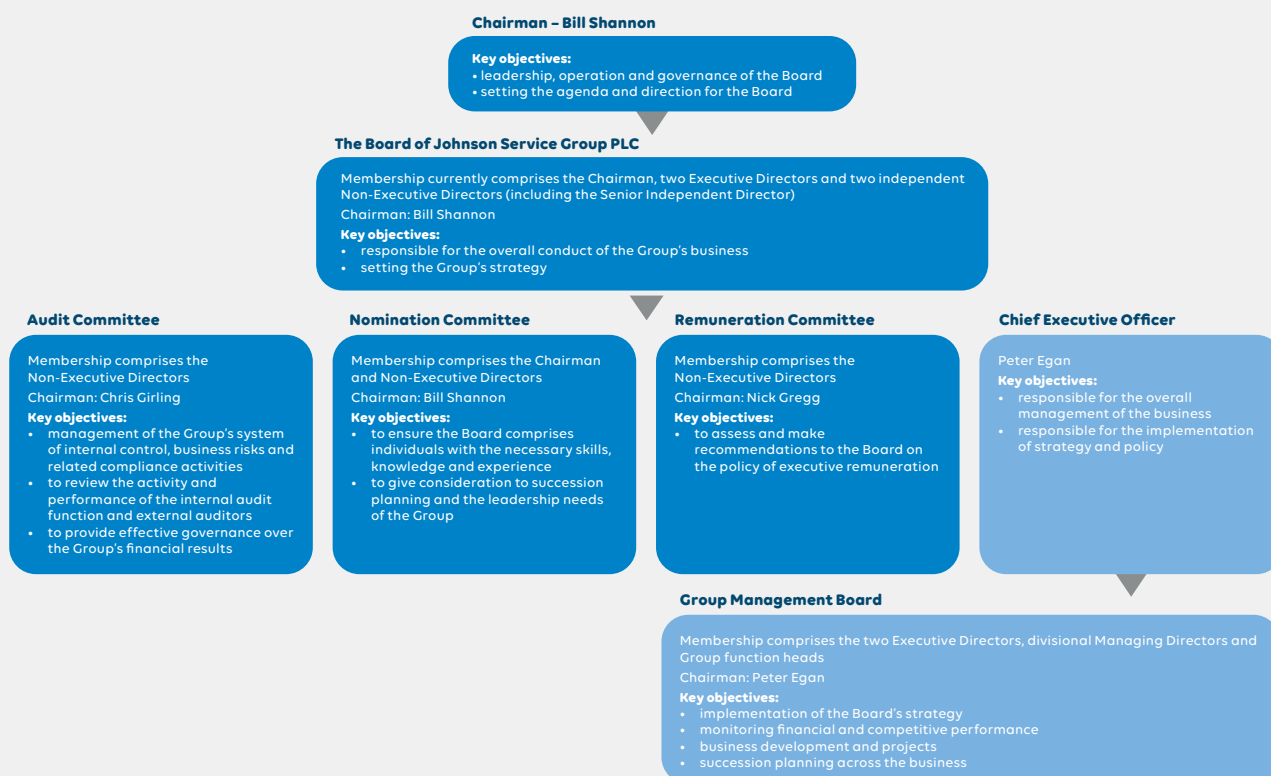
The Code, which can be found on the Financial Reporting Council's website at www.frc.org.uk, is the product of extensive consultation and places emphasis on businesses establishing a corporate culture that is aligned with the company purpose and business strategy and which promotes integrity and values diversity. The Code is divided into five sections, as follows:

- | | |
|---|-------------------------------------|
| 1) Board Leadership and Company Purpose | 4) Audit, Risk and Internal Control |
| 2) Division of Responsibilities | 5) Remuneration |
| 3) Composition, Succession and Evaluation | |

Each of the above sections contain an overriding set of 'Principles' supported by more detailed 'Provisions'.

This Corporate Governance Report describes how the Board has applied the main Principles of good governance and complied with the relevant Provisions as set out in the Code for the year under review. To the extent necessary, certain information is incorporated into this Report by reference.

Our Governance Structure



Corporate Governance Report

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Compliance with the 2018 Code

The Company has applied the Principles and complied with the Provisions of the 2018 Code throughout the year ended 31 December 2020, other than in relation to the following:

| Provision | Explanation |
|-----------|--|
| 10, 19 | <p>Chairman's tenure</p> <p>Bill Shannon was first appointed to the Board on 8 May 2009 and was appointed as Chairman on 3 August 2018. Prior to his appointment as Chairman, the Board did consider Bill's independence in light of him being first appointed to the Board over nine years ago and concluded that, given Peter Egan's then recent appointment to the Board as Chief Operating Officer, the then upcoming change in Chief Executive Officer on 1 January 2019 and the fact that a new Non-Executive Director was to be appointed, it was in the best interests of the Company and its stakeholders that Bill be appointed as Chairman in order to retain his extensive knowledge and experience of the Group at the same time as overseeing an orderly succession of other Board members. We reported in our 2019 Annual Report that, following the successful transition of Peter Egan into the role of Chief Executive Officer, Bill had indicated his intention to step down from the Board later in 2020 and that, as a result, a process had commenced to identify his replacement. The challenges faced by the Company in respect of the COVID-19 pandemic delayed that process, however, on 5 January 2021 we announced the appointment of Jock Lennox to the Board as an Independent Non-Executive Director and Chairman Designate; the intention is that Jock will step up to the role of Chairman following Bill's retirement at the conclusion of the 2021 AGM in May.</p> |
| 36 | <p>Post-employment shareholding requirement</p> <p>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 interests between executives and Shareholders through, for example, the LTIP and the existing personal shareholding requirement (which applies during employment). The Committee has though, for LTIPs granted in 2019 and thereafter, introduced a two-year post-vesting holding period. Furthermore, during 2019, the Committee also increased the personal shareholding requirement from 100% to 200% of basic salary. We will keep this under regular review as market practice in this area develops.</p> |
| 38 | <p>Pensions</p> <p>We have not fully aligned Executive Director pensions with the wider workforce. Provision for both the CEO and the CFO remains above the workforce average, although we have moved the pension contribution rate for the CEO closer towards the rate payable to the wider workforce. Pension rates reflect historic entitlements and whilst we do not propose any further changes at this stage we will also keep this under review.</p> |

Section 1: Board Leadership & Company Purpose

| |
|--|
| <p>Principles:</p> |
| <p>A. A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.</p> <p>B. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.</p> <p>C. The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.</p> <p>D. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.</p> <p>E. The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.</p> |

Overview of the Board

The Board comprises the Chairman, executive directors and non-executive directors and has overall responsibility for the performance and long-term sustainable success of the Group. Operating in an effective and entrepreneurial spirit, the Board is responsible for health and safety, leadership, agreeing the strategic direction of the Group, promoting high standards of internal control, risk management and corporate governance, setting the budget, overseeing performance and discharging certain legal responsibilities. The Board also plays a key role in developing and monitoring our culture, our values, our brand and our reputation.

The Board has spent time in the business both collectively and as individuals, exploring specific business areas through presentations, meetings and dialogue with colleagues and our stakeholders. Throughout the year, the Board, supported by its Committees, has covered a broad range of topics to ensure that we continually review and challenge matters of importance to our stakeholders.

Further details on the Group's mission, vision, values, targets and culture, together with information on our strategy and business model, are set out within the Strategic Report on pages 12 to 13.

Specific Responsibilities of the Board

The Board, in addition to routine consideration of both financial and operational matters, determines the strategic direction of the Group. The Board has a formal schedule of matters specifically reserved for its decision which can only be amended by the Board itself.

The specific responsibilities reserved for the Board include:

- development and approval of the Group's long-term objectives, overall strategy, mission, vision, values and targets;
- Health and Safety matters;
- approval of the annual budget;
- monitoring of operational and financial performance against plans and budgets;
- approval of major acquisitions, disposals and capital expenditure;
- approval of any changes to the capital structure of the Group;
- design and approval of dividend policy;
- approval of appointments to the Board and of the Company Secretary;
- consideration of succession planning for key members of the management team; and
- determining the terms of reference for the Board committees.

Roles in the Boardroom

| Non-Executive Chairman | Senior Independent Non-Executive Director |
|---|---|
| <p>Bill Shannon</p> <p>Leads the Board and ensures its overall effectiveness in discharging its duties</p> <ul style="list-style-type: none"> • shapes the culture in the boardroom and promotes openness, challenge and debate • sets the agenda for Board meetings, focusing on strategy, performance, value creation, risk management, culture, stakeholders and accountability • chairs meetings ensuring there is timely information flow before meetings and adequate time for discussion and debate • fosters relationships based on trust, mutual respect and open communication inside and outside the boardroom • leads relations with major shareholders in order to understand their views on governance and performance against strategy | <p>Chris Girling</p> <p>Provides a sounding board for the Chairman and serves as an intermediary for other directors and shareholders</p> <ul style="list-style-type: none"> • provides the Chairman with support in the delivery of objectives, where necessary • works closely with the Nomination Committee, leads the process for the evaluation of the Chairman and ensures orderly succession of the Chairman's role • acts as an alternative contact for shareholders, providing a means of raising concerns other than with the Chairman or senior management |
| Independent Non-Executive Directors | Executive Directors |
| <p>Chris Girling Nick Gregg Jock Lennox</p> <p>Ensure that no individual or small group of individuals can dominate the Board's decision making</p> <ul style="list-style-type: none"> • independent non-executive directors meeting the independence criteria set out in the Code, currently comprise 50% of Board membership • provide constructive challenge, give strategic guidance, offer specialist advice and hold executive management to account | <p>Peter Egan (CEO) Yvonne Monaghan (CFO)</p> <p>Lead the implementation of the Group's strategy set by the Board</p> <ul style="list-style-type: none"> • the Group CEO is responsible for delivering the strategy and the overall management of the Group • the Group CEO leads the Group Management Board and ensures its effectiveness in managing the overall operations and resources of the Group • the executive directors provide information and presentations to the Board and participate in Board discussions regarding Group management, financial and operational matters |
| Designated Non-Executive Director for Workforce Engagement | Company Secretary |
| <p>Nick Gregg</p> <p>Provides an effective engagement mechanism for the Board to understand the views of the workforce</p> <ul style="list-style-type: none"> • brings the views and experiences of the workforce into the boardroom • enables the Board to consider the views of the workforce in its discussions and decision making | <p>Tim Morris</p> <p>Supports the Chairman and ensures directors have access to the information they need to perform their roles</p> <ul style="list-style-type: none"> • provides a channel for Board and committee communications and provides a link between the Board and management • advises the Board on corporate governance matters and supports the Board in applying the Code and complying with other statutory and regulatory requirements |

Corporate Governance Report

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Key Board Activities in the Year

Key activities of the Board during 2020 included, inter alia:

- ongoing monitoring of the Group's Health and Safety performance;
- regular review, and formal approval in February and August, of the Group's risk assessment processes and principal risks and uncertainties;
- the review and approval of the purchase of customer contracts in February;
- the review and approval of the half year and full year financial statements;
- the review and approval of major capital and investment projects;
- considered and approved the increase in committed bank facilities to £175 million and the temporary alternative financing arranged through the Bank of England's Covid Corporate Financing Facility (CCFF), both in May;
- approved the decision to raise approximately £82.7 million through a placing which took place in June 2020;
- consideration and approval of the closure of the Johnsons Workwear site at Newmarket;
- consideration and approval for the utilisation of government support through the Coronavirus Job Retention Scheme; and
- consideration and approval of the reorganisation programme undertaken during the year to right size the headcount of the business in response to COVID-19.

Insight into the Boardroom

In addition to fully discharging its annual duties, the activities of the Board have adapted to meet the challenges faced by the Company and its stakeholders in respect of the COVID-19 pandemic. The number of Board meetings was increased, allowing the directors to focus on specific aspects of the challenges facing the Company. Directors devoted additional time to Company business outside the usual schedule of Board meetings. This focused approach supported the depth of deliberation and considered decision making required to promote the success of the Company, for the benefit of its stakeholders as a whole, during the unprecedented events of the past year. Meeting agendas and information flow were adapted accordingly. The use of technology enabled Directors to continue to meet 'face to face' despite the geographical distance between them.

The following is a summary of the significant matters considered by the Board at its scheduled meetings throughout the year:

| | | |
|--|--|---|
| January <ul style="list-style-type: none"> • Minutes/matters arising • Health & safety • CEO's trading and operational review • M&A and strategy update • Financial performance • Investor analysis • Board effectiveness evaluation • Approval of Modern Slavery Statement | May <ul style="list-style-type: none"> • Minutes/matters arising • Health & safety • CEO's trading and operational review • M&A and strategy update • Financial performance • Approval of revised 3-Year plan • Liquidity and funding • Equity raise via placing • Investor analysis | August <ul style="list-style-type: none"> • Minutes/matters arising • Health & safety • CEO's trading and operational review • M&A and strategy update • Financial performance • Investor analysis • Biannual major risk assessment • Draft interim results announcement • Going concern assessment |
| February <ul style="list-style-type: none"> • Minutes/matters arising • Health & safety • CEO's trading and operational review • Employee engagement • M&A and strategy update • Financial performance • Investor analysis • Biannual major risk assessment • Draft final results announcement • Draft Annual Report and Accounts • Going concern and viability assessment | July <ul style="list-style-type: none"> • Minutes/matters arising • Health & safety • CEO's trading and operational review • M&A and strategy update • Financial performance • Audit tender process • Investor analysis • Directors' responsibilities and AIM rules update | October <ul style="list-style-type: none"> • Strategy meeting • Reorganisation and right sizing • Audit tender process |
| | | November <ul style="list-style-type: none"> • Minutes/matters arising • Health & safety • CEO's trading and operational review • M&A and strategy update • Financial performance • Investor analysis • Approval of Tax Strategy • Review and approval of Committee Terms of Reference |

Consideration of Stakeholder Interests

COVID-19 caused severe business disruption during the year and significantly impacted all of the Company's stakeholders. In consideration of the business' response, the Board was required to carefully consider the future needs of the Company and the interests of all of its stakeholders. In doing so, the Board aimed to ensure that actions taken to protect the business were proportionate, balanced and treated all of the members of the Company fairly, whilst safeguarding long term stakeholder value.

The examples below give an insight into how the Board had regard for the interests of its stakeholders in certain of its principal decision-making processes during the year:

Principal Decision: **Shareholder Placing**
Stakeholders: Employees, Suppliers, Customers, Community, Shareholders

As part of risk mitigation measures in response to COVID-19, the Board approved the decision to raise approximately £82.7 million through a placing which took place in June 2020. In formulating its decision, the Directors took into account the likely quantum of potential investment, the short and long term requirements of the business which could impact on employees and suppliers, and the protection of the interests of stakeholders as a whole. The merits of the placing were considered, including that it would reduce leverage, enhance liquidity and strengthen the Company's position, ensuring that the Group remains resilient in the event of further negative developments in COVID-19. In determining whether the placing offer should be made on a non-pre-emptive basis, having taken external financial, stockbroking and legal advice, the Board considered a number of factors including cost and timing.

It was concluded that the placing structure was best suited to achieve these aims at an important and unprecedented time for the Group and, accordingly, the placing was approved by the Board.

Principal Decision: **Dividend**
Stakeholders: Shareholders

On 20 March 2020, the Board issued a market update regarding the impact of COVID-19 on the business and that, given the need for prudent cash management, it would, at the forthcoming Annual General Meeting on 5 May 2020, withdraw Resolution 3 in the Notice of Annual General Meeting relating to the final dividend payment in respect of 2019 of 2.35 pence per Ordinary share. In a further update to the market on 5 May 2020, the Board also confirmed that it did not anticipate paying a dividend in respect of the 2020 financial year.

In reaching these decisions, the Board considered the importance of a dividend to the Company's shareholders, the need to preserve the Company's liquidity and the exceptional circumstances that COVID-19 represented. The Board was also mindful of the increased focus from stakeholders as to not declaring a distribution whilst utilising government support. The Board will keep future dividends under review and will look to reinstate its dividend policy as trading returns to more normalised levels.

Principal Decision: **Board and Group Management Board Salary Reduction**
Stakeholders: Employees, Shareholders

During the year, a range of actions to mitigate risks was implemented. As a result of the COVID-19 pandemic, a significant proportion of our workforce was affected by a range of cost mitigation measures which included reduced salary, reduced working hours, furloughing arrangements and, in some cases, redundancy. Mindful of the wider employee context and in support of the Group's culture, which is rooted in fair and equitable treatment for all stakeholders, the Board and the Group Management Board all agreed to take temporary reductions of 20% in their fees and base salaries. The reductions were with effect from 1 April 2020 and ran, in the case of the Group Management Board, for four months and in the case of the Board for seven months, the end of the latter period being coterminous to the end date of the Government's first phase of the Coronavirus Job Retention Scheme. In addition, the majority of other employees in support and administration roles who had not been furloughed also agreed to a salary reduction of 10% for a period of three months.

Principal Decision: **Cash Conservation Measures and Supplier Payments**
Stakeholders: Suppliers, Community

The Group responded quickly to the impact of COVID-19, controlling its cost base and implementing measures to preserve cash wherever possible. Notwithstanding that, the Board fully supports the standards set out within the Prompt Payment Code in respect of all suppliers and, in particular, that agreed payment terms are adhered to. We value all of our suppliers and have multi-year contracts with many of them. They are a vital part of our value chain and, because of our size, we are often a vital part of theirs.

The Board was, therefore, keen to ensure that the Group continued to pay its suppliers within agreed payment terms. The Group has varying payment terms with its suppliers, however, such terms typically range from 60 days from date of invoice through to 60 days from end of the month in which the invoice was raised. As described further within the Directors' Report, the average time taken to pay invoices in each of the six-month periods ending 30 June 2020 and 31 December 2020 was 56 days and 50 days respectively, such figures being at least in line with the comparative periods for 2019.

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Board Committees

The Committees of the Board are:

- the Audit Committee;
- the Nomination Committee; and
- the Remuneration Committee.

Each Committee has written terms of reference, which are available on the Company's website. Separate reports for each of these Committees are included in this Annual Report.

Group Management Board

The Group Management Board meets under the chairmanship of the Chief Executive Officer. Topics covered by the Group Management Board include:

- health and safety;
- an update by the Chief Executive Officer on the business and business environment;
- divisional Managing Director updates;
- Group function heads' updates;
- substantial business developments and projects;
- employee welfare and engagement matters;
- talent and succession planning;
- competitor analysis; and
- strategy.

Since March 2020, in response to the COVID-19 pandemic, the Group Management Board has met regularly to discuss and monitor the latest developments, assess risks, develop internal guidance and implement preventative policies in line with government regulations and recommendations. Their work included:

- at all times, considering the welfare of our employees in order to assist them with the disruption caused as a result of the pandemic and to ensure that they remained engaged and were able to continue to work safely and productively;
- the implementation of personal protection measures at all of our sites, intensified hygiene and social distancing protocols and, where possible, remote working for employees;
- raising employee awareness of the cyber security risks and implementing additional security measures related to remote working;
- controlling costs and slowing down capital expenditure to protect cash flow; and
- monitoring the impact on business operations, such as the Group's supply chain, credit risk events and business interruptions and implementing prompt interventions when necessary.

Annually, the Group Management Board conducts a strategic review to identify key issues, plans and objectives to be presented to the Board. The agreed strategy is then used as a basis for developing the upcoming financial budget and operating plans.

Investor Relations

We are committed to communicating our strategy and activities clearly to our Shareholders and, to that end, we maintain an active dialogue with investors through a planned programme of investor relations activities. The investor relations programme includes:

- formal presentations of full year and half-year results;
- briefing meetings with major institutional Shareholders after the half-year results, preliminary statement and at the time of any other significant market update, to ensure that the investor community receives a balanced and complete view of our performance and the issues we face;
- regular meetings between institutional investors and analysts and the Chief Executive Officer, the Chief Financial Officer and the Company Secretary to discuss business performance;
- hosting investor and analyst sessions at which senior management from relevant businesses deliver presentations which provide an overview of each of the individual businesses and operations; and
- attendance by senior executives across the business at relevant meetings throughout the year.

Feedback is provided to the Board on any issues raised at these meetings. External brokers' reports are circulated to the Directors. The Shareholders' views of the investor meetings following the interim and final results are obtained by the Group's broker and circulated to the Board.

The Board is of the opinion that additional routine meetings with either the Chairman or the Senior Independent Director would not assist further in the dialogue with Shareholders, however, both the Chairman and the Senior Independent Director are available to meet with Shareholders, at their request.

Ordinarily, the Board welcomes private and Institutional Shareholders to the Annual General Meeting, which is normally attended by all Directors, to discuss appropriate topics during the meeting or with the Directors after the formal proceedings have ended. At the time of writing, Government measures are in force restricting physical public gatherings and unnecessary travel, due to COVID-19. In view of

these measures and our responsibility to protect the health and safety of our Shareholders and employees, we are currently planning that our 2021 AGM will be held as a closed meeting. Shareholders will, however, be able to follow the proceedings of the AGM and ask questions via a live electronic listen-only webcast facility. Further details on how to access the webcast are included in the Notice of Annual General Meeting accompanying this Annual Report.

The Board considers that the Preliminary Announcement, the Annual Report, including the Chief Executive's Operating Review and the Financial Review which are contained therein, the Interim Report and trading update statements made during the year present a balanced and clear assessment of the Group's position and prospects.

Culture, Workforce Policies, Whistleblowing & Workforce Engagement

Our Culture & Workforce Policies

Our corporate culture defines who we are, what we stand for and how we do business. Our strong reputation has been built on the solid foundation of an ethical culture, underpinned by a well-defined and effective system of governance. The Board defines the purpose of the Group, identifies the values that guide it and remains committed to upholding the highest ethical standards, operating on the principle that the tone at the top sets the standard for the rest of the business.

Our employees are central to our business. We strive to create an inspiring working environment where everyone is engaged and motivated and we want our employees to use their skills, combined with our support, to deliver a great service to our customers. Our people strategy is summed up by our ambition to be a brilliant place to work - that means making Johnson Service Group PLC a place where our people feel engaged and inspired to be at their best.

The employment policies of the Group embody the principles of equal opportunity and are tailored to meet the needs of its different businesses and the locations in which they operate. The Group has a written code on business ethics (the 'Code of Ethics'), which is reviewed regularly by the Board and sets out guidelines for all employees to enable the Group to meet the highest standards of conduct in business dealings, including those with overseas suppliers.

Further details of our culture and employment policies are set out within our Environmental and Social Responsibility Statement.

Whistleblowing

The 2018 Code also provides for companies to create an environment in which the workforce feels it is safe to raise concerns; the Board wholly agrees that creating such an environment is a core part of an ethical and supportive business culture. Appropriate whistleblowing and anti-bribery and corruption policies are therefore in place and employees are encouraged to raise concerns about any wrongdoing or malpractice without fear of victimisation, discrimination, disadvantage or dismissal.

Further details are set out within our Audit Committee Report.

Workforce Engagement

Nick Gregg is the Non-Executive Director responsible for Workforce Engagement. Whilst the Board is aware of the three methods of engagement specified in the 2018 Code, it is conscious that the methods specified are not the only ways of engaging with the workforce and that engagement through a range of both formal and informal channels may be more appropriate. The Board is keen to hear and discuss the ideas and concerns of the workforce and, throughout 2021 and alongside the employee focus groups referred to above, will consider which channels are the most appropriate. Such additional or alternative channels may include, but not be limited to:

- meeting groups of elected workforce representatives;
- meeting future leaders without senior management present;
- visiting regional sites;
- inviting colleagues from different business functions to board meetings; and
- surveys.

Further details of how the Group engages with the workforce are set out within our Environmental and Social Responsibility Statement.

Section 2: Division of Responsibilities

Principles:

- The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgment throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.
- The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.
- Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.
- The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

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Composition of the Board

The Board currently consists of the Non-Executive Chairman (the 'Chairman'), two Independent Non-Executive Directors and two Executive Directors. Biographies of the Directors of the Company are shown on page 48. With the exception of Jock Lennox who was appointed on 5 January 2021, they all held office throughout the year, and up to the date of approving this Report.

The three Independent Non-Executive Directors are considered to be independent in character and judgment and are a strong element within the Board, with their views carrying significant weight in the decision-making process.

| | | Date first appointed to the Board | Date first elected to the Board | Tenure since appointment (as at 31 December 2020) |
|--------------------------------|---|-----------------------------------|---------------------------------|---|
| Non-Executive Directors | | | | |
| Bill Shannon* | Non-Executive Chairman | 8 May 2009 | 5 May 2010 | 11 years 8 months |
| Chris Girling | Senior Independent Non-Executive Director | 29 August 2018 | 8 May 2019 | 2 years 4 months |
| Nick Gregg | Independent Non-Executive Director | 1 January 2016 | 5 May 2016 | 5 years |
| Jock Lennox | Independent Non-Executive Director and Chairman Designate | 5 January 2021 | N/A | N/A |
| Executive Directors | | | | |
| Peter Egan | Chief Executive Officer | 1 April 2018 | 3 May 2018 | 2 years 9 months |
| Yvonne Monaghan | Chief Financial Officer | 31 August 2007 | 17 June 2008 | 13 years 4 months |

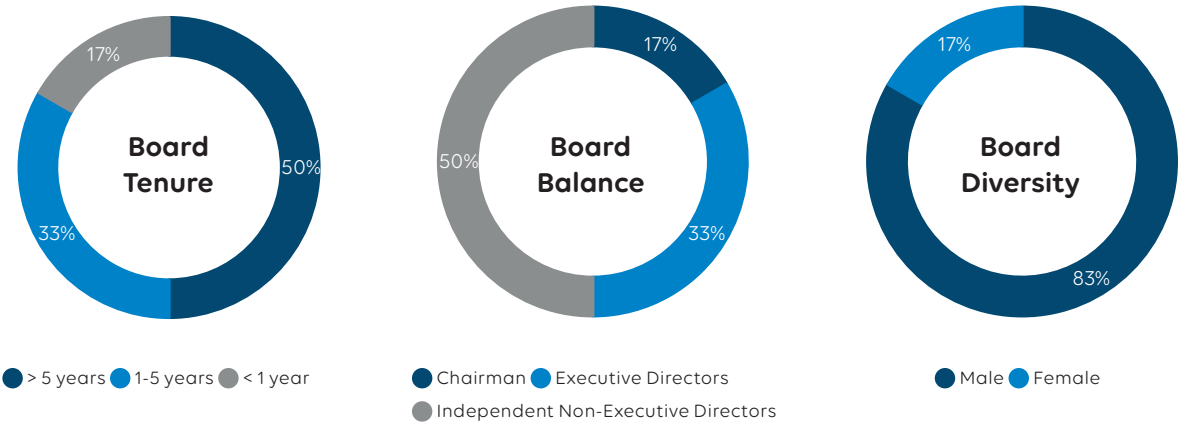
* Under the Financial Reporting Council's 2016 UK Corporate Governance Code (the '2016 Code'), which was in operation at the time, Bill Shannon was considered independent on appointment to Chairman, however, under the latest version of the code (the '2018 Code') he would not be considered independent as at the date of his appointment to Chairman (see below for further details).

Provision A.3.1 of the 2016 Code states that a chairman should, on appointment, meet the independence criteria set out in Provision B.1.1, that is to say, inter alia, that they have not served on the board for more than nine years from the date of their first election. Bill Shannon was appointed as Chairman on 3 August 2018 at which time he had served on the Board for almost eight years and three months since being elected, hence meeting the independence test. Under the 2018 Code, however, the wording of Provision 10 (which effectively supersedes Provision B.1.1 of the 2016 Code) has been amended such that in order to be independent, an individual must have not served on the board for more than nine years from the date of their first appointment. In the case of Bill, he was first appointed to the Board some nine years and three months earlier than being appointed as Chairman.

Notwithstanding the above, the Board did consider Bill's independence in light of him being first appointed to the Board over nine years ago. Given Peter Egan's then recent appointment to the Board as Chief Operating Officer, the then upcoming change in Chief Executive Officer on 1 January 2019 and the fact that a new Non-Executive Director was to be appointed in August 2018, the Board considered it in the best interests of the Company and its stakeholders that Bill be appointed as Chairman in order to retain his extensive knowledge and experience of the Group at the same time as overseeing an orderly succession of other Board members.

We reported in our 2019 Annual Report that, following the successful transition of Peter Egan into the role of Chief Executive Officer, Bill had indicated his intention to step down from the Board later in 2020 and that, as a result, a process had commenced to identify his replacement. The challenges faced by the Company in respect of the COVID-19 pandemic delayed that process, however, on 5 January 2021 we announced the appointment of Jock Lennox to the Board as an Independent Non-Executive Director and Chairman Designate. The intention is that Jock will step up to the role of Chairman following Bill's retirement at the conclusion of the 2021 AGM in May.

Tenure, Balance & Diversity



The above figures are as at 18 March 2021, this being the latest practicable date prior to publication of this report. Following Bill Shannon's forthcoming retirement on 5 May 2021, the figures will change as follows:

| Board Tenure | | Board Balance | | Board Diversity | |
|--------------|-----|-------------------------------------|-----|-----------------|-----|
| > 5 years | 40% | Chairman | 20% | Male | 80% |
| 1-5 years | 40% | Executive Directors | 40% | Female | 20% |
| < 1 year | 20% | Independent Non-Executive Directors | 40% | | |

As referenced within Provision 23 of the Code, the Group Management Board, whose membership comprises the Executive Directors, divisional Managing Directors and certain Group function heads, is comprised of five males and two females, a proportionate ratio of 71% to 29%.

Division of Responsibility of Chairman and Chief Executive Officer

The 2018 Code requires that there is a clear division of responsibility between the Chairman and the Chief Executive Officer, each of which has clearly defined roles. The Chairman should be responsible for the effective running of the Board whilst the Chief Executive Officer is responsible for operating the business and implementing the Board's strategies and policies.

The role of the Chairman is set out in writing and agreed by the Board. The Chairman is responsible for:

- the effective leadership, operation and governance of the Board;
- ensuring the effectiveness of the Board;
- setting the agenda, style and tone of Board discussions; and
- ensuring the directors receive accurate, timely and clear information.

The role of the Chief Executive Officer is set out in writing and agreed by the Board. The Chief Executive Officer is responsible for:

- management of the Group's business;
- implementation of the Group's strategy and policies;
- maintaining a close working relationship with the Chairman; and
- chairing the Group Management Board meetings.

Board Meetings and Attendance

There were seven scheduled Board meetings during 2020 and, additionally, a further nine unscheduled meetings in relation to, inter alia, the impact on the Company of the COVID-19 pandemic.

On the rare occasions that a Director is unavoidably unable to attend a meeting, they would generally hold a briefing with the Chairman prior to the meeting so that their comments and input can be taken into account at the meeting. The Chairman would provide an update to them after the meeting.

Individual attendance at the meetings, including Audit Committee, Nomination Committee and Remuneration Committee attendance, is set out in the table below. Where n/a appears in the table, the individual is not a Committee member.

| | Board (Scheduled) | Board (Unscheduled) | Audit Committee | Nomination Committee | Remuneration Committee (Scheduled) | Remuneration Committee (Unscheduled) |
|-----------------------------------|-------------------|---------------------|-----------------|----------------------|------------------------------------|--------------------------------------|
| Maximum Number of Meetings | 7 | 9 | 3 | 3 | 3 | 3 |
| Bill Shannon | 7 | 8 | n/a | 3 | n/a | n/a |
| Chris Girling | 7 | 8 | 3 | 3 | 3 | 3 |
| Nick Gregg | 7 | 7 | 3 | 3 | 3 | 3 |
| Peter Egan | 7 | 9 | n/a | n/a | n/a | n/a |
| Yvonne Monaghan | 7 | 9 | n/a | n/a | n/a | n/a |

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In addition to the meetings set out above, the Chairman and the Independent Non-Executive Directors (excluding Jock Lennox who was appointed to the Board following the end of the year) have met during the year without the Executive Directors. Chris Girling and Nick Gregg, in their capacity as Members of the Nomination Committee and along with the Executive Directors, also met informally throughout the year whilst dealing with the appointment of Bill Shannon's successor.

External Executive Search Consultants

Appointments to the Board involve a rigorous selection process, led by the Nomination Committee, and external independent executive search consultants are usually engaged. Further information is set out within the Nomination Committee Report.

Induction, Training and Knowledge

Appropriate training is available to Directors upon appointment and as required on an ongoing basis. Furthermore, on appointment, Directors participate in a customised induction programme to familiarise them with the Group.

The Directors have access to the advice and services of the Company Secretary and it is acknowledged that individual Directors may wish to seek independent professional advice in connection with their responsibilities and duties. The Company will meet reasonable expenses incurred in this regard.

Supply of Information

To assist the Board in performing its responsibilities, information, agreed format, for each scheduled Board meeting.

Service Agreements

The service agreements of the Executive Directors and copies of the letters of appointment of the Chairman and the Independent Non-Executive Directors are available for inspection during business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the registered office of the Company and will be available for inspection for fifteen minutes prior to, and during, the Annual General Meeting.

External Appointments

The Board supports Executive Directors having a non-executive directorship as part of their continuing development provided they have sufficient time to balance their commitments to the Group with any external role. Such positions must receive prior Board approval. In accordance with the 2018 Code, full-time executive directors would not ordinarily take on more than one non-executive directorship in a FTSE 100 company.

The role of an Independent Non-Executive Director requires a time commitment in the order of 15 days per year plus additional time as necessary to properly discharge their duties. There is no restriction on outside appointments provided that they do not prevent the Directors from discharging their responsibilities effectively. Prior to appointment, each prospective Non-Executive Director must confirm that they will have sufficient time available to be able to discharge their responsibilities effectively and that they have no conflicts of interest.

The Board remains confident that individual members continue to devote sufficient time to undertake their responsibilities effectively. The commitments of each Executive Director are set out on page 48.

Section 3: Composition, Succession & Evaluation

Principles:

- J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.
- K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.
- L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

Nomination Committee

The role of the Nomination Committee is to, inter alia, monitor the performance, appropriateness and future succession of the Company's executive and Board talent in order to ensure that the Board comprises individuals with the right blend of skills, knowledge and experience to maintain a high degree of effectiveness in discharging its responsibilities. Appointments to the Board are recommended, as appropriate, by the Nomination Committee. Board appointments are subject to approval by the Board as a whole. Further details are outlined in the Nomination Committee Report, on pages 77 to 78.

Performance Evaluation

The Independent Non-Executive Directors conduct a performance evaluation of the Chairman, after taking into account the views of the Executive Directors. The Chairman also conducts an appraisal of each member of the Board, Board composition and the format and effectiveness of the Board meetings. In addition, the Remuneration Committee regularly reviews the performance of each Executive Director.

The Board conducted an internal Board evaluation during the year which covered, inter alia:

- performance of the Board (including consideration of how the Board works together as a unit);
- processes which underpin the Board's effectiveness (including consideration of the balance of skills, experience, independence and knowledge of the persons on the Board);
- performance of the Audit, Nomination and Remuneration Committees; and
- individual performance (giving consideration to whether each Director continues to contribute effectively and show commitment).

The Chairman holds individual discussions with each Director. The results of those discussions (including progress against the previous year's recommended actions) are summarised by the Chairman and considered in detail by the Board. This year's review found that performance of the Board and its Committees continued to be effective in dealing with both day-to-day and ongoing strategic issues and that the Board and Committee structure ensured that the governance requirements of the business were met.

As a result of these reviews, it is considered that the performance of each Director continues to be effective and that each Director demonstrates sufficient commitment to their role.

Re-election of Directors

Each year, all Directors will retire and offer themselves for re-election, if they wish to continue serving and are considered by the Board to be eligible. Accordingly, each current member of the Board, with the exception of Bill Shannon who is due to retire from the Board at the conclusion of this year's Annual General Meeting of the Company, will be proposed for re-election at this year's Annual General Meeting of the Company.

Biographical details of all the Directors are set out on page 48 and are also available for viewing on the Company's website (www.jsq.com).

Section 4: Audit, Risk & Internal Control

Principles:

- M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.
- N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.
- O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

Audit Committee

The Board has established an Audit Committee, comprising the independent Non-Executive Directors, which is responsible for:

- ensuring that formal and transparent policies and procedures are in place to protect the interests of Shareholders in relation to financial reporting, internal control and risk management;
- monitoring the financial reporting process and the integrity of the annual and interim financial statements;
- determining whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and whether they provide the information necessary for Shareholders to assess the Group's position and performance, business model and strategy;
- considering, and ultimately approving for publication, any formal announcements relating to the Company's financial performance;
- reviewing and challenging, as necessary, the judgments and actions of management in relation to the financial statements;
- monitoring, reviewing and concluding upon the system of internal control;
- ensuring the maintenance of a control environment and the appropriate management of risk;
- recommendation of appointment of, and liaison with, the external auditor;
- reviewing and setting the terms of engagement and the remuneration of the external auditor;
- annual review and monitoring of the external auditor's independence and objectivity and the effectiveness of the audit process;
- development and implementation of policy on the engagement of the external auditor to supply non-audit services;
- reviewing the Group's systems and controls for the prevention and detection of fraud or bribery; and
- reviewing arrangements under which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters ensuring that arrangements are in place for the proportionate and independent investigation and appropriate follow-up action.

The Audit Committee reports to the Board on how it has discharged its responsibilities. Further details are outlined in the Audit Committee Report, on pages 67 to 76.

Corporate Governance Report

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Robust Risk Assessment

Throughout the year, and as described further within the Audit Committee Report, the Board has carried out a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future position, performance, solvency or liquidity. Details of the principal risks and uncertainties facing the Group, together with how the risks and uncertainties are being managed or mitigated, are set out on pages 38 to 45.

Internal Control

The Board, with advice from the Audit Committee, is satisfied that an effective system of internal controls and risk management processes are in place which enable the Company to identify, evaluate and manage key risks. These processes have been in place since the start of the financial year and up to the date of approval of the financial statements. Further details of risk management frameworks and how the Audit Committee has reviewed the effectiveness of the system of internal control are described further within the Audit Committee Report.

Going Concern

The Board considered the going concern review performed by management, in particular, the appropriateness of key judgments, assumptions and estimates underlying the financial forecasts that underpin the review, together with a review of the level of forecast available headroom against the Group's committed borrowing facilities and compliance with key financial covenants.

After considering the current financial scenarios, the severe but plausible sensitivities and the facilities available to the Group and Company, the Directors have a reasonable expectation that the Group and Company have adequate resources for their operational needs, will remain in compliance with the financial covenants set out in the bank facility agreement and will continue in operation for at least the next 12 months from the date of approving both the Group and Company financial statements. As a consequence, and having reassessed the principal risks and uncertainties, the Directors considered it appropriate to adopt the going concern basis in preparing the Group and Company financial statements.

Further details of the going concern assessment are provided on pages 52 to 53.

Future Prospects

The Board has assessed the future prospects of the Group in accordance with Provision 31 of the 2018 Code. Based on the results of this analysis, and having considered the nature and extent of the Company's principal risks and uncertainties, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the 36 month period of its assessment. Details of the assessment performed by the Board, including an assessment of those risks most likely to impact the Group's future prospects are set out on pages 14 to 15.

Section 5: Remuneration

Principles:

- P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values and be clearly linked to the successful delivery of the company's long-term strategy.
- Q. A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.
- R. Directors should exercise independent judgment and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

Remuneration Committee

The Remuneration Committee is responsible for overseeing the policy regarding executive remuneration. The Remuneration Committee reports to the Board on how it has discharged its responsibilities. Further details are outlined in the Directors' Remuneration Report, on pages 79 to 103.

Corporate Governance Report Approval

The Corporate Governance Report incorporates the Audit Committee Report, Nomination Committee Report and Directors' Remuneration Report, as well as the Environmental and Social Responsibility Statement.

The Corporate Governance Report was approved by the Board on 19 March 2021.

By order of the Board.



Tim Morris
Company Secretary

19 March 2021