

# JOHNSON SERVICE GROUP PLC

## REMUNERATION COMMITTEE TERMS OF REFERENCE

THESE REMUNERATION COMMITTEE TERMS OF REFERENCE WERE APPROVED AND ADOPTED BY THE BOARD ON  
23 NOVEMBER 2023

### Interpretation

In these terms of reference:

“**Board**” means the board of directors of the Company;

“**Company**” means Johnson Service Group PLC;

“**Committee**” means the remuneration committee of the Board;

“**Group**” means the group of companies of which the Company is the ultimate parent undertaking.

### 1. Composition

1.1 The Committee shall comprise of a minimum of two independent non-executive Directors of the Company only, who are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement. In addition, the Chair of the Company can only be a member if they were considered independent on appointment as Chair.

1.2 Appointments to the Committee are made by the Board on the recommendation of the nomination committee and in consultation with the chair of the remuneration committee and shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members (other than the Chair of the Board, if they are a member of the Committee) continue to be independent.

1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive, the chief financial officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

1.4 The Board shall appoint the Committee Chair who shall be an independent non-executive director and shall determine the period for which the Committee Chair shall hold office. Before appointment as Committee Chair, the appointee should have served on a remuneration committee for at least 12 months. The Chair of the Company shall not be eligible to be Chair of the Committee. In the absence of the Committee Chair and / or an appointed deputy, the remaining members present shall elect one of their number (except the Chair of the Company) as Chair for that meeting who would qualify under these terms of reference to be appointed to that position by the Board.

### 2. Quorum

2.1 The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the Committee.

### 3. Frequency of meetings

3.1 The Committee shall meet not less than three times a year and at such other times as the Chairman of the Committee shall require.

### 4. Notice of meetings

4.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Chair of the Committee or any member thereof.

4.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the Committee and any other person required to attend

in the week prior to the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

## **5. Minutes of meetings**

5.1 The proceedings and resolutions of all Committee meetings, including the names of those present and in attendance, shall be minuted by the secretary.

5.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes, agenda and supporting papers, will be made available to all other members of the board and the Company Secretary unless, exceptionally, it would be inappropriate to do so.

5.3 The Company Secretary or their nominee shall be the secretary to the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

## **6. Annual general meeting & Engagement with shareholders**

6.1 The Committee Chair shall attend the annual general meeting prepared to respond to any shareholder questions on the Committee's activities. In addition, where appropriate, the Chair of the Committee shall seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

## **7. Duties and responsibilities**

The Committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the Group as a whole, as appropriate:

7.1 The Committee shall have delegated responsibility to determine the framework or broad policy for the remuneration of the Executive Directors and also for senior management (defined within the 2018 UK Corporate Governance Code as 'the first layer of management below main Board level, including the Company Secretary'. For the Company, this has been determined as the Group Management Board, membership of which comprises (in addition to the Company's Executive Directors), divisional Managing Directors and certain other Group function heads, plus the Company Secretary) (the "**Group Management Board**").

7.2 The remuneration of non-executive Directors shall be a matter for the Board or, where required by the Articles of Association, the shareholders in accordance with the limits set in the Company's Articles of Association. No Director or manager shall be involved in any decisions as to his or her own remuneration outcome.

7.3 The Committee shall establish remuneration schemes that promote long-term shareholding by Executive Directors that support alignment with long-term shareholder interests.

7.4 The Committee shall design remuneration policies and practices to support strategy and promote long term sustainable success, with executive remuneration aligned to Company purpose and values, clearly linked to the successful delivery of the Company's long-term strategy, and enabling the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances.

7.5 In determining such policy, the Committee shall take into account all factors which it deems necessary including all relevant laws and regulations including, but not limited to, the provisions of the UK Corporate Governance Code, published guidelines or recommendations regarding the remuneration of company directors and the formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, the Companies Act 2006, the AIM Rules for companies and any other applicable rules, in each case as appropriate and if, and to the extent, applicable to the Company it being recognised that, as an AIM company, the Company may not be required to fully adhere to all such laws, regulations, guidance, recommendation and codes). The objective of such policy shall be to:

7.5.1 attract, retain and motivate executive management of the quality required to run the Company successfully and to pay them appropriately, having regard to views of shareholders and other stakeholders;

7.5.2 ensure that the Executive Directors, and where appropriate members of the Group Management Board, are rewarded for their individual contributions to the success of the Company in a fair and responsible manner and provided with appropriate incentives to encourage enhanced performance.

7.6 The Committee shall determine targets for any performance-related Executive Director pay schemes operated by the Company and shall review and approve any similar performance-related schemes for the Group Management Board.

7.7 Within the terms of the agreed policy and in consultation with the Chair and / or Chief Executive, as appropriate, the Committee shall determine the total individual remuneration package of each Executive Director and the Company Chair including, where appropriate, bonuses, incentive payments, share options, pension arrangements, termination payments and compensation commitments. The Committee will also determine the individual remuneration package of each member of the Group Management Board (who is not an Executive Director), and in doing so shall review as appropriate the recommendations from the Executive Directors. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of company and individual performance, and wider circumstances.

7.8 The Committee will review the design of all share incentive plans for approval by the Board and, where required, shareholders. For any such plans, the Committee will determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards for Executive Directors and the Group Management Board, the performance targets to be used and review and approve the total proposed payments for each such plan.

7.9 In conjunction with the Chief Financial Officer, the Company Secretary and, if relevant, the Trustee, the Committee will administer the Long-Term Incentive Plan and/or LTGP in accordance with the relevant plan rules.

7.10 In determining such packages and arrangements, the Committee will give due regard to the requirements and recommendations of all relevant laws and regulations including, but not limited to, those referred to in paragraph 7.5.

7.11 The Committee will review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration. Where appropriate, the Committee will also engage with the workforce to explain how executive remuneration aligns with wider Company pay policy.

7.12 The Committee shall work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

## **8. Reporting responsibilities**

8.1 The Committee Chair shall report to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.

8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion when necessary.

8.3 The Committee will give due regard to the all relevant laws and regulations including, but not limited to, the provisions of the UK Corporate Governance Code, published guidelines or recommendations regarding the remuneration of company directors and the formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, the Companies Act 2006, the AIM Rules for companies and any other applicable rules, in each case as appropriate and if, and to the extent, applicable to the Company it being recognised that, as an AIM company, the Company may not be required to fully adhere to all such laws, regulations, guidance, recommendation and codes)when determining the appropriate disclosures to be included within the Company's Annual Report. As a minimum, the Committee will ensure that a suitably detailed Directors' Remuneration Report (including a description of the Committee's work) is incorporated in the Company's Annual Report and shall put the Directors' Remuneration Report to shareholders at each Annual General Meeting of the Company.

8.4 If the Committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the Company or individual directors.

## **9. Authority**

9.1. The Committee is authorised by the Board to seek any information it requires from any employee of the Group in order to perform its duties.

9.2. In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice on any matters within its terms of reference (including appointing, or obtaining the advice of, independent remuneration consultants), to secure the attendance of external advisers at its meetings if it considers this necessary, and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission or purchase any reports or surveys that it deems necessary to help it fulfil its obligations. However, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.

## **10. Other matters**

The Committee shall:

10.1 Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for advice and assistance as required.

10.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

10.3 Give due consideration to all relevant laws and regulations including, but not limited to, those referred to at paragraph 7.5.

10.4 Ensure that a periodic evaluation of the Committee's own performance is carried out.

10.5 At least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.