Sustainability

"We believe that embedding a best in class sustainability programme throughout our operations will help position us as a leader in responding to the challenges faced by the textile services industry and prove to be a differentiator for our customers."

Peter Egan, Chief Executive Officer of Johnson Service Group

Whilst some progress has been made during the period across a variety of sustainability related topic areas, the Board understands that it is vital that we manage our sustainability programme in a more structured and strategic manner. This will enable evaluation and analysis to be undertaken, allow the Board to review the continued effectiveness and relevance of existing programmes and to ensure the programme remains robust and delivers the long-term goals that the Group is aspiring to.

For JSG to realise the true value of its sustainability contribution, the programme must be embedded across all the Group functions and operations and managed in a strategic manner through discussions within the businesses and inclusion within the business plans. To this end we have spent much of the last year reviewing our sustainability approach, re-affirming our material issues and refreshing our sustainability strategy.



WE DEFINE SUSTAINABILITY AS...

Environmental Stewardship; creating and protecting a viable natural environment

Ensuring we minimise negative impact on the environment we operate in and where possible, maximising positive benefit. Reducing natural resource consumption, eliminating waste and considering our wider environmental impacts such as biodiversity decline and deforestation that is impacted through our supply chain.



Social Equity; developing our internal Johnson family and supporting thriving communities

Taking care of our Johnsons family; encouraging improved health and wellbeing amongst our colleagues, ensuring equality of opportunity and aiming to be the employer of choice in our industry through delivering a first-class employee experience every day. At the same time considering our impact on the communities we operate in and aiming to stimulate positive beneficial change through understanding what good community investment looks like and supporting our local communities to grow and thrive.

In our 2020 Annual Report, the Group stated its intention to bring on board an experienced in-house resource to lead a strategic review of all operations in relation to sustainability and to support the Board in defining its long-term goals and setting relevant and realistic targets. We appointed a Head of Sustainability in April 2021 who brings with her over 15 years of experience in developing and embedding sustainability strategies.

Strategic Review and Materiality Assessment

Sustainability is heavily focused on ensuring an organisation understands and addresses its material issues relating to the impacts of its operations. These comprise the environmental and social impacts of the organisation, those topics which affect the long-term success of the organisation, the impacts of the complete value chain and those issues which are identified by stakeholders as being important to them.

As a starting point for the development of the refreshed strategy, the organisation completed a light touch materiality assessment across the whole business taking into consideration the interests and drivers across the Group's stakeholders. These stakeholders include shareholders, customers, suppliers and our colleagues and this activity was undertaken as part of the Group's ongoing stakeholder engagement activities. For more information on how the Group manages its relationships with all of its stakeholders, please refer to pages 33 to 45. Through this process we were able to identify the topics that are the most important and relevant to our key stakeholder groups.

Economic Efficiency; employing good governance and responsible business practices

Recognising that growth, change and profit are good things and that they are necessary for a business to survive but at the same time, ensuring we always operate in a responsible way, employing strong ethical practices and governance and cascading these values and behaviours into our supply chain.

We want our new Sustainability Strategy and programme to add to our USP (unique selling point) and to help position us as the market leader and employer of choice in our industry. We are currently undertaking an impact assessment to reaffirm what our key impact and drivers are, ensuring we take into consideration the interests and requirements across our key stakeholders.

We know that our processes are energy and water intensive and that our dense nationwide footprint, whilst positioning us well commercially, also means our impacts on local communities are widespread. We also understand we have significant transport impacts and wider environmental and social impacts further down our supply chain. We are also clear that there are sustainability related opportunities open to us as, fundamentally, our business model is that of circularity by providing a rental and laundry service for our customers.

The Group Management Board analysed the findings from the stakeholder priorities review alongside the long-term business strategy and the knowledge and experience of our in-house sustainability specialist. Assessing all of the identified issues for their importance to the future of the Group and the impact that not addressing these issues might have, allowed the Board to confirm our key priorities - or our "material issues" - and these can be loosely grouped together as follows:

People

- Attracting and retaining talent into the next generation
- Ensuring a diverse, fully equal and inclusive workplace
- Creating a positive culture and allowing for real and effective employee engagement

Environmental Protection

- Reducing consumption of energy, water and other
 natural resources such as raw materials
- Waste reduction in particular, end of life textiles opportunities and elimination of plastic packaging

Governance and Responsibility

- Ensuring robust application of ethical business practices
- Cascading sustainability ideals and requirements into the supply chain

Communities

- Support of communities local to our operations
- Impact on wider global communities impacted by our supply chain



Change today. Change the future.

The Johnsons Way Framework

Our new strategy was launched in February 2022 and outlines the framework under which we will operate going forward and identifies the aims that the Group has set itself. We have reported our sustainability performance for 2021 within this new structure to ensure consistency going forward.

Our refreshed approach to sustainability is called "**The Johnsons Way**" and is how we operate as a business; it integrates sustainability into everything we do and every decision we take; it supports our business strategy and it is a vehicle for us to demonstrate progress towards our long term goals.

The Johnsons Way is structured around four pillars within which JSG commits to deliver specific objectives. These pillars have been selected so that all our stakeholders and communities can clearly see our aims and aspirations in the areas that they consider important to them. We have structured this section of the report around these four pillars to provide transparency and allow for year on year comparison moving forwards.



Sustainability Governance Framework

In order to deliver **The Johnsons Way** commitment, ensure that the sustainability programme is adequate and appropriate and that the Group remains focused on its material issues, we have developed a robust governance framework:





JSG Group Board

The JSG Group Board is fully behind the new approach to addressing our sustainability impacts. It will retain ownership of the Sustainability policy, vision and strategy and responsibility for the approval of the Group Sustainability Targets demonstrating continued leadership from the top.

JSG Group Management Board

The JSG Group Management Board will have responsibility for overseeing the delivery of the approved sustainability policy, vision and strategy. They will receive regular performance management reports and have accountability for ensuring the approved targets remain on track.

Sustainability Committee

We have created a new committee of the Board to provide advice on strategy, compliance and performance. This committee will be chaired by the CEO and report into the Board. Key responsibilities will include:

- Monitoring Group compliance with legislation and radar scanning for new requirements.
- Overseeing periodic materiality assessment reviews to ensure the Group's material issues remain appropriate.
- Providing advice to the Board on strategic approach, sustainability performance and progress towards targets.
- Providing an advisory role to the Board on the Group's appetite and tolerance with respect to climate risks.

Pillar Sponsors and Working Groups

As part of our commitment to delivering the new strategy and framework, each pillar has a sponsor who has been appointed by, and sits on, the Group Management Board. This allows for senior management involvement in the development and achievement of the strategic goals in each area.

Head of Sustainability

The Head of Sustainability will have day to day responsibility for managing the programme and ensuring all aspects are being progressed as required. They will act as a subject matter expert providing strategic guidance and support to the businesses, the pillar sponsors, the CEO and the Board.

Sustainability Champions Network

It is intended over the coming months to create an internal sustainability champions network (SCN) from across our operations. The members of this group will be responsible for delivery of specific tasks, act as a conduit for the flow of information throughout the business and be a champion of the sustainability programme in their day to day roles.

Sustainability Reporting

The Group intends to produce a specific and separate Annual Sustainability Performance Report and further details on the programme, performance data and ongoing initiatives will be available in that document. We aim to produce the inaugural report during 2022.

JSG Vision 2030 Targets and 2022 Objectives

To underpin our aims across the four pillars of **The Johnsons Way**, we have recently published a Vision 2030 statement which sets out our future goals for the Group, including what we consider are challenging but achievable targets. Whilst these goals and targets were not in place during the reporting period, we have made reference to them where appropriate and have included them in full below for completeness.

The Vision statement and targets can be found on our website at www.jsg.com/about-us/sustainability

By 2030 we commit to have:

Our Family

Increased gender and ethnic diversity at all levels of the organisation

- Female representation at management level and above will be a minimum of 25%
- Implemented an effective Equality, Diversity & Inclusion (ED&I) programme
- Better utilised The Academy to support our people on their journey with us through formal career paths and life-long learning

Our World

- Reduced our carbon footprint intensity by 40% *
 - Commenced the implementation of our Low Carbon Transition plan
 - Converted our company car fleet (and small commercial vehicles where practical) to EV (or other non-fossil fuelled combustion power)
- Reduced the water volume intensity across our operations by 25%
- Reduced the waste sent for disposal by 75% and
 - Developed processes for recycling all our end of life textiles and
 - Eliminated all single use plastics in our products and services

*Does not include our supply chain Scope 3 emissions

Our Integrity



- Implemented a Supplier Sustainability Framework and Customer Code of Conduct across all Tier 1 suppliers and customers
- Ensured our own ethical business practices remain suitable and relevant and that our staff know the requirements
 - All our staff have undergone the JSG Code of Conduct training
 - Our Senior Managers have completed JSG Ethical Business training

Our Communities

- Continued to support our communities through charitable fundraising and giving
- Developed collaborative partnerships with our local and global communities to support
 education, environmental protection and entrepreneurship
- Increased our overall social value spend as a percentage of our annual revenue

To ensure we remain focused on our Vision 2030 Commitments we have set a number of objectives within each of the four pillars to be achieved during 2022. The intention of these objectives is to ensure there is a solid foundation for us to make progress towards our 2030 goals.

The 2022 Objectives will have individual targets and key performance indicators (KPIs) agreed which will be monitored and reported to the Board. The objectives are detailed in each of the pillar sections below.





Our Family

We recognise that our people are key to the success of the Group and we value the contribution of each and every one of our employees. The Group's aim is to be the employer of choice in our industry through delivering a first-class employee experience every day for all our colleagues, those who are permanent members of our family and those who may only provide peak season temporary support.

The **Johnsons Family** means ensuring everyone feels that they are included and valued and that they belong, that all our colleagues have equality of opportunity and reward, that we support improved health and wellbeing in our teams and that we foster a positive culture with open and honest engagement and communication.

As we develop the actions we intend to take in this pillar, we will focus on ensuring we have a robust ED&I programme, developing our Academy to provide life-long learning and career path frameworks and putting effective plans in place to continue to improve our culture and behaviours.

Health, Safety & Wellbeing (HS&W)

The health, safety and wellbeing (HS&W) of our colleagues, visitors and others impacted by our operations is a priority for us. The Board is aware of its responsibilities on all matters of HS&W and has nominated Peter Egan, CEO, as the Director responsible for such matters.

Health and safety matters are a permanent agenda item at all Group and subsidiary Board Meetings. A summary report outlining the Group's activities is provided on a regular basis for Group Board Meetings, including up to date statistics relating to accidents and incidents that have occurred since the last report.

We have identified the following key trends in our 2021 accident types:

- Cuts/Abrasions
- Manual Handling
- Slips & Trips
- Hit by Moving/Falling object

To address these, we have undertaken a number of initiatives including the development and implementation of mandatory H&S induction modules across the whole Group for both new and existing staff. We have also refreshed our H&S support information through the launch of a new online portal available for staff to access at any time.

Specific training packages to address identified areas for improvement have been rolled out including cage handling training. We are also in the process of developing a new transport safety video and training package for launch in 2022.

JSG has a Group wide HS&W policy statement which outlines our commitments to maintaining and improving the health, safety and welfare standards throughout the Group. This statement is reviewed by the Board on an annual basis and published on the internal intranet system. It is brought to the attention of all employees and copies are available upon request to all relevant parties. The Group Board requires that all of our businesses implement a clearly defined HS&W policy that aligns with the overall JSG framework, formal HS&W procedures and safe systems of work that are relevant to their operations and risks.

HS&W Management Systems

We consider health and safety management as an integral part of good management generally, rather than as a standalone system. In order to enable comparable reporting across the Group, each of our businesses are required to have a Safety Management System, appropriate to their operations, that is in accordance with the guidance contained within either the internationally recognised 'Occupational Health and Safety Assessment Specification' standard (OHSAS 45001) or the Health and Safety Executive's 'Managing for Health and Safety' guide (HSG65).

All new companies acquired by the Group undergo a stringent audit of their existing Safety Management System in order to establish compliance with appropriate legislation and Group policy; any shortcomings are rectified, on a risk-based approach, as soon as is practicable.

The central Technical Department is responsible for the HS&W management on a day to day basis, with their primary objective to ensure that safety standards are met. The team undertakes annual assurance reviews of the business systems to ensure they are suitable, sufficient and fit for purpose. They are also responsible for horizon scanning to keep abreast of, and inform on, new safety legislation and the completion of annual audits of all sites to ensure compliance with the relevant policies, procedures and system requirements. The results of all audits are presented to the Board.

The Technical Team are also responsible for the quality monitoring systems which operate throughout the business and maintain them in respect of new processes, equipment and standards. An ongoing review of other relevant accreditations that complement and support our business processes is also undertaken, an example being the implementation of EN 14065. Proactive management of Planned, Preventative Maintenance (PPM) is achieved via a pre-determined programme, ensuring all equipment is maintained to relevant safety and performance expectations. Capital investment projects are supported by providing expertise on utilities, energy management, labour efficiency and engineering management to ensure delivery to time and budget.

All of our businesses have arrangements in place to consult with employees on matters which may affect their health and safety. The Group is in regular contact with regulatory bodies both directly, and via industry trade associations. The health and safety performance of each business is collectively benchmarked against other companies operating in similar business sectors.

COVID-19

We continue to operate across the business in compliance with local COVID-19 requirements. Precautions included the wearing of masks or face shields, social distancing, temperature checks and enhanced cleaning regimes for those who were required to be on site with remote working and travel restrictions recommended for applicable staff.

Our Family

The measures in place to combat the spread of the virus will continue to operate at least in line with government and public health guidance.

Equality, Diversity & Inclusion (ED&I)

We strive to provide an engaging and motivating workspace and are committed to delivering equality of opportunity for all. We want all of our Johnsons family members to feel that they belong.

We have a number of policies at a Group and Business level to ensure our commitments in these areas are embedded throughout our operations, specifically in respect of matters such as training, career development and promotion. All decisions are based on the merits of the individual concerned. The Group is dedicated to undertaking its business operations in a way which respects individual human rights, treats individuals with dignity and allows freedom of association.

Procedures are in operation to support the Group's policy that disabled persons, whether registered or not, shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. Where members of staff become disabled every effort is made to ensure that they are retrained according to their abilities. The Group's employment policies and procedures are described in detail in its Staff Handbook, a copy of which is made available to all employees. This handbook takes account of relevant employment legislation and best practice. New policies, procedures and related training are developed and delivered as required.

Gender Equality

We consider a diverse range of candidates for employment and promotion and we continue to progress the levels of representation of women within our teams.

Our male to female ratio is 57% to 43% across the whole Group. These numbers vary slightly within the individual businesses due to the nature of the operations undertaken. Within our senior ranks, the gap is wider, and we are actively working to address this. We have set ourselves a target of 25% female representation within the senior management teams as part of our 2030 commitments.

We report our Gender Pay Gap on an annual basis and our current and historical reports can be found on our website at **www.jsg.com/gender-pay-gap**. Please also see page 107 of this report for more information on specific 2021 data.



Age

We are conscious that our workforce age profile is higher than the norm and we are actively addressing this as part of the development of the Our Family pillar. We know that to attract and retain the next generation of talent will require us to consider changes to our employee value proposition (EVP) and we are considering what this may involve.

Age profile in numbers of staff across Johnson Service Group PLC



Our Family

Nationality

We recognise that we have a multi-national and multicultural workforce and that brings its own opportunities and challenges. We are committed to ensuring all colleagues feel included and part of The Johnsons Family and actively encourage initiatives to promote greater inclusion.

Due to recent changes of HR systems across the business, there are complexities with reporting nationality and ethnicity statistical information at present. We are undergoing a data cleanse and refresh exercise to be in a better position to report nationality and ethnicity moving forward. We also recognise that the data we have reported to date is fairly high level and needs to be more granular. We intend to develop a more detailed diversity baseline across our four priority identified areas of age, gender, nationality and ethnicity.

Culture & Engagement

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

Over the years, we have carefully developed a common set of expected behaviours based on our corporate values and an effective system of governance, both of which have been influential in shaping and embedding a strong ethical and governance culture across the Group. The Board is responsible for changes to corporate governance and culture, however, from a practical perspective, the Executive Directors and senior managers are responsible for implementing behavioural and governance changes and for clearly articulating to colleagues in the wider business the reasons for change, its benefits or the consequences of not changing, providing encouragement and support to colleagues to ensure that ethical standards are maintained and good governance is put into practice.

Our Vision and Values can be found on page 12.

The success of our business is dependent upon a strategy which benefits our investors, employees, customers, suppliers and the wider stakeholder community. We have invested time and resources in communicating with employees and designed training and development programmes to educate and encourage the high standards of conduct. They reflect our vision to be the market leader where we are renowned for our great people, great service and great results.

Employee communication and consultation

Each business takes responsibility for fostering employee engagement through appropriately structured communications, training and incentive arrangements. Employee views are sought by management and taken into consideration when making decisions that may affect the employees' interests. A broader understanding of the Group and opportunities within it are made available to employees through a Group wide magazine. We have formalised consultative bodies in a number of our sites, including collective bargaining through recognised trade union bodies at three sites. Many of our sites also have more informal employee representative groups and H&S committees.

Employee Engagement

During 2021 each of our businesses undertook employee engagement surveys and the summary findings can be seen below.

Overall Engagement Scores from the Survey







HOTEL LINEN



Our Family

Whilst 2021 was the first time we have undertaken an employee engagement survey across our HORECA division it was the second time we have encouraged our teams to "Have Your Say" in our Workwear division and we are pleased to see a slight improvement in the overall engagement score.

Across the three surveys completed we scored highly in areas such as employee commitment to the company (85-86%), pride at the service provided (85-87%), employees having appropriate levels of freedom to do their job well (84-91%) and staff feeling they are a trusted member of the company (84-89%).

Key themes of opportunities for further improvement include the following:

- Leadership visibility and communication
- Creating a buzz around wellbeing
- Perception and promotion of pay and benefits
- Engagement around training, development and careers •

The results of the surveys have been communicated to the senior management teams for each business and actions plans to address the areas for improvement identified are currently being developed. This will also include the reinvigoration of employee focus groups with representatives from across all levels of the individual businesses to help ensure actions taken are relevant.

Nick Gregg is the Non-Executive Director responsible for Workforce Engagement. The Baord intends that Nick will attend a number of employee focus groups during 2022 in order to hear and discuss further the ideas and concerns of the workforce.

The next steps for employee engagement in Workwear

Our 2022 areas of focus from the Employee Engagement surveys are;

- Promoting Health and Wellbeing;
- Trust in Leadership, Active Listening;
- Investing In Learning and Development; and
- Giving Something Back.

In addition, each site has received their own specific feedback from ETS, our survey partner, and from this will agree further areas to focus on, which will have the most impact on improving the employee experience at each specific location.

Head Office departments to address actions at each location or department. We have also set up a Core Focus Group to address the business actions and also to support the plants with their actions. This is led by the Workwear Managing Director and we have created a plan for the year to ensure actions are taken and managed within the required timescales.

We have also created a new role dedicated to the promotion of Employee Engagement across the business, provide advice and support.

This year, more emphasis has been placed on providing the tools and support to our employees to allow them to take ownership and to make the best decisions to improve their Employee Experience.

Our Family 2022 Objectives

Aim	Ob	jectives
Create a • First-Class employee	•	Furthering our ED&I commitments and programme
experience	•	Developing a positive culture and effective engagement programme

JSG understands that it is inevitable that our business operations will have an environmental impact, our processes are energy and water intensive; however, our business model is fundamentally one of circularity through the provision of textile rental and laundry services.

We are committed to going beyond simple regulatory compliance when addressing our environmental impacts and instead will aim to be a positive force for enhancement of our natural world, incorporating environmental considerations into all of our decision-making processes.

This pillar will focus on reducing natural resource consumption, eliminating waste and considering our wider environmental impacts such as biodiversity decline and deforestation that is impacted through our supply chain.

Board Responsibility for Environment

issues

The Board is aware of its responsibilities with regards to environmental impacts and receives regular reports on all environmental matters. Peter Egan, CEO, is the nominated Executive Director responsible for Health and Safety and the Environment.

Energy Consumption and Carbon Emissions

The UK Parliament set a legally binding target in June 2019 to reduce its greenhouse gas emissions by 100% by 2050 (from 1990 levels). In the sixth carbon budget delivered in April 2021 this target was revised to add a milestone requiring a reduction of 78% by 2035, effectively bringing forward the commitment date.

The target is aligned with the Paris Climate Agreement (and the recent discussions at COP26 in Glasgow) which has a pledge by 195 countries to limit global warming to below 2° Celsius.

It is an ambitious target and it is clear that it will only be achievable if business, the public sector and governmental organisations set transformational, science-based targets, backed up by robust action plans over the short and longer term.

As part of our refreshed approach to sustainability we have set ourselves what we consider to be a challenging carbon reduction target – to achieve 40% reduction in our CO_2e intensity by 2030. We are conscious that this is not a net zero commitment, however, we are in the early stages of our low carbon transition and management journey and believe it is realistic and achievable. We are also aware that our current emissions data, and this target, does not yet address our wider Scope 3 emissions, including those of our supply chain and our product inventory. We have committed this year to furthering our understanding in this area and have set ourselves a number of objectives to support our ambitions around carbon reduction which include the implementation of mandatory Energy Management Plans at all sites, the development of a low carbon transition plan for the Group and agreement on the scope and methodology for calculating our supply chain Scope 3 emissions.

The Group is required to report, in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, its energy use and carbon emissions for the financial year ending 31 December 2021. As allowed by the legislation, and in order to allow for sufficient time to compile the data and complete the reporting, the annual period used to calculate energy use and emissions was set as the 12 months ending 30 September 2021.

JSG has applied an 'operational control' approach to define the Group's emissions boundary and scope. This approach captures emissions associated with the direct operation of all sites, plus company-owned and leased transport. The information used to compile the report was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019. Emissions have been calculated using conversion factors provided by the UK Government. There are no material omissions from the mandatory reporting scope. The most significant omission is that of our Scope 3 supply chain emissions, which we hope to include in next year's report, and we are exploring methodologies and models that will assist us in those calculations.

2021 Group Energy and Carbon Emissions

Johnson Service Group's greenhouse gas emissions, reportable under SECR for the reporting year 2021 were 72,235 tonnes CO₂e.

Our greenhouse gas (GHG) emissions were 0.17% higher than in the previous year. These emissions included all material Scope 1 and Scope 2 emissions required to be disclosed by legislation, plus additional Scope 3 emissions included voluntarily.

Emissions due to gas are down 1% when compared to the previous reporting period. Emissions due to transport increased by 11%, however, emissions for purchased electricity have decreased by 20%. In the previous reporting year, the emissions from Commercial Fleet, Company Cars and Grey Fleet were all reported together under "Transport".

The absolute tonnes of carbon dioxide equivalent (tCO₂e) totals have been normalised using a relevant quantifiable factor to create a specific intensity ratio. The intensity ratio calculated for the Group is tCO₂e per £million of revenue.

2021	2020	Share (%)	YoY Variance (%)
48,631	49,145	67.32%	(1.05%)
34	-	0.05%	-
16,506	14,858	22.85%	11.09%
474	-	0.66%	-
138	-	0.19%	-
6,452	8,112	8.93%	(20.47%)
72,235	72,115	100%	0.17%
£271.4m	£229.8m		
266.2	313.8		(15.17%)
	48,631 34 16,506 474 138 6,452 72,235	48,631 49,145 34 - 16,506 14,858 474 - 138 - 6,452 8,112 72,235 72,115 £271.4m £229.8m	48,631 49,145 67.32% 34 - 0.05% 16,506 14,858 22.85% 474 - 0.66% 138 - 0.19% 6,452 8,112 8.93% 72,235 72,115 100% £271.4m £229.8m 100%

Our World

The chart below shows GHG emissions by source for 2021 where emissions from electricity (8.9%), natural gas (67.3%) and transport commercial fleet (22.9%) dominate.



- Fuel combustion: Transport Company Cars
- Fuel combustion: Transport Grey Fleet

Purchased electricity





- Fuel combustion: Transport Commerical Fleet
- Fuel combustion: Transport Company Cars
- Fuel combustion: Transport Grey Fleet
- Purchased electricity

Total energy consumption across the group has decreased by 12% during 2021. This can be seen in the table below which details consumption by emissions source. Natural gas consumption has reduced by 15%, commercial fleet by 4% and electricity by 13%. In total the consumption for the whole group has reduced by 12%. However it should be noted that COVID-19 has affected our normal operations which will have had an influence on consumption.

Emissions (tC0,e)

Total consumption (kWh)	313,184,491	357,449,332	100%	(12.38%)
Electricity	27,915,204	32,041,055	8.91%	(12.88%)
Transport – Grey Fleet	563,659	-	0.18%	-
Transport – Company Cars	1,814,202	-	0.58%	-
Transport – Commercial Fleet	56,075,418	58,129,198	17.90%	(3.53%)
Gas oil	108,520	-	0.03%	-
Natural gas	226,707,487	267,279,079	72.39%	(15.18%)
Emissions source	2021	2020	Share (%)	YoY Variance (%)

It is standard protocol to define greenhouse gas (GHGs) emissions by scope:

Scope 1: direct emissions arising from activities on site, including combustion of fuels to heat buildings, the use of fuel in company owned vehicles, refrigerant gas leaks, and use of industrial gases.

Scope 2: indirect energy emissions from purchased electricity, heat or steam.

Scope 3: indirect emissions such as those associated with the transmission and distribution losses of electricity, grey fleet transport and well-to-tank losses.

Our World

The split of reported emissions by scope is shown in the table and chart below

				YoY
			Share	Variance
Emissions source	2021	2020	(%)	(%)
Scope 1	55,283	63,873	76.53%	(13.45%)
Scope 2	5,927	7,470	8.21%	(20.65%)
Scope 3	11,025	772	15.26%	1327.99%
Total emissions (tCO ₂ e)	72,235	72,115	100%	0.17%



The figures include all material Scope 1 and 2 emissions, plus Scope 3 emissions for employees' own vehicles used for business purposes, purchased electricity related transmission and distribution (T&D) losses and gas consumption associated "well-to-tank" losses both of which are considered best practice. It bears noting that the latter was not included in the calculations for 2020 and, therefore, accounts for the significant increase in Scope 3 emissions.

Scope 1 emissions together are the largest contributor to our reported emissions as they make up 77% of the total and they are primarily associated with the combustion of natural gas and fuels used in commercial vehicles. The remaining Scope 1 emissions come from company car transport as well as gas oil usage. Scope 1 emissions have reduced by 13% when compared with 2019/20, with this drop attributable to natural gas consumption (kWh) decreasing by 15%. The majority of the Group's gas usage comes from our operational sites and with the year being largely affected by COVID-19 these were not all operating at full capacity in comparison to previous years.

Scope 2 emissions come entirely from purchased electricity and emissions from this source contribute 8% of the total. Scope 2 emissions have decreased by 21% when compared to 2019/20. This is due to the fact that the consumption (kWh) from electricity at the Group has dropped by 13% and the conversion factor from electricity kWh to tonnes CO₂e has decreased from the previous year (due to the electricity grid mix getting greener). Consumption will have been impacted by COVID-19 sites being mothballed therefore this reduction may not prove to be permanent once we return to full operation.

Scope 3 emissions make up the remaining 15%. These have come from transmission and distribution losses from purchased electricity supplies and grey fleet transport. Well-to-tank losses have also been included for natural gas supplies, gas oil supplies and commercial fleet and company car fuel usage where volume data was available for conversion.

Energy Efficiency and Carbon Emissions Initiatives and Recommendations

During 2021 we continued to undertake relevant energy and carbon related initiatives such as:

- Improving our data collection and reporting tools and methodologies which have enabled us to more fully report our carbon emissions for this reporting period. We are in the process of reviewing financial reporting tools e.g. expenses system to ensure even more accurate data collection moving forward
- Developing **The Johnsons Way** our refreshed approach to sustainability and have set and published our Vision 2030 statement and targets, which include a specific CO_2e reduction target
- Continuing to roll out a fleet management tool, not only to better manage fuel consumption but also to support increased driver safety through tracking of speeding and excessive braking
- Utilising route optimisation methodologies to ensure, wherever possible, the most efficient and economical delivery circuits are adopted
- Working with our energy consultants to identify opportunities to procure a greener electricity tariff and identify potential locations for onsite generation

We have set ourselves a number of objectives for the coming year to support our ambitions around carbon reduction which include the implementation of mandatory Energy Management Plans at all sites, the development of a low carbon transition plan for the Group and agreement on the scope and methodology for calculating our Scope 3 emissions.

Our World

Company Car Fleet Transition to Electric Vehicles

In our 2020 Annual Report we stated our intention to review the feasibility of introducing electric vehicles, where practicable, into our company car scheme. This pilot is currently ongoing and demonstrating significant benefits, both to the business and to individuals. There are currently a number of colleagues across all levels of the business who are involved in the pilot and feedback to date has been overwhelmingly positive. It is clear that the EV industry is moving at pace and we intend to ensure we make the most of the opportunities offered in terms of running costs and engagement. We are currently reviewing the company car list to encourage the uptake of EV's across the Group where feasible and, as stated in our 2030 targets, we intend to fully transition our company car fleet to electric by 2030 at the latest.

Climate Change Agreement (CCA)

The Group is party to an industry-wide Climate Change Agreement (CCA), a voluntary agreement with the Environment Agency to reduce energy use and carbon dioxide (CO₂) emissions. In return, and subject to meeting the agreed predetermined energy reduction targets, the Group receives a discount on the Climate Change Levy, a tax added to electricity and gas bills. If the agreed energy reduction target is not met, the Group is required to pay a "buy-out fee", which is calculated per tonne of CO₂ (equivalent) emitted over the target.

The current scheme is due to continue until to December 2022, "Target Period 5", and a total of 32 of our operational sites were within the scheme as at the end of 2021. A further three sites will be brought into the scope of the Agreement in early 2022.



% Sites Within CCA Agreement
 % Sites Outside CCA Agreement

Task Force on Climate Related Financial Disclosures ("TCFD")

Framework

The TCFD has developed a framework to assist companies in more effectively disclosing climate related risks and opportunities through their existing reporting processes. The core elements, or pillars, of the framework are as follows:

- 1. Governance: the organisation's governance around climate-related risks and opportunities.
- 2. Strategy: the actual and potential impacts of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.
- 3. Risk Management: the processes used by the organisation to identify, assess, and manage climate related risks.
- 4. Metrics and Targets: the metrics and targets used to assess and manage relevant climate related risks and opportunities.

Each of the above elements has a number of associated recommended disclosures.

As an AIM listed company, it is not currently mandatory for the Group to report against the TCFD framework however, the Board recognises that climate change is a principal risk posing potential challenges to our business and throughout our value chain. The Board also recognises its duty to stakeholders to operate the business in an ethical and responsible manner and is committed to developing its sustainability strategy and framework, recognising that it can play a major part in leading and influencing all of our people and operations.

We have, therefore, provided relevant disclosures within this Annual Report where the information is available and evidencable and are currently developing a transition plan to ensure we are able to provide further and more detailed disclosures going forward.

Governance

Subsequent to the year end, and linked to the launch of our refreshed sustainability strategy in February 2022, an additional Committee of the Board, the Sustainability Committee, was established. The Sustainability Committee's purpose is to assist the Board in the discharge of its duties relating to the Group's corporate and societal obligations and its reputation as a responsible corporate citizen. As we increase our focus on climate impact, the oversight, remit, and responsibilities of the Sustainability Committee are also likely to increase.

Recommended Disclosure	Page Reference
Describe the Board's oversight of climate-related risks and opportunities.	Sustainability Committee page 31 Risk Management page 46
Describe management's role in assessing and managing climate-related risks and opportunities	Risk Management page 46

Our World

Strategy

Our refreshed sustainability strategy, **'The Johnsons Way'**, was launched in February 2022 and outlines the framework under which we will operate going forward. The strategy sets out our '2030 Vision' and, to ensure there is a solid foundation for us to make progress towards our 2030 goals, we have also set a number of objectives to be achieved during 2022. The 2022 objectives will have individual targets and key performance indicators agreed which will be monitored and reported to the Board.

Recommender Describe the or risks and oppo organisation h over the short long term.	limate-related ortunities the nas identified	Page Reference Principal Risks page 52
Describe the in climate-relate and opportun organisation's strategy, and planning.	ed risks ities on the business,	N/A
organisation's into considerc climate-relate		N/A

Risk Management

Climate change is becoming more significant and, as such, has been identified as a principal risk to the Group. Climate change is important to us as a business and to our stakeholders and we are committed to energy efficiency improvement and reducing our greenhouse gas emissions, however, there remains the potential for us to see increases in both the cost of energy as well as the potential introduction of associated levies or taxation. Failure to appropriately demonstrate that, as a business, we are committed and moving towards net zero carbon emissions could negatively impact our brand and also impact our ability to operate and/ or remain relevant to our customers and consumers.

Recommended Disclosure	Page Reference
Describe the organisation's processes for identifying and assessing climate-related risks	Risk Management page 46
Describe the organisation's processes for managing climate-related risks	Risk Management page 46
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Risk Management page 46

Metrics and Targets

'The Johnsons Way' sets out our 2030 Vision and a number of initial objectives to be achieved during 2022. The roadmap to achieve our targets comprises targeted actions including conversion to renewable electricity and electric vehicles, working with our suppliers on more sustainable sourcing methods and further capital investment in our business. We have set ourselves a number of objectives for the coming year to support our ambitions around carbon reduction which include the implementation of mandatory Energy Management Plans at all sites, the development of a low carbon transition plan for the Group and agreement on the scope and methodology for calculating our supply chain Scope 3 emissions.

Recommended Disclosure Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.	Page Reference Principal Risks page 52 Carbon Emissions page 37
Disclosure Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Carbon Emissions page 39
Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.	Our World Section page 37

Water Management

We are currently in the process of finalising our 2021 water data and this will be considered our baseline year. We have identified a number of complications with obtaining this data and are implementing improved methods to ensure more accurate and transparent reporting for future reports.

As with other areas already detailed, we have set ourselves a challenging 2030 target for water reduction and will continue to develop our plans for achieving this over the coming months. As part of these efforts we have committed to the development of individual site water management plans across the Group to provide local managers greater information to enable them to make more informed decisions with regards to water efficiency measures.

We collaborate closely with our suppliers and partners to explore new technologies and equipment that will help us reduce our consumption over the coming years.

Our World

The Pulse Project at Johnsons Stalbridge

We continue to trial an innovative system using hollow fibre ceramic membranes to optimise the reuse and recycling of process water at one of our HORECA sites. The design of this system allows for greater cleansing of the water than other technologies and therefore allows more of it to be put back into circulation for reuse in the cycle. This project is also trialling membranes coated with graphene to increase the cleaning.

Early results are promising, and we are optimistic that the longer-term trial that is currently underway will demonstrate positive savings that we can then use to consider further deployment across the Group.

Waste Management

Across the Group we produce a significant volume of waste including, plastics and other packaging, general waste, end of life textiles and other industrial wastes. We have robust processes in place to ensure each site manages their waste in accordance with local regulations. To date however, we have not adopted a centralised and strategic policy or method for calculating total volumes, except for those we are legally required to disclose (such as packaging).

As part of our 2022 objectives we have committed to developing a robust and complete waste baseline for 2022 and therefore should be able to report more fully going forward.

In addition, we know that there are a number of specific areas that will require focus this year including:

- The development of a Group policy/position on single use plastics
- Streamlining of waste management suppliers/contractors
- Exploring opportunities to better manage end of life textiles

Infinity Textiles Pilot project

Textiles are finally becoming part of the circular bioeconomy. Working with our professional trade body, the Textile Services Association ('TSA'), we are participating in a trial to assess how we can recycle textiles that, for our purposes at least, have reached their end of life.

Currently, only a negligible proportion of the global production of clothing and textiles is recycled, the vast majority is either incinerated or sent to landfill. One of the biggest challenges in textile recycling is that fabrics rarely consist of pure cotton. After several years of development, Södra, a Scandinavian forestry group, has developed a new process for industrial-scale textile recycling for both cotton fabrics and blended fabrics (polycottons). The recycled textiles are used to make new dissolving pulp, which can then become new viscose and lyocell, or combined with a wood cellulose to create a pure, highquality dissolving pulp which can be used to produce new clothing and other textile products. In other words, it is a same time. The technique is a unique solution that enables circular flows in the fashion and textile industry. Whilst at an early stage, the results of the trial are encouraging, and we are engaged in the next stage of assessing the wider implications of how we can participate in and benefit from a longer-term trial.

By sending our end of life textiles to Södra, we become part of a long-term effort to solve one of the world's most challenging sustainability issues. The TSA are also working with another partner in the UK who may also offer longer term opportunities for recycling and re-use of textiles to help us participate more fully in the circular bioeconomy.

Our World 2022 Objectives

Aim	Objectives
Become a • positive force for environmental stewardship	 Developing our approach to low carbon operations Exploring water efficiency
	opportunities
	Better understanding our waste generation and management





Our Integrity

JSG recognises that growth, change and profit are good for the Group and that they are necessary for a business to survive. At the same time, we also understand that we must ensure we always operate in a responsible way through the employment of strong ethical practices and governance.

We also accept that our indirect activities are wide and varied and that effective change will only be possible by cascading and supporting the sharing of our values and behaviours into our value chain and working in partnership with our customers and suppliers.

This pillar will focus on ensuring our processes and procedures are of the highest ethical standards. We are developing improved supplier and customer frameworks to align our goals wherever possible and embedding processes to ensure compliance with all of our requirements.

Code of Ethics and Bribery

The Group has a written code on business ethics (the 'Code of Ethics'), which is reviewed regularly by the Board and sets out guidelines for all employees to act with honesty, integrity and fairness to others to ensure the Group meets the highest standards of conduct in business dealings, including those with overseas suppliers. On joining the Group, whether by way of acquisition or otherwise, all employees are made aware of these standards and procedures to ensure compliance is achieved. Senior employees are required to sign an annual statement of compliance with the Code of Ethics.

The Group's anti-bribery policy sets out how employees must act to ensure that our zero-tolerance approach to bribery and corruption is upheld.

As part of the Group's commitment to ethical trading standards a declaration of interests in suppliers is required to be undertaken by all employees who are considered to be influential with regards to the ordering of goods or services from suppliers. The purpose of the declaration is to ensure that there is complete clarity of interest between the parties to a transaction and that the independent judgement of employees is not impaired. Group employees, agents and other representatives are prohibited from giving or receiving money or gifts which could be construed as bribes. The policy does not prohibit normal and appropriate hospitality (given or received) to or from third parties, nor does it prohibit giving or accepting gifts of low monetary value as long as it does not influence, or have the appearance of influencing, an employee's objectivity or decision-making.

During the coming year we intend to review these policies and develop suitable and appropriate training packages to ensure all colleagues fully understand our compliance requirements. We have identified specific groups within our operations who are more at risk to potential exposure in these areas and an additional training package will be developed for them.

The Group is committed to a culture of openness, honesty and accountability and believes that it is fundamental that any concerns our employees have about the Company can be raised without fear of victimisation. A dedicated and confidential Whistleblowing service is available to employees should anyone wish to report perceived improprieties. Reports can be made via a dedicated telephone number and email address or in writing to the Non-Executive Directors via the Company Secretary. The Whistleblowing policy is displayed at all sites and is also available on our internal intranet system. It provides examples of ethical wrongdoing including bribery, corruption, fraud, dishonesty and illegal practices which may endanger employees or other parties.

Arrangements are in place to ensure that any reports are followed up and the appropriate action taken.

Group Modern Slavery Statement

We publish our Modern Slavery Statement annually on our website at **www.jsg.com/modern-slavery-statement**.

We are committed to implementing and enforcing effective systems and controls to confirm that slavery and human trafficking is not taking place anywhere in our supply chain or in any part of our business. We fully acknowledge our responsibility to respect human rights as set out in the International Bill of Human Rights and we are also committed to implementing the United Nations Guiding Principles on Business and Human Rights throughout our operations.

All new employees are subject to pre-employment checks to confirm their identity and eligibility to work in the UK prior to them starting work within the Group. Information is provided to all employees on their statutory rights including sick pay, holiday pay and any other benefits they may be entitled to by virtue of their employment. We pay all directly employed labour at least the living or minimum wage, as appropriate. Where recruitment agencies are used, we ensure they comply with all legal requirements. These procedures collectively help to address our on-going commitment to protect our employees' human rights and the elimination of all forms of forced and compulsory labour.

We expect our suppliers to have suitable anti-slavery and anti-human trafficking policies and processes within their businesses and to cascade those policies to their own suppliers. Our standard supplier contractual terms and conditions include a provision requiring suppliers (and each of their sub-contractors) to comply with the Act. The standards we expect will address a broad spectrum of working conditions including fair remuneration, working hours, no child labour, respect, non-discrimination, health, safety and wellbeing, as well as freedom from forced labour.

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chain and our business, all Directors have been briefed on the subject and we provide training to relevant members of staff. Through this training, as well as through Group wide internal communications, all employees are encouraged to identify and report any potential or actual wrongdoing that they consider to be negligent, improper or illegal via a dedicated and confidential Whistleblowing hotline, which is available 24 hours a day.

Our Integrity

Risk Management Approach

The Board has overall accountability for ensuring that risk is effectively managed across the Group and this also includes those risks relating to sustainability. Climate change and energy costs is identified as a principal risk to the Group and mitigation identified includes investing in sites, installing the latest technologies and ensuring energy efficiency measures are utilised.

As part of our action plan towards reporting more fully under TCFD we are reviewing our approach and methodologies to ensure they are appropriate and fit for purpose.

For more information on our risk management approach and processes please refer to page 46.

Other Sustainability Risk

Potential areas of risk are identified through the Group's risk assessment programme and mitigated wherever possible. Each business undertakes quantitative audits which enable a measure of sustainability improvement to be made.

Environmental Management and ISO14001

ISO 14001 is the international standard that specifies requirements for an effective environmental management system. It provides a framework that an organisation can follow, to identify and address environmental issues, control impacts, ensure legal compliance and monitor performance. All of our operational sites are required to have procedures in place that align with the requirements of the standard and a number of them are formally certificated to ISO 14001.



Social Risks

Historically we have utilised a variety of methods for identifying potential social risks, particularly those within our supply chain and these include the use of platforms such as Intertek to perform social audits on our key suppliers. These audits take the form of a questionnaire that includes questions on topics such as modern slavery, staff welfare, H&S etc. We have identified that it would be of value to the Group to implement a more bespoke Supplier Framework that is designed to more suit our needs, supplier operations and geographical locations and potential risks and have committed to developing this over the coming months. This framework will also include a consistent approach and format for supplier audits and assurance.

Our Customers

We serve a range of organisations from small owner managed enterprises to large multinational brands across a multitude of industries; however, our offering is always tailored for the needs of our customers. Our customer service teams are always on hand to meet the needs of our customers and, each year, we undertake customer satisfaction surveys from a sample of our existing customers as well as potential customers across our markets. Everything we do starts with the aim of delivering a differentiated customer experience to generate value and create loyalty and we work hard to ensure a real focus on delivering the right quantity, at the right time and with no surprises for our customers.

As stated above, we are in the process of developing a customer code of conduct that will set out the desired sustainability attributes and principles we would like our customers to share. We intend to work collaboratively with our customers to align our requirements with their goals wherever possible.

Our Suppliers

Our suppliers provide products and services that assist us in executing our strategy. Consequently, they are a vital part of our value chain and, because of our size, we are often a vital part of theirs. We are committed to establishing long-term, open and fair relationships with our suppliers.

The Board fully supports the standards set out within the Prompt Payment Code ('PPC') in respect of all suppliers. The main features of the PPC are that payment terms are agreed at the outset of a transaction and are adhered to; that there is a clear and consistent policy that bills will be paid in accordance with the contract; and that there are no alterations to payment terms without prior agreement. Further details are set out within the Directors' Report.

As set out above, we are committed to implementing and enforcing effective systems and controls to confirm that our supply chain are aware of, and are actively addressing, their environmental and social risks and impacts. We intend to formalise these into a Framework which all our suppliers will be required to sign up to and comply with in the future.

Our Integrity 2022 Objectives

Aim	Objectives
Act with Integrity and ensure the highest standard of ethics	 Operating as a responsible business
	 Being clear with our suppliers on our sustainability expectations
	 Collaborating with our customers to align sustainability goals
	to align sustainability goals



The ideas of community investment and philanthropic support are embedded in the Group history and culture. We believe that social impact value is about providing meaningful and effective support to the communities local to our operations and that we can and should be making a real difference to projects and initiatives that are important to them.

Through the development of partnerships and collaboration with community groups and organisations we can support and stimulate local social entrepreneurship and innovation which will deliver change and lasting improvement.

This pillar will focus on tactical actions that realise our aspiration to provide hands on support, utilising both monetary donations and sharing the expert talent we employ we will be able to develop long term relationships that will deliver real benefit to those communities that host us.

As part of our 2030 targets, we are committed to increasing the value of our donations in proportion to the revenue across the Group. We have reported our social value activities for the first time here to enable us to be more transparent in showing this increase in the future.

Charitable Support

During 2021 we provided a total of just over £74,500 in direct and in-kind donations across the Group. These donations included direct contributions to local charities and community organisations, matched funding of staff fundraising activities, support of educational initiatives across the industries we are active in and the provision of our own products and services (e.g. towels donated to animal shelters, washing of garments for homeless centres etc).



Total Value of Donations 2019 - 2021

Our Johnsons family are very much active in their communities and despite the constraints of the COVID-19 pandemic continue to fundraise to support their chosen good causes. Since 2019 in addition to the funds donated by the Group, our colleagues have raised more than £22,000 to support those in their communities.

Community Investment

We continue to support relevant organisations who are working in areas that align with our sustainability aims through partnerships and memberships. We also have developed a number of close relationships with schools and other academic institutions that are near to our sites. We work with them on a variety of initiatives, for example one of our Workwear sites made an educational video for their local special needs college.

Johnson Service Group is a proud member of Better Cotton and is committed to improving cotton farming practices alobally

farming practices globally. In 2020, we became one of the first textile rental companies in the world to have its application to join the Better Cotton Initiative ('BCI') approved. Membership has historically been for major global retailing brands and textile manufacturers and we are delighted, as part of our sustainability efforts, to be able to join, support and promote Better Cotton to help encourage sustainable purchasing of textiles through our supply chain and throughout our industry.

The BCI is a global not-for-profit organisation and the largest cotton sustainability programme in the world. Better Cotton's mission is to help cotton communities survive and thrive, while protecting and restoring the environment.

Better Cotton is sourced via a chain of custody model called mass balance. This means that Better Cotton is not physically traceable to end products, however, Better Cotton Farmers benefit from the demand for Better Cotton in equivalent volumes to those we 'source'.

We are committed to increasing the percentage of better cotton we source and are in the process of setting a formal target to be achieved in line with our Vision 2030 Targets.

Fashion & Textile Children's Trust

The Group continues to work in close partnership with a UK registered charity, the 'Fashion & Textile Children's Trust', who specialise in offering grants to families working within the fashion and textiles industry 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 our sector.

We are conscious that the Group could, and should, be doing more to support those communities that are impacted by our direct operations and those of our global supply chain. We have identified a number of areas for us to focus on this year and these include developing a formalised staff volunteering model and undertaking indepth analysis of our potential social value impact.

Our Communities 2022 Objectives

Aim	Ob	jectives
Support the development of thriving communities	•	Developing a better understanding of our social value impact and opportunities
	•	Supporting our Johnsons family to give back to the communities