Directors' Remuneration Report

Letter from Nick Gregg, Chairman of the Remuneration Committee

DEAR SHAREHOLDER.

On behalf of the Board, I am pleased to present our 2020 Directors' Remuneration Report. The report has been written in the midst of the unprecedented market conditions as a result of the COVID-19 pandemic which has posed a number of challenges for determining executive remuneration.

As an AIM listed company, we are not required to fully apply the remuneration-related disclosures that Premium Listed companies incorporated in the UK are subject to i.e. the BEIS Directors' Remuneration Reporting Regulations (the 'Remuneration Regulations'). 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 at the forthcoming Annual General Meeting. We consider that our current approach to remuneration is working well and has the support of Shareholders, as reflected by the voting results at the 2020 AGM where we received, following constructive dialogue with a number of Shareholders and their representative bodies, 97.96% of votes in favour of the Directors' Remuneration Report. No changes are proposed to the remuneration policy for 2021.

Remuneration in 2020 and Our Response to COVID-19

We operated our remuneration policy during 2020 in line with the approach set out in the 2019 Directors' Remuneration Report. As disclosed last year, Peter Egan's basic salary increased to £420,000 with effect from 1 January 2020, in recognition of his salary for the previous year having been deliberately set both at a level lower than the market rate and that of his predecessor in order to reflect that this was Peter's first CEO appointment. The salary of Yvonne Monaghan, the CFO, increased by 2.5% to £315,187 with effect from the same date.

Our focus during the year has been on the health, safety and wellbeing of our employees as well as the prudent management of the business. We issued a number of trading updates throughout 2020 which, inter alia, provided details of our increased financing arrangements with our banking syndicate, the placing in June which raised net proceeds of £82.7 million, the cash conservation measures put in place and the actions taken to control our costs. The combined effect of these actions means that we are well positioned to continue to invest in the business to support our long-term growth prospects.

During the course of 2020, and as a result of subdued demand in our hospitality business, a number of our HORECA sites were, and in some cases still are, mothballed. Through the utilisation of government support (the Coronavirus Job Retention Scheme) we have tried to protect as many viable jobs as possible, however, the significant reduction in volumes that we have experienced coupled with the protracted recovery in our end markets has meant that we have had to evaluate our staffing needs and take the necessary steps to right size our headcount to ensure that we avoid carrying excess costs. As part of this process, the Group sought to offer voluntary redundancy where possible, in order to reduce the level of any compulsory redundancies.

In recognition of the prevailing challenges and to acknowledge the impact of the pandemic on all our stakeholders, including our Shareholders, our people, our customers and the communities in which we operate, the Chairman, the Executive Directors and the Non-Executive Directors each took a voluntary reduction of 20% to their salary / fee for a period of seven months during 2020. Similarly, the Group Management Board took a voluntary reduction of 20% to their salary for a period of four months and a significant number of our employees in administrative and support roles who had not been furloughed also took a voluntary salary reduction of 10% for a period of three months. These voluntary reductions taken by so many of our employees during such difficult times is testament to the culture within our business, which defines who we are, what we stand for and how we do business and it is integral to the success of the Group. I would like to thank all of our people for their hard work and dedication during this difficult period.

The annual bonus scheme for 2020 was again based on an Adjusted Profit Before Taxation performance measure. As explained in further detail on page 92 of this report, the financial performance target was not met and, consequently, there will be no payment under the bonus plan for the Executive Directors for 2020.

Similarly, with regards to the LTIP, the Remuneration Committee assessed the extent to which the targets had been met for the award made in 2018, with performance measured over the three-year period to 31 December 2020. Taking into account both the Group's Total Shareholder Return (TSR) performance relative to the FTSE AIM All-Share Industrial Goods and Services net return index and Adjusted Earnings Per Share (EPS) performance relative to RPI, the Committee determined that the performance targets had not been met, that no discretion would be applied to the outcome and that, therefore, the LTIP award would lapse in full.

Remuneration Policy

During the year, the Committee reviewed the remuneration policy and its implementation, taking account of the 2018 UK Corporate Governance Code (the '2018 Code'), the Remuneration Regulations and general market developments. It 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 Committee believes that the Group's approach to executive remuneration is consistent with the principles of the 2018 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 2020.

The remuneration policy is structured in line with the factors set out in Provision 40 of the 2018 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

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– as demonstrated during 2020. 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. Taking into account practice at other companies, and the competitive market for senior talent, we believe that pay for the Executive Directors, both in terms of quantum and structure, is appropriate.

We are, however, aware of the following two areas where we do not fully comply with the 2018 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 interests between executives and Shareholders through, for example, the LTIP (which, as disclosed within the 2019 Directors' Remuneration Report now stipulates that, for awards granted in or after 2019, the further two-year holding period over and above the three-year performance period will continue to apply in the event of cessation of employment) and the existing personal shareholding requirement of 200% of basic salary (which applies during employment). At the present time we have decided not to go further than this but we will keep these matters under regular review as market practice in this area develops.

2. 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 as disclosed last year we have moved the pension contribution rate for the CEO closer towards the rate payable to the wider workforce. The Directors' pension provision reflects historical entitlements and while we do not currently propose to make additional changes, we will also keep this under active review.

Looking Ahead

2021 will inevitably be another busy year for the Committee and will require a series of carefully balanced decisions.

Given current business and economic volatility and the resultant difficulty in forecasting financial performance, the Committee has yet to finalise the 2021 remuneration package for Executive Directors in respect of base salary, bonus and LTIP, as further explained on page 81 of this report. The Committee's current intention is to delay any decision on base salary and bonus until later in the year, enabling us to have better insight into COVID-19 related developments and the potential for market recovery as vaccines are deployed. For the LTIP, and in line with guidance from the Investment Association, it is our intention to grant the 2021 LTIP as normal following release of the 2020 annual results in March 2021 but to defer the target setting, for no more than six months from the date of grant, at which point the Committee will give full consideration to the performance of the Group. This will enable us to set targets in light of the then prevailing circumstances, ensuring they are calibrated appropriately, are suitably challenging and are in-line with business performance.

Any increases to base salary, together with the specific targets relating to the 2021 bonus plan will be retrospectively disclosed in next year's Directors' Remuneration Report. In respect of the LTIP, the performance targets, performance period and grant levels will be announced to the market at the time of any grant and will also be disclosed in next year's Directors' Remuneration Report.

The Committee remains sensitive to the issues affecting executive remuneration and the views expressed by investors, the UK Government and the wider public. Our primary aim is to ensure that executive pay continues to support the delivery of our business strategy, and that outcomes are appropriately aligned with the interests of our stakeholders. Whilst we believe that there should be an appropriate bonus and LTIP opportunity, careful consideration will be given to all relevant factors in determining incentive outcomes including underlying performance and the experience of stakeholders. The Committee will also be particularly thoughtful as to the extent to which the discretion available to it under the policy may need to be applied to any formula driven payments, to ensure that the Executive Directors do not benefit unduly from windfall gains when the market recovers. We will continue to keep a close eye on wider market practice, the expectations of our stakeholders and, of course, what is in the best interests of Johnson Service Group PLC.

As we have done for many years, we will put our Directors' Remuneration Report to Shareholders for approval at the 2021 AGM. I hope you agree that the decisions we have made during the year, together with the prudent and mindful approach we have adopted in respect of 2021 remuneration decisions, are positive and that you will continue to support the resolution relating to remuneration. In the meantime, should you have any questions, I am contactable via the Company Secretary.

Nick Gregg
Chairman, Remuneration Committee

19 March 2021

Directors' Remuneration Report

COVID-19 Impact on Executive Remuneration

The following table summarises the key components of executive remuneration and the decisions made by the Remuneration Committee in response to COVID-19:

Element of Remuneration	Committee Decision	Rationale
2020 temporary salary reductions	Base salaries were reduced by 20% for the period 1 April 2020 to 31 October 2020. The fee payable to the Chairman was also reduced by 20% throughout the same period. Whilst not a matter for the Committee, the fees payable to the Non-Executive Directors were also reduced by 20% over the same period.	The Committee took into consideration the wider stakeholder experience, including employees, Shareholders, customers and the communities in which we operate and considered it appropriate to apply the temporary reduction.
2020 bonus plan outcome	No interventions were made to the formulaic outcome of the bonus plan and, as such, no bonus is payable in respect of 2020.	Similar to the rationale for the temporary salary reductions, the Committee took into consideration the wider stakeholder experience, including employees, Shareholders, customers and the communities in which we operate and considered it appropriate not to adjust the formulaic outcome of the bonus plan.
2018 LTIP vesting	No adjustments to the LTIP were made during the year. The award lapsed in full in line with performance against the targets.	The award lapsed in accordance with the level of achievement against the performance conditions. Again, the Committee took into consideration the wider stakeholder experience, including employees, Shareholders, customers and the communities in which we operate and considered it appropriate not to adjust the formulaic outcome of the LTIP performance conditions.
2021 salary review	The decision on any increase to 2021 base salary will be deferred until such later date this year that any increase to be awarded to the wider employee population is determined.	The Committee will consider the general pay and employment conditions of all employees within the Group prior to assessing the level of any salary increase for the Executive Directors.
2021 bonus plan design	The maximum potential annual bonus for the CEO and CFO is currently expected to remain at 125% and 110%, respectively, of base salary, however, targets will not be set until later in the year. The specific targets relating to the 2021 bonus plan will be retrospectively disclosed in next year's Directors' Remuneration Report.	Given current business and economic volatility and the difficulty in forecasting financial performance, the Committee determined it appropriate to delay setting bonus targets for 2021. The Committee currently anticipates that any bonus targets for 2021 will, as is usually the case, be weighted towards financial performance.
2021 LTIP award	The LTIP will be granted as normal following release of the 2020 annual results in March 2021, however, given the current uncertainties caused by COVID-19, and in line with the guidance from the Investment Association, it is our intention to defer the target setting for the 2021 LTIP for no more than six months from the date of grant, at which point the Committee will give full consideration to the performance of the Group. The targets, once set, will be announced to the market and will also be disclosed in next year's Directors' Remuneration Report.	Given current business and economic volatility and the difficulty in forecasting and setting long-term earnings per share performance targets, the Committee determined it appropriate to delay the setting of targets until later in the year when it would anticipate having better visibility of our long-term financial performance. The Committee is aware that awards should be subject to performance targets which are stretching and challenging whilst aligned with the short and long term performance of the Group and its strategy as well as the interests of Shareholders.

Directors' Remuneration Report
Committee Summary

REMUNERATION COMMITTEE

Membership and Attendance

Throughout 2020, the Remuneration Committee (the 'Committee') comprised of the two Independent Non-Executive Directors and has been chaired by Nick Gregg. The Chairman of the Company was also invited to attend the meetings. 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 Chairman)	Jan 2016	6	6
Chris Girling	Aug 2018	6	6

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 Chairman 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 whom 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 Chairman of the Committee and were appointed by the Committee in June 2019.

The Chairman 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 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 are as follows:

	2020 £000	2019 £000
Korn Ferry (note 1)	**12**	27
Hill Dickinson (note 2)	**–**	2
	12	29

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

Note 2: Hill Dickinson, the Company's corporate lawyers, were engaged during the prior year to provide legal advice on, inter alia, changes to the malus and clawback provisions within the bonus and LTIP schemes.

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).

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

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Remuneration Policy

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REMUNERATION POLICY TABLE

The current remuneration of Executive Directors comprises base salary, taxable benefits, annual bonus, pension 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. These 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, the current Executive Directors are both deferred members of the Company's defined benefit pension scheme.	For the Company's pension cash allowance (or pension contribution as appropriate), the CEO was entitled to a maximum of 14% of base salary in 2019. As disclosed last year, having regard to recent developments in executive pensions, the Committee determined that the CEO's maximum entitlement in 2020 will be capped at the cash value of his 2019 entitlement. For 2020, this equated to a contribution rate of 9.9% on the CEO's full (unreduced) salary. The CFO is entitled to a maximum of 17.8% of base salary. 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%. Further details are set out on page 92.	None.

REMUNERATION POLICY TABLE (CONTINUED)

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 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. Performance targets are based on the Group's financial results. 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. No adjustments were made to the performance targets in relation to the impact on the business of COVID-19. The annual bonus is subject to malus and/or clawback. The Chairman and the Non-Executive Directors are not eligible to participate in the annual bonus scheme.	The maximum amount payable to the CEO is 125% of base salary; the target award is 62.5% of base salary, with a further maximum of 62.5% for enhanced performance. The maximum amount payable to the CFO is 110% of base salary; the target award is 55% of base salary, with a further maximum of 55% for enhanced performance. In both cases, no bonus is payable for below threshold performance but increases on a straight-line basis to target payout and from target to maximum.	Performance is measured over the financial year. Performance measures are determined by the Committee prior to the start of each financial year with a view to promoting the Company's business strategy and Shareholder value. The minimum performance target threshold in 2020 was linked to the Group's Adjusted Profit Before Taxation measure. No bonus is payable for below threshold performance; maximum payout requires performance significantly ahead of the minimum performance target threshold.

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Remuneration Policy
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REMUNERATION POLICY TABLE (CONTINUED)

Component and Link to Strategy	Operation	Maximum Opportunity	Performance Measures
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. Awards granted during or after 2019 require participants 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.	Annual LTIP awards may be made at the following levels of base salary: CEO: 125% CFO: 110%	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. The performance conditions currently attached to the awards are linked to the Company's Total Shareholder Return (TSR) and Earnings per Share (EPS) performance: • 50 per cent of an award will vest by reference to the annualised growth in the Company's net return index ('TSR') over the performance period relative to the annualised growth in the FTSE AIM All-Share Industrial Goods and Services net return index (the 'Index') over the performance period. • 50 per cent of an award will vest by reference to the annualised growth in the Company's adjusted fully diluted earnings per share from continuing operations ('EPS') over the performance period relative to the annualised growth in the retail price index ('RPI') over the performance period. Further details are set out on page 96 .

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.

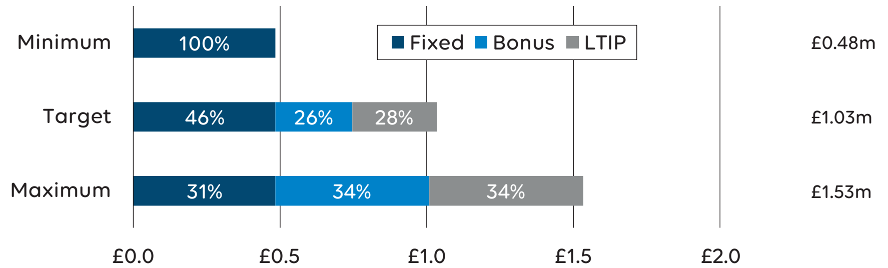
ILLUSTRATIONS OF THE APPLICATION OF THE REMUNERATION POLICY

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.

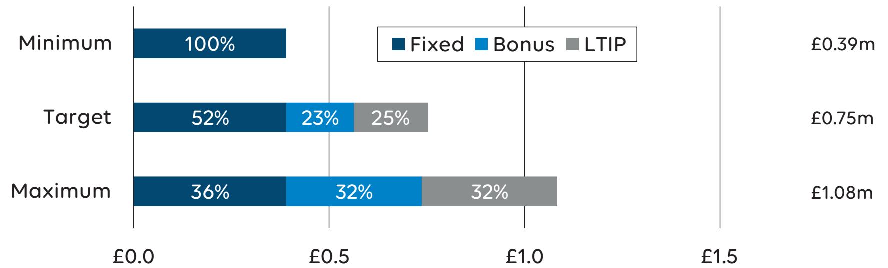
Given current business and economic volatility and the difficulty in forecasting financial performance, the Committee has yet to finalise the remuneration package for Executive Directors in respect of 2021, as further explained on page 81 of this report. As a consequence, but in order to still provide a meaningful illustration, the charts below show an example of the remuneration that could have been receivable by Executive Directors in office at 1 January 2020 under the policy set out in the 2019 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 2020 (excluding the effect of the 20% salary reduction, that was effective during the period 1 April 2020 to 31 October 2020 inclusive, in response to the COVID-19 pandemic);
  - value of taxable benefits in 2019 as shown in the single figure table on page 91; and
  - pension cash alternative allowance as at 1 January 2020 (again, excluding the effect of the 20% salary reduction referred to above).
- 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; and
- no share price appreciation or dividend accrual has been incorporated in the values of the LTIP.

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Remuneration Policy

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MALUS AND CLAWBACK

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

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

The circumstances in which the Committee may apply the malus and clawback provisions included, but were 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; and
- serious reputational damage to the Company.

During 2019, the circumstances in which the Committee may apply the malus and clawback provisions were broadened to specifically include:

- misconduct by a participant; and
- a material downturn in the financial position of the Company.

The Committee also resolved that:

- the period for discovery of the circumstances for malus and clawback be increased from two years to three years from payment of bonuses and vesting of LTIP awards; and
- for the annual bonus, broaden the recovery methods to specifically include the ability to reduce future award levels and unvested and vested unexercised share incentive awards; and
- for the avoidance of any doubt, make it clear within the scheme documentation that, where the Committee is of the opinion that the formulaic outcome is either not reflective of the underlying performance of the Company or does not accord with the Shareholder experience, or for any other circumstances that the Committee, acting fairly and reasonably, considers appropriate, then it shall have the discretion to adjust the formulaic outcome.

The additional provisions above apply to Awards granted on or after 1 January 2020.

PERSONAL SHAREHOLDING REQUIREMENT AND HOLDING PERIODS

In order that their interests are linked with those of Shareholders, Executive Directors were previously expected to build up and maintain a personal shareholding in the Company, equal to at least the value of base salary, over a period of five years from appointment.

In light of developments in best practice, and in order to ensure continued alignment between Executive Directors' and Shareholders' interests, the Committee amended the policy in 2019 such that Executive Directors are now expected to build and maintain a personal shareholding in the Company equal to at least 200% of the value of base salary. 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 agreed that, whilst the period in which an Executive Director is expected to build up a personal shareholding in the Company should remain as five years, in recognition of the significantly increased shareholding requirement such five year period should commence from 31 December 2019, or date of appointment if later. The Committee will monitor progress annually.

The Committee has also considered whether Executive Directors should be required to hold any shares for a further period after vesting or exercise of an LTIP award, subject to the need to finance any costs of acquisition and associated tax liabilities. The rules of the 2018 Long-Term Incentive Plan (the '2018 LTIP'), which were approved by Shareholders at the 2018 AGM, contain provisions which allow the Committee to require that shares acquired from vesting LTIP awards must be retained for a prescribed period post vesting.

Accordingly, the grant of awards under the 2018 LTIP in 2019 and 2020, and for all other grants 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.

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 circumstances such remuneration may be required in currently unforeseen circumstances.

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 2020 for Peter Egan and Yvonne Monaghan was two years, nine months and 13 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 director
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. The malus and clawback provisions would continue to apply in the event that any such discretion was exercised.**

Directors' Remuneration Report
Remuneration Policy
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CHAIRMAN'S SERVICE AGREEMENT

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

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

At 31 December 2020, the unexpired terms of the Chairman's letter of appointment was:

	Date of Latest Letter of Appointment	Service Agreement Start Date	Service Agreement End Date	Unexpired Term at 31 December 2020
Bill Shannon	26 February 2020	8 May 2020	7 May 2021	**4 months**

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 2020, the unexpired terms of the Non-Executive Directors letters of appointment were:

	Date of Latest Letter of Appointment	Service Agreement Start Date	Service Agreement End Date	Unexpired Term at 31 December 2020
Chris Girling	29 August 2018	29 August 2018	28 August 2021	**8 months**
Nick Gregg	16 October 2018	1 January 2019	31 December 2021	**1 year**

Subsequent to the year end, Jock Lennox was appointed to the Board as an Independent Non-Executive Director on 5 January 2021. His initial term of appointment is three years.

Directors' Remuneration Report

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SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

	Note	Peter Egan 2020 £000	Peter Egan 2019 £000	Yvonne Monaghan[6] 2020 £000	Yvonne Monaghan[6] 2019 £000
Fixed Pay					
Base Salary	1	**371**	338	**278**	308
Taxable Benefits	2	**17**	16	**49**	19
Pension	3	**39**	43	**50**	55
		427	397	**377**	382
Performance Related Pay					
Bonus	4	**–**	254	**–**	203
LTIP – Corporate Performance	4	**–**	104	**–**	301
LTIP – Share Price Growth	4,5	**–**	(3)	**–**	(9)
		–	355	**–**	495
Single Total Figure of Remuneration[7]		**427**	752	**377**	877

Note 1: The base salary payable to each of Peter Egan and Yvonne Monaghan in 2019 was £338,250 and £307,500 respectively. As set out on page 80 of the 2019 Annual Report and Accounts, the base salary payable to each of Peter Egan and Yvonne Monaghan in 2020 was expected to be £420,000 and £315,187 respectively. However, in response to the COVID-19 pandemic, the Executive Directors agreed to a 20% reduction in their salary for the period 1 April 2020 through to 31 October 2020. The figures in the table above for 2020 therefore reflect the revised base salaries net of the 20% temporary reduction.

Note 2: 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 (2019: £14,500) and his private medical insurance benefit was £2,199 (2019: £1,742). Yvonne Monaghan's car benefit for the year was £17,500 (2019: £17,500) and her private medical insurance benefit was £1,759 (2019: £1,393). In 2020 only, an amount of £30,159 was also payable to Yvonne Monaghan in respect of holidays having to be cancelled at the Company's request for business reasons.

Note 3: Details of the amounts shown for Pension are set out on page 92.

Note 4: Details of the performance measures and weighting as well as the achieved results for the bonus and LTIP components are shown on pages 92 and 95 respectively. No bonus was deferred.

Note 5: The amounts shown for 2019 differ to those which were previously disclosed in the 2019 Annual Report and Accounts.

In the 2019 Annual Report and Accounts, the amount shown for the LTIP award was the indicative value based on the average market price of Johnson Service Group PLC shares over the three month period from 1 October 2019 to 31 December 2019 (179.92 pence) of LTIP awards, granted in 2017, that had become receivable as a result of the achievement of performance conditions relating to the three year performance period to 31 December 2019.

The revised figure now shown within the 2019 comparative is the value based on the market price of Johnson Service Group PLC shares on the date of vesting (27 March 2020: 106.40 pence).

Note 6: As set out within the Director biographies on page 48, Yvonne Monaghan is also a Non-Executive Director of The Pebble Group plc and, prior to stepping down in September 2020, was also a Non-Executive Director of NWF Group plc. She received, and retained, total fees of £67,475 and £44,416 in each of 2020 and 2019 respectively for her services to these other organisations.

Note 7: Other than as described in Note 1 above, the Executive Directors did not waive any emoluments in respect of the years ended 31 December 2020 and 31 December 2019.

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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 25 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 shown below is the amount that would be paid annually on retirement (at normal retirement age). This pension is calculated based on the total period of pensionable service to the Company, both before and after becoming a Director.

	Accrued pension entitlement at 31 December 2020 £000	Accrued pension entitlement at 31 December 2019 £000
Peter Egan	**13**	13
Yvonne Monaghan	**59**	55

Yvonne Monaghan took a partial transfer of benefits from the JGDBS on 31 March 2012.

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% of his monthly salary, which was paid to the JSG Pension Plan (the 'Plan'), a defined contribution scheme. The majority of 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 workforce is approximately 6%, whilst the maximum employer contribution is 14%, based upon a 7% employee contribution, for all employees currently earning an annual salary greater than £111,022. 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% of his base salary – adjusted downwards from the 14% 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 £41,605. As previously disclosed, having regard to recent developments in executive pensions and in order that the employer rate in respect of Peter progresses towards the rate applicable to that for the majority of the wider workforce, the Committee determined that Peter's entitlement in 2020 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 to Peter was £38,838 (2019: £31,204). In 2019 only, and prior to him opting to receive a cash alternative allowance in lieu of an employer pension contribution, Peter also received an employer pension contribution of £11,839.

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% of her monthly salary. The cash alternative allowance payable in the year to Yvonne was £49,558 (2019: £54,735).

2020 BONUS ACHIEVEMENT

The annual bonus is 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.

Performance targets for 2020 are based on the Group's financial results using the Adjusted Profit Before Taxation ('Adjusted PBT') result but excluding notional interest. No bonus is payable for below minimum / threshold performance but increases on a straight-line basis to target performance and from target to maximum.

The performance targets for 2020 are as set out below:

	Minimum £m	Target £m	Maximum £m	Achieved £m	Bonus Achieved as % of Maximum Opportunity
Adjusted PBT (excluding notional interest)	47.0	50.8	61.0	(16.9)	0.0

The Committee increased the 2020 target to reflect the impact of the customer contracts purchased in February 2020, which were not included in the original target.

The financial performance target was not met and, consequently, there will be no pay out under the bonus plan for the Executive Directors for 2020.

INTERESTS IN SHARE CAPITAL

The interests of the Directors who were in office at 31 December 2020, 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 2020 Ordinary shares of 10p each	**31 December 2019 Ordinary shares of 10p each**	**31 December 2020 LTIP/SAYE options**	**31 December 2019 LTIP/SAYE options**	**Share ownership guidelines**
Peter Egan	**221,804**	151,868	**714,204**	585,521	Note 1
Yvonne Monaghan (note 3)	**624,955**	614,086	**736,998**	768,963	Note 1
Bill Shannon	**155,434**	125,000	**n/a**	n/a	Note 2
Chris Girling	**17,333**	8,638	**n/a**	n/a	Note 2
Nick Gregg	**33,695**	15,000	**n/a**	n/a	Note 2

Note 1: **At its meeting on 26 February 2020, and following dialogue with major institutional Shareholders in 2019, the Committee agreed that Executive Directors would be expected to build and maintain a personal shareholding in the Company equal to at least 200% of the value of their base salary. Previously, Executive Directors were expected to build up and maintain a personal shareholding in the Company equal to at least the value of their base salary. Details of each Executive Director's personal shareholding is 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 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 2020 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 88, is set out below; all values (including share price) are as at 31 December 2020:

	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	221,804	57,507	279,311	140	391	420	93.1%
Yvonne Monaghan	624,955	152,569	777,524	140	1,089	315	345.7%

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 to the shareholding requirement on a net of tax basis.**

In respect of Peter Egan, the 95,000 options granted on 27 March 2017 under the 2009 LTIP together with the 7,157 options granted on 4 October 2017 under the SAYE Scheme are not subject to any further performance conditions and consequently, on a net of tax basis, represent a further 57,507 shares.

In respect of Yvonne Monaghan, the 274,364 options granted on 27 March 2017 under the 2009 LTIP together with the 7,157 options granted on 4 October 2017 under the SAYE Scheme are not subject to any further performance conditions and consequently, on a net of tax basis, represent a further 152,569 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 2019	Options Granted During Year	Options Lapsed During Year	Options Cancelled During Year	Options Exercised During Year	At 31 December 2020	Option Price
Peter Egan								
Scheme 1	27 March 2017	95,000	–	–	–	–	**95,000**	nil
Scheme 4	4 October 2017	7,157	–	–	–	–	**7,157**	125.75p
Scheme 1	28 February 2018	153,042	–	(153,042)	–	–	**-**	nil
Scheme 2	5 March 2019	330,322	–	–	–	–	**330,322**	nil
Scheme 2	3 March 2020	–	266,497	–	–	–	**266,497**	nil
Scheme 3	3 March 2020	–	15,228	–	–	–	**15,228**	197.00p
		585,521	281,725	(153,042)	–	–	**714,204**	
Yvonne Monaghan								
Scheme 1	27 March 2017	274,364	–	–	–	–	**274,364**	nil
Scheme 4	4 October 2017	7,157	–	–	–	–	**7,157**	125.75p
Scheme 1	28 February 2018	223,185	–	(223,185)	–	–	**-**	nil
Scheme 2	5 March 2019	264,257	–	–	–	–	**264,257**	nil
Scheme 2	3 March 2020	–	175,992	–	–	–	**175,992**	nil
Scheme 3	3 March 2020	–	15,228	–	–	–	**15,228**	197.00p
		768,963	191,220	(223,185)	–	–	**736,998**	

Scheme 1 - The Johnson Service Group 2009 Long-Term Incentive Plan (the '2009 LTIP')
Scheme 2 - The Johnson Service Group 2018 Long-Term Incentive Plan (the '2018 LTIP')
Scheme 3 - The Johnson Service Group 2018 Long-Term Incentive Plan CSOP Section (the '2018 Approved LTIP')
Scheme 4 – 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 2009 LTIP, the 2018 LTIP, the 2018 Approved LTIP and the SAYE Scheme are given on pages 96 to 97 of the Directors' Remuneration Report.

AWARDS EXERCISED IN 2020

No Director exercised any awards during 2020. Details of awards exercised during 2019 are set out on page 75 of the 2019 Annual Report and Accounts.

AWARDS LAPSED IN 2020

Under the 2009 LTIP, awards were granted to certain employees on 28 February 2018 with an exercise price of £nil (the '2018 Award'). The closing mid-market share price of Johnson Service Group PLC on the day immediately preceding the date of grant was 136.4 pence. Peter Egan was granted 153,042 options and Yvonne Monaghan was granted 223,185 options. The performance period was the three financial years starting 1 January 2018 and ending 31 December 2020. The performance conditions are as set out below within 'Overview of Share Option Schemes'.

Whilst the award would not be capable of vesting until at least 28 February 2021, the performance period ended on 31 December 2020. The extent to which the performance conditions were met is set out below:

	Minimum Growth/ Return (per annum)	Maximum Growth/ Return (per annum)	Actual Growth/ Return (per annum)	% of Award Vesting	No. of Options to Vest (Peter Egan)	No. of Options to Vest (Yvonne Monaghan)
EPS (over RPI)	3%	8%	n/a[1]	0%	nil	nil
TSR (over Index)	0%	7%	(4.4%)	0%	nil	nil
					nil	nil

Note 1: The compound annual growth rate is not calculable as the EPS figure at the end of the performance period is negative.

As a result, at its meeting on 12 March 2021, the Remuneration Committee resolved that no discretion would be applied to the above outcome and hence the options would lapse, with effect from the end of the performance period.

OUTSTANDING AWARDS

2017 Award

Awards were granted, under the 2009 LTIP, to certain employees on 27 March 2017 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 109.75 pence. Peter Egan was granted 95,000 options; Yvonne Monaghan was granted 274,364 options. The performance period was the three financial years starting 1 January 2017 and ending 31 December 2019. The performance conditions are as set out below within 'Overview of Share Option Schemes'. The performance period ended on 31 December 2019 and the performance conditions were met as follows:

	Minimum Growth/ Return (per annum)	Maximum Growth/ Return (per annum)	Actual Growth/ Return (per annum)	% of Award Vesting	No. of Options to Vest (Peter Egan)	No. of Options to Vest (Yvonne Monaghan)
EPS (over RPI)	3%	8%	8.4%	100%	47,500	137,182
TSR (over Index)	0%	7%	10.2%	100%	47,500	137,182
					95,000	274,364

2019 Award

Awards were granted, under the 2018 LTIP, to certain employees on 5 March 2019 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 128.0 pence. Peter Egan was granted 330,322 options, equivalent to 125% of his base salary at the time; Yvonne Monaghan was granted 264,257 options, equivalent to 110% of her base salary at the time. The performance period is the three financial years starting 1 January 2019 and ending 31 December 2021. 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.

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2020 Award
Awards were granted, under the 2018 LTIP, to certain employees on 3 March 2020 with an exercise price of £nil. In addition, linked awards were granted on the same date, under the 2018 Approved LTIP, with an exercise price of 197 pence each. The closing mid-market share price of Johnson Service Group PLC on the day immediately preceding the date of grant was 197 pence.

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

	2018 LTIP	2018 Approved LTIP
Peter Egan	266,497	15,228
Yvonne Monaghan	175,992	15,228

The performance period is the three financial years starting 1 January 2020 and ending 31 December 2022. 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
The 2019 and 2020 awards 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

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

Eligible participants were granted awards entitling them to receive, subject to the rules of the 2009 LTIP, Ordinary shares in the Company after a specified vesting period and subject to the achievement of specified performance conditions. Vesting of awards granted under the 2009 LTIP normally occurs after a three year performance period.

Performance Conditions
The performance conditions attached to the awards are linked to the Company's Total Shareholder Return and Earnings per Share performance:

- 50 per cent of an award will vest by reference to the annualised growth in the Company's net return index ('TSR') over the performance period relative to the annualised growth in the FTSE AIM All-Share Industrial Goods and Services net return index (the 'Index') over the performance period. None of the award will vest if the TSR growth is less than the Index growth. One quarter of the award will vest if the TSR growth is equal to the Index growth. The whole of the award will vest if the TSR growth is at least seven per cent above the Index growth. Vesting of the award will be on a straight line basis between these points.

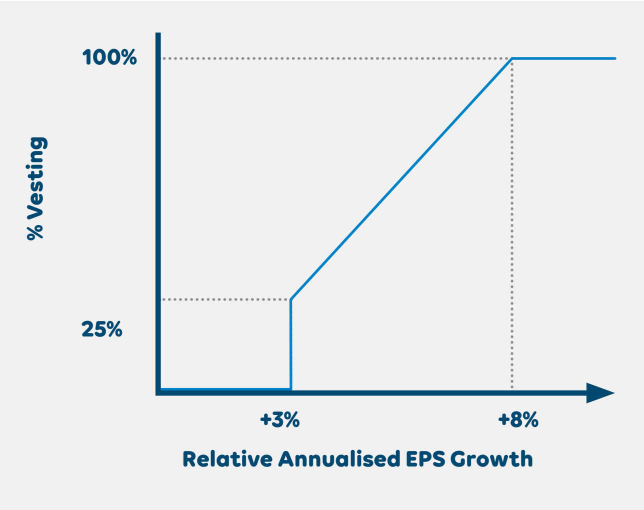
- The remaining 50 per cent of the award will vest by reference to the annualised growth in the Company's adjusted fully diluted earnings per share from continuing operations ('EPS') over the performance period relative to the annualised growth in the retail price index ('RPI') over the performance period. None of the remaining award will vest if the EPS growth is less than three per cent above the RPI growth. One quarter of the remaining award will vest if the EPS growth is three per cent above the RPI growth. The whole of the remaining award will vest if the EPS growth is at least eight per cent above the RPI growth. Vesting of the remaining award will be on a straight line basis if EPS growth is between three per cent and eight per cent above the RPI growth.

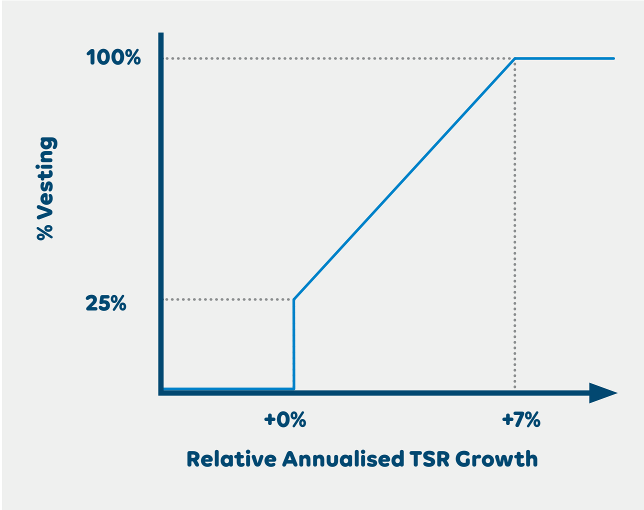
For the purpose of calculating TSR and Index growth, the average of the net return index over the dealing days falling in the period of one month ending on the last day of the performance period will be compared to the average of the net return index over the dealing days falling in the period of one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

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

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

The above performance conditions, used for both the 2017 Award and 2018 Award, were selected to incentivise award holders to maximise Shareholder value. The charts below demonstrate the effect on vesting of the above performance conditions:





2018 LTIP

Awards could only be granted under the 2009 LTIP until 4 July 2018. The Committee, therefore, adopted a new plan on substantially the same terms as the 2009 LTIP in order for the Company to be able to continue to operate its executive and senior management incentive arrangements after this date. The 2018 LTIP was approved by Shareholders at the 2018 Annual General Meeting; a summary of the principal features of the rules of the 2018 LTIP is included within the 2018 Notice of Annual General Meeting.

As with the 2009 LTIP, the 2018 LTIP comprises an 'unapproved' section, under which nil cost awards are made.

The 2018 LTIP rules specifically include malus and clawback provisions, to reflect the fact that such provisions have been applicable to LTIP awards granted by the Company from 2015. In addition, to take into account developments in best practice, the rules of the 2018 LTIP contain provisions which allow the Committee to require that shares acquired from vesting LTIP awards must be retained for a prescribed period post vesting.

The first award under the 2018 LTIP was granted in March 2019 and a further award was granted in March 2020. The performance conditions for these awards are the same as those applying to the awards granted under the 2009 LTIP, as set out above.

2018 Approved LTIP

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

The actual number of shares the award holder will receive when exercising options will depend on the date of exercise, whether the performance conditions of the 2018 LTIP 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. 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 arrangement.

On 3 March 2020, certain employees were granted awards under the 2018 Approved LTIP, linked to the awards granted on the same date under the 2018 LTIP, at an exercise price of 197 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.

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NON-EXECUTIVE DIRECTORS' REMUNERATION (AUDITED)

Details of the amounts received by the Chairman and the Non-Executive Directors during the year ended 31 December 2020 are as follows:

	2020 £000	2019 £000
Bill Shannon	**122**	135
Chris Girling	**52**	58
Nick Gregg	**47**	52
	221	245

The figures for 2019 reflect the annual fee payable to the Chairman and the Non-Executive Directors for the period 1 January 2019 to 31 December 2019. The Board approved an increase to those fees of 2.5%, with effect from 1 January 2020, such that the annualised fee payable to each of Bill, Chris and Nick in 2020 would have been £138,375, £59,100 and £53,100 respectively. However, in response to the COVID-19 pandemic, the entire Board agreed to a 20% reduction in their salary / fee for the period 1 April 2020 through to 31 October 2020. The figures in the table above for 2020 therefore reflect the 2.5% increase together with the 20% temporary reduction detailed above..

TOTAL DIRECTOR REMUNERATION

The aggregate total amount of remuneration received by all Directors in office during the year ended 31 December 2020, together with the aggregate total amount of remuneration received by all Directors in office during the year ended 31 December 2019, is shown below:

	2020 £000	2019 £000
Executive Directors	**804**	1,629
Chairman & Non-Executive Directors	**221**	245
	1,025	1,874

PAYMENTS TO PAST DIRECTORS

Chris Sander, former CEO, retired from the Board on 31 December 2018. Save for the payment of the annual bonus which was earned in 2018 and payable in April 2019, as disclosed within the 2018 Annual Report and Accounts, no payments of money or other assets were paid to him during 2019 or 2020 in respect of his services as an Executive Director. Chris did, however, exercise LTIP options during each of 2019 and 2020 which had been previously granted to him whilst serving as an Executive Director. Details of the exercise in 2020 are set out below whilst details of the exercises in 2019 are set out on page 79 of the 2019 Annual Report and Accounts. Other than as described below, there are no further options outstanding in relation to Chris Sander.

2017 Award

On 27 March 2017, Chris was granted an option over 456,120 Ordinary shares of 10 pence each in the Company with an exercise price of £nil. The performance period was the three financial years starting 1 January 2017 and ending 31 December 2019. In respect of good leavers, and as set out within the Remuneration Policy, the Committee may in its absolute discretion allow for awards to continue until the normal vesting date and be satisfied, subject to achievement of the attendant performance conditions. In such circumstances, awards vesting will normally be prorated on a time apportioned basis. To reflect Chris's performance prior to the date of him stepping down from the Board, and subject always to achievement of the attendant performance conditions, the Committee confirmed that the number of options vesting in respect of the 2017 award be prorated to two-thirds of the award granted to him.

The performance conditions, calculated as set out above within 'Overview of Share Option Schemes', were met as follows

	Minimum Growth/ Return (per annum)	Maximum Growth/ Return (per annum)	Actual Growth/ Return (per annum)	% of Award Vesting	No. of Options Vesting
EPS (over RPI)	3%	8%	8.4%	100%	152,040
TSR (over Index)	0%	7%	10.2%	100%	152,040
					304,080

Chris exercised his option in June 2020. The gross gain, at the point of exercise and prior to any taxation liabilities and dealing costs, was £351,990.

2018 Award

On 28 February 2018, Chris was awarded options over 371,036 Ordinary shares of 10 pence each in the Company, in each case with an exercise price of £nil. The performance period was the three financial years starting 1 January 2018 and ending 31 December 2020. The performance conditions are as set out above within 'Overview of Share Option Schemes'.

As for the 2017 Award, the Committee's intention was that to reflect Chris's performance prior to the date of him stepping down from the Board, and subject always to achievement of the attendant performance conditions, the number of options vesting in respect of the 2018 award be prorated to one-third of the award granted to him.

As set out on page 95, the performance conditions were not met and, as a result, at its meeting on 12 March 2021, the Remuneration Committee resolved that no discretion would be applied to the above outcome and hence the options would lapse, with effect from the end of the performance period.

PAYMENTS FOR LOSS OF OFFICE

There were no loss of office payments made to former directors during the year.

IMPLEMENTATION OF REMUNERATION POLICY IN 2021

The Committee anticipates the remuneration policy to apply as follows in the year ending 31 December 2021:

	Peter Egan	Yvonne Monaghan
Base Salary	Note 1	Note 1
Taxable Benefits	Car allowance; Medical insurance	Car allowance; Medical insurance
Pension	Capped at the cash value of 2019 entitlement	17.8% of Base salary
Bonus	Note 1	Note 1
LTIP	Up to 125% of Base Salary See note 1 for further details	Up to 110% of Base Salary See note 1 for further details

Note 1: **Given current business and economic volatility and the resultant difficulty in forecasting financial performance, the Committee has yet to finalise the 2021 remuneration package for Executive Directors in respect of base salary, bonus and LTIP, as further explained on page 81 of this report. The Committee's current intention is to delay any decision on base salary and bonus until later in the year, enabling us to have better insight into COVID-19 related developments and the potential for market recovery as vaccines are deployed. For the LTIP, and in line with guidance from the Investment Association, it is our intention to grant the 2021 LTIP as normal following release of the 2020 annual results in March 2021 but to defer the target setting, for no more than six months from the date of grant, at which point the Committee will give full consideration to the performance of the Group. This will enable us to set targets in light of the then prevailing circumstances, ensuring they are calibrated appropriately, are suitably challenging and are in-line with business performance.**

CEO PAY RATIO

Johnson Service Group PLC provides high quality textile rental and related services across a range of sectors throughout the UK and currently employs some 4,500 people. The majority of these 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.

Although the Company is not listed on the Main Market of the London Stock Exchange, and hence is not required by law to publish the ratio of the CEO's pay to that of the wider employee base, as a matter of good practice we have decided to do so. 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.

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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
2020			
Single total remuneration figure: £427,000			
Total Pay & Benefits	£18,351	£22,040	£26,915
CEO Pay Ratio	23:1	19:1	16:1
2019[1]			
Single total remuneration figure: £822,000			
Total Pay & Benefits	£17,964	£26,762	£31,525
CEO Pay Ratio	46:1	31:1	26:1

Note 1: Comparative figures for 2019 are as previously disclosed in our 2019 Annual Report. Consequently, the single total figure of remuneration, and hence in turn the resultant CEO pay ratios, does not reflect the adjustments required in 2020 to the LTIP figures for 2019, in line with statutory reporting requirements, to show the actual value of the LTIP award upon vesting in March 2020.

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 significant reduction in each of the percentile pay ratios compared to the previous year is predominantly driven by the CEO's variable pay outcome in each of 2020 and 2019. However, as explained in further detail within the 'Gender Pay Gap Reporting' disclosure below, the year on year variance in ratios has been further skewed as a result of the following:

a) a significant proportion of employees within the lower, lower-middle and upper-middle quartiles were furloughed and hence excluded from the gender pay gap reporting analysis; and

b) the majority of other employees in management, administrative and support roles who had not been furloughed, and whom tend to sit within the higher quartiles, had voluntarily agreed to a temporary salary reduction of either 10% or 20% and hence were also excluded from the gender pay gap reporting analysis.

GENDER PAY GAP REPORTING

Background

Under legislation that came into force in April 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 2020, falls for each full-pay relevant employee only. The 'Gender Bonus Gap' calculations relate to the period 6 April 2019 to 5 April 2020 for all relevant employees.

Gender Pay Gap

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

Difference in the hourly rate of pay (mean)	**8.3%**
Difference in the hourly rate of pay (median)	**12.3%**

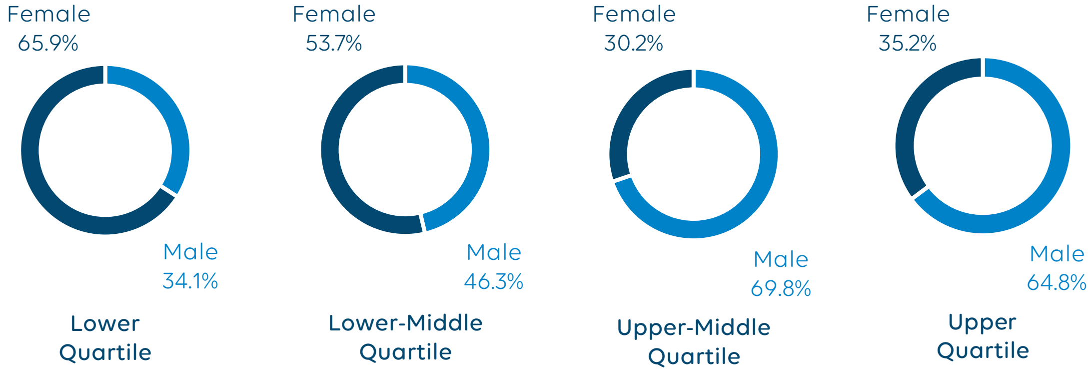
Gender Bonus Gap

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

Difference in bonus pay (mean)	**2.2%**
Difference in bonus pay (median)	**51.5%**
Percentage of male employees who receive bonus pay	**29.3%**
Percentage of female employees who receive bonus pay	**23.9%**

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:



Impact of COVID-19

Only full-pay relevant employees, defined as any employee who is employed on the snapshot date and who is paid their usual full basic pay, are included within the hourly rate of pay Gender Pay Gap calculations and the Distribution of Male and Female Employees by Quartile (together, the 'GPG Calculations').

As at the snapshot date, 5 April 2020, a significant proportion of our employees, particularly those employed within our HORECA division, were on furlough and, as a result, receiving 80% of their normal earnings. In addition, the majority of other employees in management, administrative and support roles who had not been furloughed had voluntarily agreed to a temporary salary reduction of either 10% or 20% with effect from 1 April 2020. As such, a significant number of employees did not receive their usual full basic pay as at the snapshot date and were therefore not considered full-pay relevant employees for the purposes of the GPG Calculations, a decrease of 3,645 employees in comparison to the 2019 GPG Calculations.

Further Explanatory Commentary

Despite the impact of COVID-19, the results do show that, as in previous years, there is a gender gap. Whilst the agreed salary reductions reduced the impact of there currently being fewer females than males in senior and leadership roles on our gender pay gap, it continued to have a material impact on our gender bonus gap, which is based on the number of employees employed at the snapshot date, irrespective of whether they received their usual full basic pay. Both gender pay gap and bonus gap are 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.

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.

Fresh Linen Limited ('Fresh Linen')

At the snapshot date, which was prior to an internal reorganisation undertaken by the Group which resulted in the acquisition of the trade and assets of Fresh Linen by Johnsons Textile Services Limited on 30 June 2020, Fresh Linen employed some 300 employees and therefore was also required to report under the Gender Pay Gap legislation for 2020. Again, the impact of COVID-19 meant that a significant number of employees were on furlough or had voluntarily agreed to a temporary salary reduction. These circumstances resulted in there only being three full-pay relevant employees as at the snapshot date, all of whom were male. As such, we are unable to report on the GPG Calculations for Fresh Linen.

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The Gender Bonus Gap information is as follows:

Difference in bonus pay (mean)	**58.5%**
Difference in bonus pay (median)	**57.8%**
Percentage of male employees who receive bonus pay	**61.4%**
Percentage of female employees who receive bonus pay	**68.2%**

The Gender Bonus Gap information for Fresh Linen is significantly influenced by the same two industry related factors as disclosed above for Johnsons Textile Services Limited.

For the 2020/2021 Gender Pay Gap reporting, and following the acquisition of the trade and assets of Fresh Linen as referred to above, the Fresh Linen employees will form part of the Johnsons Textile Services Limited disclosure.

EMPLOYEE ENGAGEMENT

As we reported last year, during 2019 we engaged an external research company to undertake an employee engagement survey within our Johnsons Workwear business. The response rate was a very encouraging 77% and the results of the confidential survey enabled managers to produce local action plans designed to make their part of the business an even greater place to work. A total of 26 initiatives were identified, split into five key pillar groups (give something back, promote health and wellbeing, training and development, trust in leadership and active listening). Whilst the COVID-19 pandemic has led to the delay of a number of these initiatives being implemented, 18 had been completed by the end of January 2021 with the remaining initiatives in progress. Examples of the initiatives completed to date include the provision of free WiFi in canteen areas, charitable donations, 'baby boxes' being given to expectant families and the setting up of an Employee Assistance Programme, which provides access to a free and confidential counselling service offering mental health, financial and legal support. Further initiatives over the coming months, and when conditions allow, will include recommend a friend schemes, volunteering days, new employee uniforms, teambuilding events and 'meet the MD' sessions.

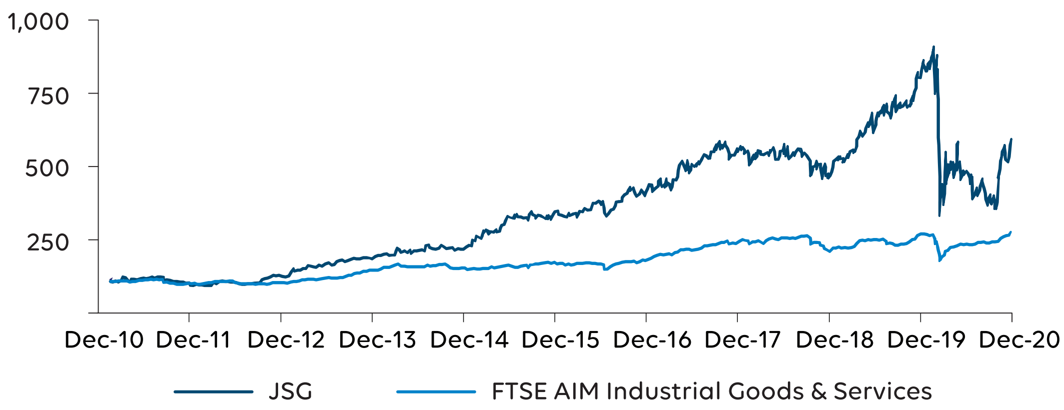
In addition to the above, the Group has also worked in close partnership with a UK registered charity, the 'Fashion & Textile Children's Trust', who specialise in offering grants to families working within the business and who are suffering with specific financial hardship issues. We intend to continue partnering with them in supporting their fundraising efforts to support the children of families working within the fashion and textiles sector.

The Board are aware that whilst surveys are a powerful way to engage people, and are a useful source of information, they are not, on their own, sufficient as an indicator of workforce views. Consequently, prior to the COVID-19 pandemic, we were in the process of organising local focus groups with employees in order to discuss and better understand the results of the survey in greater detail. Peter Egan, Chief Executive Officer, and myself were due to attend certain of the focus group meetings. Those meetings were, unfortunately, postponed as a result of COVID-19. Notwithstanding that, Peter and I did meet with Johnsons Workwear management, together with the external research company that undertook the employee engagement survey, in order to more fully understand the results of the survey and the initiatives thereon.

In 2021, when conditions allow, it is our intention to rearrange the meetings with employees referred to above and to engage an external research company to undertake a further employee engagement survey within our Johnsons Workwear business. We also intend to extend the employee engagement survey across our HORECA business in order to develop a wider understanding of our employees' views and to extend our initiatives further.

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 2020. The FTSE AIM Industrial Goods and Services Index has been selected for this comparison as, in the opinion of the Directors, it best represents the general sector in which the Group operates.



RELATIVE IMPORTANCE OF SPEND ON PAY

The following table sets out the amounts payable in dividends and total employee costs in respect of the years ended 31 December 2020 and 31 December 2019. The Committee does not consider that there are any other significant distributions or payments outside the ordinary course of business that warrant disclosure.

	2020 £m	2019 £m	% Change
Dividends payable (note 1)	–	4.3	(100.0%)
Total employee costs (note 2)	**110.7**	149.6	(26.0%)

Note 1: Whilst the Board recognises the importance of dividends to Shareholders, this had to be balanced with the impact that COVID-19 has had on our business. As previously announced, and in order to conserve cash resources in response to the pandemic, the Board does not propose to declare a dividend in respect of 2020. In addition, the final proposed dividend in respect of the year ending 31 December 2019 was also withdrawn. The Board will keep future dividends under review and will look to reinstate its dividend policy as trading returns to more normalised levels.

Note 2: Total employee costs in 2020 are stated net of £28.2 million of grant receivable from the Coronavirus Job Retention Scheme

OTHER DETAILS

The mid-market price of the Ordinary shares of 10p each on 31 December 2020 and 31 December 2019 was 140.0 pence and 196.0 pence respectively. During the year, the mid-market price of the Ordinary shares of 10p each ranged between 80.0 pence and 223.0 pence (2019: 116.0 pence and 201.5 pence).

ANNUAL GENERAL MEETING

The table below shows the voting outcome at the 2020 AGM, held on 5 May 2020, for the 2019 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]
278,426,667	97.96%	5,786,031	2.04%	284,212,698	810,785

Note 1: Includes 'Discretionary' votes.

Note 2: A vote 'Withheld' is not a vote in law.

The Committee welcomed the endorsement of the 2019 Directors' Remuneration Report by Shareholders. At the 2021 AGM, due to be held on 5 May 2021, Shareholders will be invited to vote on the Directors' Remuneration Report for 2020.

Nick Gregg
Chairman, Remuneration Committee

19 March 2021