

Corporate Governance Report

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

Legislative Overview

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

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

- 1) Board Leadership and Company Purpose

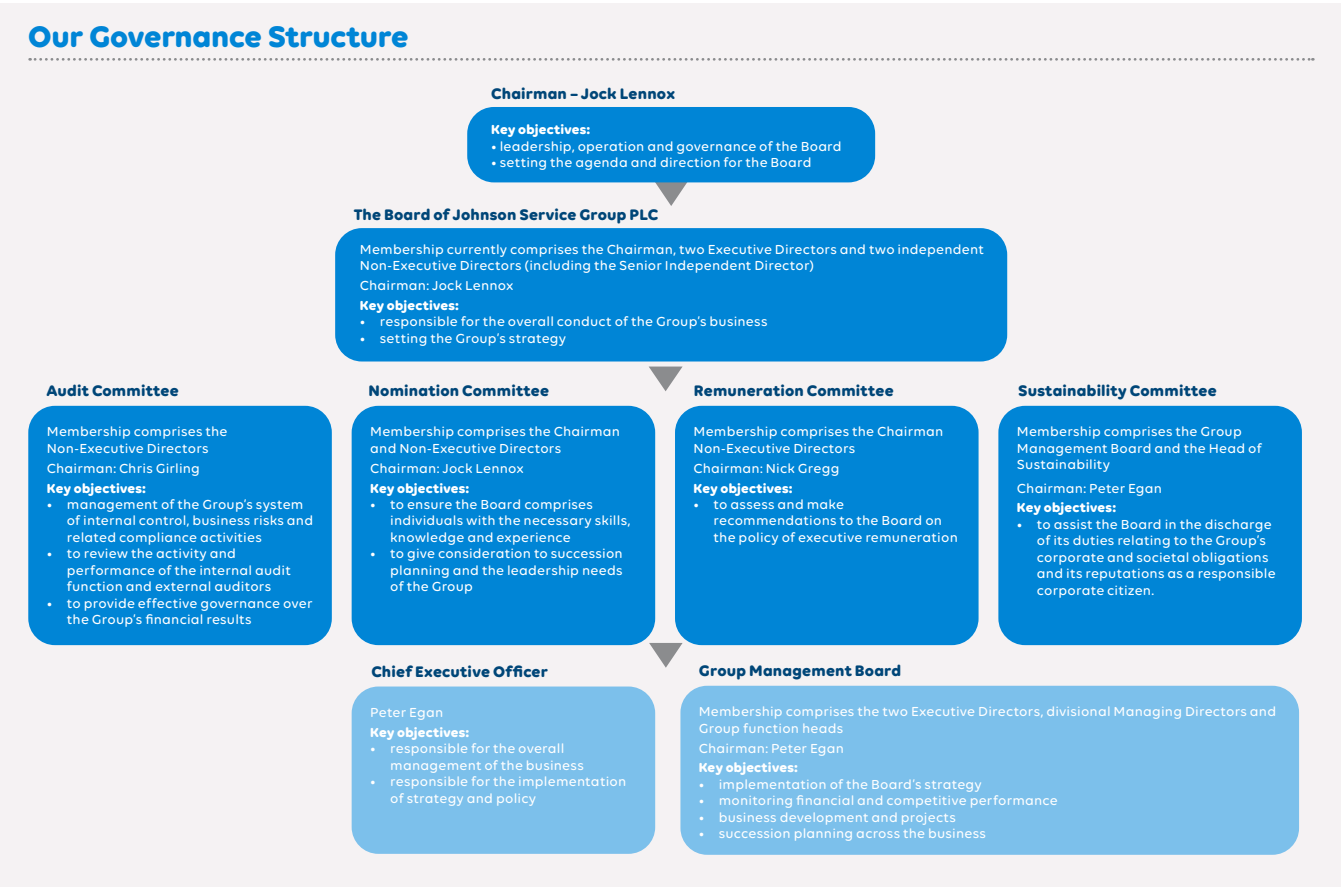
2) Division of Responsibilities

3) Composition, Succession and Evaluation
- 4) Audit, Risk and Internal Control

5) Remuneration

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

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



Compliance with the Code

The Company has applied the Principles and complied with the Provisions of the Code throughout the year ended 31 December 2021, other than in relation to the following:

Provision	Explanation
10, 19	Chairman's tenure On pages 56 and 62 of our 2020 Annual Report, we provided details of a departure from the Code with respect to the tenure of our then Chairman, Bill Shannon. As previously announced, Bill retired from the Board at the conclusion of the 2021 AGM on 5 May 2021 and was succeeded by Jock Lennox. Since that date, the Board is able to confirm that it considers each of its Non-Executive Directors to be independent and that it now complies with Provision 19 of the Code.
36	Post-employment shareholding requirement We have not introduced a formal post-employment shareholding requirement for the Executive Directors. We believe that our current approach provides for a sufficient long-term alignment of interests between executives and Shareholders through, for example, the LTIP and the existing personal shareholding requirement (which applies during employment). The Committee has though, for LTIPs granted in 2019 and thereafter, introduced a two-year post-vesting holding period. Furthermore, during 2019, the Committee also increased the personal shareholding requirement from 100% to 200% of basic salary. We will keep this under regular review as market practice in this area develops.
38	Pensions We have not fully aligned Executive Director pensions with the wider workforce. Provision for both the CEO and the CFO remains above the workforce average, although we have moved the pension contribution rate for the CEO closer towards the rate payable to the wider workforce. Pension rates reflect historic entitlements and whilst we do not currently propose any further changes at this stage, we are aware of the requirement to align contribution rates to that of the wider workforce by 31 December 2022 and will therefore keep this under active review over the coming year. For all new executive appointments to the Board, the employer pension contribution rate will be aligned with that available to the majority of the workforce.

Section 1: Board Leadership & Company Purpose

Principles:

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

Overview of the Board

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

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

Further details on the Group's mission, vision, values, targets and culture, together with information on our strategy and business model, are set out within the Strategic Report on pages 4 to 52.

Corporate Governance Report

Continued >

Specific Responsibilities of the Board

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

The specific responsibilities reserved for the Board include:

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

Roles in the Boardroom

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

Key Board Activities in the Year

Key activities of the Board during 2021 included, inter alia:

- ongoing monitoring of the Group's Health and Safety performance;
- regular review, and formal approval in March and August, of the Group's risk assessment processes and principal risks and uncertainties;
- the review and approval of the half year and full year financial statements;
- the review and approval of major capital and investment projects;
- consideration and approval for the utilisation of government support through the Coronavirus Job Retention Scheme throughout the six months to June;
- consideration and approval of the appointment of Jock Lennox to the Board in January; and
- consideration and approval of the acquisition of Lilliput (Dunmurry) Limited in September.

Insight into the Boardroom

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

January <ul style="list-style-type: none"> • Minutes/matters arising • Health & safety • CEO's trading and operational review • M&A and strategy update • Financial performance • Investor analysis • Approval of Modern Slavery Statement 	March <ul style="list-style-type: none"> • Minutes/matters arising • Health & safety • CEO's trading and operational review • M&A and strategy update • Financial performance • Investor analysis • Board effectiveness evaluation • Biannual major risk assessment • Approval of financial reforecasts • Draft final results announcement • Draft Annual Report and Accounts • Going concern and viability assessment 	May <ul style="list-style-type: none"> • Minutes/matters arising • Health & safety • CEO's trading and operational review • M&A and strategy update • Financial performance • Investor analysis • Approval to proceed with a SAYE grant in September
July <ul style="list-style-type: none"> • Minutes/matters arising • Health & safety • CEO's trading and operational review • M&A and strategy update • Financial performance • Investor analysis 	August <ul style="list-style-type: none"> • Minutes/matters arising • Health & safety • CEO's trading and operational review • Proposed acquisition of Lilliput (Dunmurry) Limited • M&A and strategy update • Sustainability update • Financial performance • Investor analysis • Biannual major risk assessment • Draft interim results announcement • Going concern assessment 	October <ul style="list-style-type: none"> • Financial performance • Health & safety • Directors' responsibilities and AIM rules update • Strategy meeting
		November <ul style="list-style-type: none"> • Minutes/matters arising • Health & safety • CEO's trading and operational review • M&A and strategy update • Sustainability update • Financial performance • Consideration and approval of 3-Year plan • Investor analysis • Approval of Tax Strategy • Review and approval of Committee Terms of Reference • Board effectiveness review

Corporate Governance Report

Continued >

Consideration of Stakeholder Interests

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

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

Principal Decision: Acquisition of Lilliput (Dunmurry) Limited
Stakeholders: Employees, Customers, Suppliers, Communities, Shareholders

In September 2021, the Group acquired the entire issued share capital of Lilliput (Dunmurry) Limited ('Lilliput') for a cash consideration of £6.2 million on a debt free, cash free basis. In making its decision to approve the acquisition, the Board considered the impact on employees, customers, suppliers and the local community as well as private and institutional shareholders. After careful consideration, the Board resolved that it was for the benefit of the Company and its stakeholders, and was most likely to promote the success of the Company for the benefit of its members as a whole, to proceed with the acquisition of Lilliput.

Principal Decision: Dividend
Stakeholders: Shareholders

In March 2020, and in order to prioritise protecting the business from the negative impact of the pandemic, the Board announced its decision to suspend dividend payments. As a result, payment of the previously announced final dividend in respect of the financial year ended 31 December 2019 was withdrawn and no dividend was recommended in respect of the financial year ended 31 December 2020. Given that the Company continued to be adversely affected as a result of the pandemic during the financial year ended 31 December 2021, the Board considers that it remains in the best interests of the Company and its stakeholders to not recommend the payment of a dividend in respect of the financial year ended 31 December 2021.

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

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

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

The Board was, therefore, keen to ensure that the Group continued to pay its suppliers within agreed payment terms. The Group has varying payment terms with its suppliers, however, such terms typically range from 60 days from date of invoice through to 60 days from end of the month in which the invoice was raised. As described further within the Directors' Report, the average time taken to pay invoices in each of the six-month periods ending 30 June 2021 and 31 December 2021 was 48 days and 53 days, respectively, such figures being in line with the pre-COVID comparative periods for 2019.

Principal Decision: Sustainability and Climate Change
Stakeholders: Employees, Customers, Suppliers, Communities, Shareholders

The Board recognises the seriousness of the implications of climate change and sustainability matters for the Group, its stakeholders and the planet, and has taken the decision to make this a central part of the Board's deliberations and oversight. During the year, the Board approved the creation of a new Head of Sustainability role within the Group. The Board has also spent more time focusing on further developing the Group's sustainability strategy and, subsequent to the year end, approved for publication 'The Johnsons Way' – our refreshed strategy which sets out the framework that underpins our approach to sustainability. The Board firmly believes 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.

Board Committees

The Committees of the Board which met during 2021 are:

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

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

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. Specific responsibilities delegated to the Sustainability Committee include, inter alia:

- 1) Review and recommend changes, as appropriate, to the Group's sustainability strategy.
- 2) Assess the impact of the Group's activities on its communities, people and the environment.
- 3) Determine appropriate targets that will further improve the sustainability of the Group.
- 4) Ensure the sustainability policy is fully understood and implemented by the Group's business operations.
- 5) Ensure the Group's programme on achieving sustainability targets is regularly reported to the Board.
- 6) Review statements and reports to be published by the Group on sustainability.

Group Management Board

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

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

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

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

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

Investor Relations

We are committed to communicating our strategy and activities clearly to our Shareholders in order to ensure that they receive a balanced and complete view of our performance. The Board considers that the Preliminary Announcement, the Annual Report, including the Chief Executive's Operating Review and the Financial Review which are contained therein, the Interim Report and trading update statements made during the year present a balanced and clear assessment of the Group's position and prospects.

Furthermore, we undertake an extensive investor relations programme in order to maintain an active dialogue with our investors. The programme includes:

- formal presentations of full year and half-year results;
- briefing meetings with major institutional Shareholders after the half-year results, preliminary statement and at the time of any other significant market update, to ensure that the investor community receives a balanced and complete view of our performance and the issues we face;

Corporate Governance Report

Continued >

- regular meetings between institutional investors and analysts and the Chief Executive Officer, the Chief Financial Officer and the Company Secretary to discuss business performance;
- hosting investor and analyst sessions at which senior management from relevant businesses deliver presentations which provide an overview of each of the individual businesses and operations; and
- attendance by senior executives across the business at relevant meetings throughout the year.

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

Following his appointment to Non-Executive Chairman in May 2021, Jock Lennox met with a number of major Shareholders in order to more fully understand their views and to provide them with an opportunity to raise any questions they had outside of the normal Investor Relations process. Jock will once again extend this invitation to our major Shareholders during 2022. Committee chairs are also available to engage with major Shareholders regarding their areas of responsibility.

In addition to the investor relations programme, the Annual General Meeting ('AGM'), which is normally attended by all Directors, provides the Board with the opportunity to communicate with private and institutional investors and we encourage their participation at the meeting. Shareholders attending the AGM have the opportunity to meet and question the Board to discuss appropriate topics either during the meeting or with the Directors after the formal proceedings have ended. Such dialogue provides the Board with valuable feedback and helps them to understand the views of shareholders.

We also have a section of our website which is dedicated to shareholders and analysts (www.jsg.com/investor-relations/) which includes all of our financial results presentations since 2010.

Culture, Workforce Policies, Whistleblowing & Workforce Engagement

Our Culture & Workforce Policies

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

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

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

Further details of our culture and employment policies are set out within the report on Sustainability.

Whistleblowing

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

Further details are set out within our Audit Committee Report.

Workforce Engagement

Nick Gregg is the Non-Executive Director responsible for Workforce Engagement. Whilst the Board is aware of the three methods of engagement specified in the 2018 Code, it is conscious that the methods specified are not the only ways of engaging with the workforce and that engagement through a range of both formal and informal channels may be more appropriate. Such additional or alternative channels may include, but not be limited to:

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

Following the completion of the Employee Engagement surveys across the Group during 2021, the Board 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.

Further details of how the Group engages with the workforce are set out within the report on Sustainability.

Section 2: Division of Responsibilities

Principles:

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

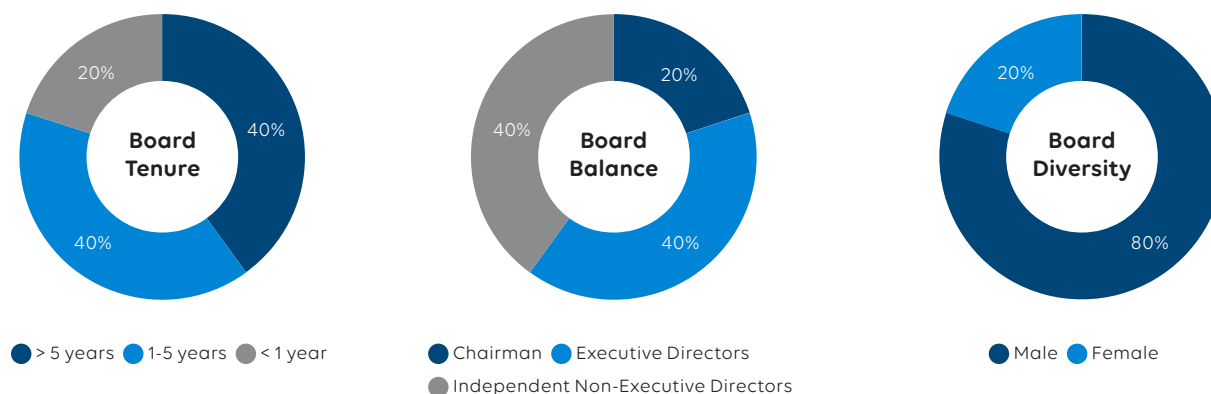
Composition of the Board

The Board currently consists of the Non-Executive Chairman (the 'Chairman'), two Independent Non-Executive Directors and two Executive Directors. The two Independent Non-Executive Directors are considered to be independent in character and judgment and are a strong element within the Board, with their views carrying significant weight in the decision-making process.

Biographies of the Directors of the Company are shown on page 56. With the exception of Jock Lennox, who was appointed to the Board on 5 January 2021, they all held office throughout the year, and up to the date of approving this Report.

		Date first appointed to the Board	Date first elected to the Board	Tenure since appointment (as at 31 December 2021)
Non-Executive Directors				
Jock Lennox	Non-Executive Chairman	5 January 2021	5 May 2021	1 year
Chris Girling	Senior Independent Non-Executive Director	29 August 2018	8 May 2019	3 years 4 months
Nick Gregg	Independent Non-Executive Director	1 January 2016	5 May 2016	6 years
Executive Directors				
Peter Egan	Chief Executive Officer	1 April 2018	3 May 2018	3 years 9 months
Yvonne Monaghan	Chief Financial Officer	31 August 2007	17 June 2008	14 years 4 months

Tenure, Balance & Diversity



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

Corporate Governance Report

Continued >

Division of Responsibility of Chairman and Chief Executive Officer

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

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

- the effective leadership, operation and governance of the Board;
- ensuring the effectiveness of the Board;
- setting the agenda, style and tone of Board discussions;
- ensuring the directors receive accurate, timely and clear information; and
- maintaining a close working relationship with the Chief Executive Officer.

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

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

Board Meetings and Attendance

There were seven scheduled Board meetings during 2021 and, additionally, a further nine unscheduled meetings in relation to, inter alia, the appointment of Jock Lennox to the Board, M&A activity, capital investment projects and the ongoing impact on the Company of the COVID-19 pandemic.

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

Individual attendance at the meetings, including Audit Committee, Nomination Committee and Remuneration Committee attendance, is set out in the table below. Where n/a appears in the table, the individual is not a Committee member but may attend the meeting at the invitation of the relevant Committee Chair.

	Board (Scheduled)	Board (Unscheduled)	Audit Committee	Nomination Committee	Remuneration Committee (Scheduled)	Remuneration Committee (Unscheduled)
Maximum Number of Meetings	7	9	3	4	3	4
Current Directors						
Jock Lennox ¹	7	8	n/a	4	3	4
Chris Girling	7	9	3	4	3	4
Nick Gregg	7	9	3	4	3	4
Peter Egan	7	9	n/a	n/a	n/a	n/a
Yvonne Monaghan	7	9	n/a	n/a	n/a	n/a
Previous Directors						
Bill Shannon ²	3	5	n/a	1	n/a	n/a

Note 1: There was one unscheduled Board meeting held prior to Jock's appointment.

Note 2: Prior to Bill's retirement on 5 May 2021, there were three scheduled Board meetings, five unscheduled Board meetings, one scheduled meeting for each of the Audit Committee, Nomination Committee and Remuneration Committee along with one unscheduled Remuneration Committee meeting. Bill attended each of those meetings in his capacity as either a Board member, Committee member or, if not a Committee member, at the invitation of the relevant Committee Chair.

In addition to the meetings set out above, the Chairman and the Independent Non-Executive Directors have met during the year without the Executive Directors.

External Executive Search Consultants

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

Induction, Training and Knowledge

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

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

Supply of Information

To assist the Board in performing its responsibilities, information, appropriate in quality and timeliness, is received in an agreed format, for each scheduled Board meeting.

Service Agreements

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

External Appointments

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

The role of an Independent Non-Executive Director requires a time commitment in the order of 20 days per year plus additional time as necessary to properly discharge their duties. There is no restriction on outside appointments provided that they do not prevent the Directors from discharging their responsibilities effectively. Prior to appointment, each prospective Non-Executive Director must confirm that they will have sufficient time available to be able to discharge their responsibilities effectively and that they have no conflicts of interest.

The Board remains confident that individual members continue to devote sufficient time to undertake their responsibilities effectively. The commitments of each Executive Director are set out on page 56.

Section 3: Composition, Succession & Evaluation

Principles:

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

Nomination Committee

The role of the Nomination Committee is to, inter alia, monitor the performance, appropriateness and future succession of the Company's executive and Board talent in order to ensure that the Board comprises individuals with the right blend of skills, knowledge and experience to maintain a high degree of effectiveness in discharging its responsibilities. Appointments to the Board are recommended, as appropriate, by the Nomination Committee. Board appointments are subject to approval by the Board as a whole. Further details are outlined in the Nomination Committee Report, on pages 83 to 84.

Performance Evaluation

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

Corporate Governance Report

Continued >

In the final quarter of 2021, an independent formal external evaluation of the Board and its committees was conducted by Gould Consulting ('Gould') which is independent of, and has no other links with, the Company or its Directors. The evaluation comprised a series of online questionnaires for the Board and each of its principal committees for completion by the Board, committee members and the Company Secretary. The evaluation was carefully structured and designed to bring about a genuine debate on relevant issues and identify any areas for potential improvements in Board processes. The evaluation focused on the following key areas:

- Strategic oversight and culture;
- Stakeholder engagement;
- Chairing of the Board;
- Composition and functioning of the Board;
- Board appointments, expertise and evaluation;
- Board Committees;
- Risk management and internal control; and
- Succession planning.

Based on the agreed themes, the questionnaires were designed to encourage thought provoking and candid responses. Individual interviews were then conducted by Gould with each of the above individuals. In addition, Gould attended the November 2021 Board and Committee meetings as silent observers.

Whilst the evaluation concluded that the performance of the Board and its Committees continued to be effective in dealing with both day-to-day and ongoing strategic issues and that the Board and Committee structure ensured that the governance requirements of the business were met, a number of actions were identified to help improve the performance and effectiveness of the Board. These actions included:

Succession:	Continued focus on Board composition and succession planning.
Sustainability:	As the Board develops and shapes its strategy, regular space should be given to discussing related sustainability matters. The Board should determine broad goals and also agree on plans and actions that have measurable milestones in support of the four pillars of the emerging "The Johnsons Way".
Risk Management:	Deep dives of certain principal risks and emerging risks to be tabled at the Board in order to encourage debate of our most critical risks at the highest level of governance.
Strategic Debate and Challenge:	Deep dive topics should be regularly presented to the Board. Prior to the closure of future Board meetings, members to consider conversations that have just concluded and adapt the forward agendas accordingly. Presenters should, where possible, seek to provide a pre-read paper to the Board and frame two or three questions that they are seeking input and debate/challenge from the Board.
Board Administration:	Actions arising from meetings to be captured on a centralised 'action log' allowing Board members to understand all open items from previous meetings, what work is in progress and when matters have been completed.

An action plan listing specific actions to address the findings of the evaluation and further enhance the Board's effectiveness has been prepared and circulated to Board members. The Board will monitor the implementation of the follow-up actions and will report on progress in the 2022 Annual Report.

As a result of the above reviews and evaluations, it is considered that the performance of each Director continues to be effective, that each Director demonstrates sufficient commitment to their role and that the contribution of each Director continues to be important to the Company's long-term sustainable success.

Re-election of Directors

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

Biographical details of all the Directors are set out on page 56 and are also available for viewing on the Company's website (www.jsq.com).

Section 4: Audit, Risk & Internal Control

Principles:

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

Audit Committee

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

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

The Audit Committee reports to the Board on how it has discharged its responsibilities. Further details are outlined in the Audit Committee Report, on pages 75 to 82.

Robust Risk Assessment

Throughout the year, and as described further within the Audit Committee Report, the Board has carried out a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future position, performance, solvency or liquidity. Details of the principal risks and uncertainties facing the Group, together with how the risks and uncertainties are being managed or mitigated, are set out on pages 46 to 52.

Internal Control

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

Going Concern

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

Further details of the going concern assessment are provided on pages 59 to 60.

Future Prospects

The Board has assessed the future prospects of the Group in accordance with Provision 31 of the 2018 Code. Based on the results of this analysis, and having considered the nature and extent of the Company's principal risks and uncertainties, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the 36 month period of its assessment. Details of the assessment performed by the Board, including an assessment of those risks most likely to impact the Group's future prospects, are set out on pages 13 to 14.

Corporate Governance Report

Continued >

Section 5: Remuneration

Principles:

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

Remuneration Committee

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, the Executive Directors and those members of the Group Management Board whom are not Executive Directors.

The Committee:

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

The Committee regularly reports to the Board on how it has discharged its responsibilities.

Further details of the Remuneration Committee's responsibilities and the Group's Remuneration Policy, together with details of how the policy has been applied in 2021 and how it is expected to be applied in 2022, are outlined in the Directors' Remuneration Report, on pages 85 to 108.

Corporate Governance Report Approval

The Corporate Governance Report incorporates the Audit Committee Report, Nomination Committee Report and Directors' Remuneration Report, as well as the report on Sustainability.

The Corporate Governance Report was approved by the Board on 7 March 2022.

By order of the Board.



Tim Morris
Company Secretary

7 March 2022