

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 a company having its shares admitted to trading on the AIM division of the London Stock Exchange, 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.

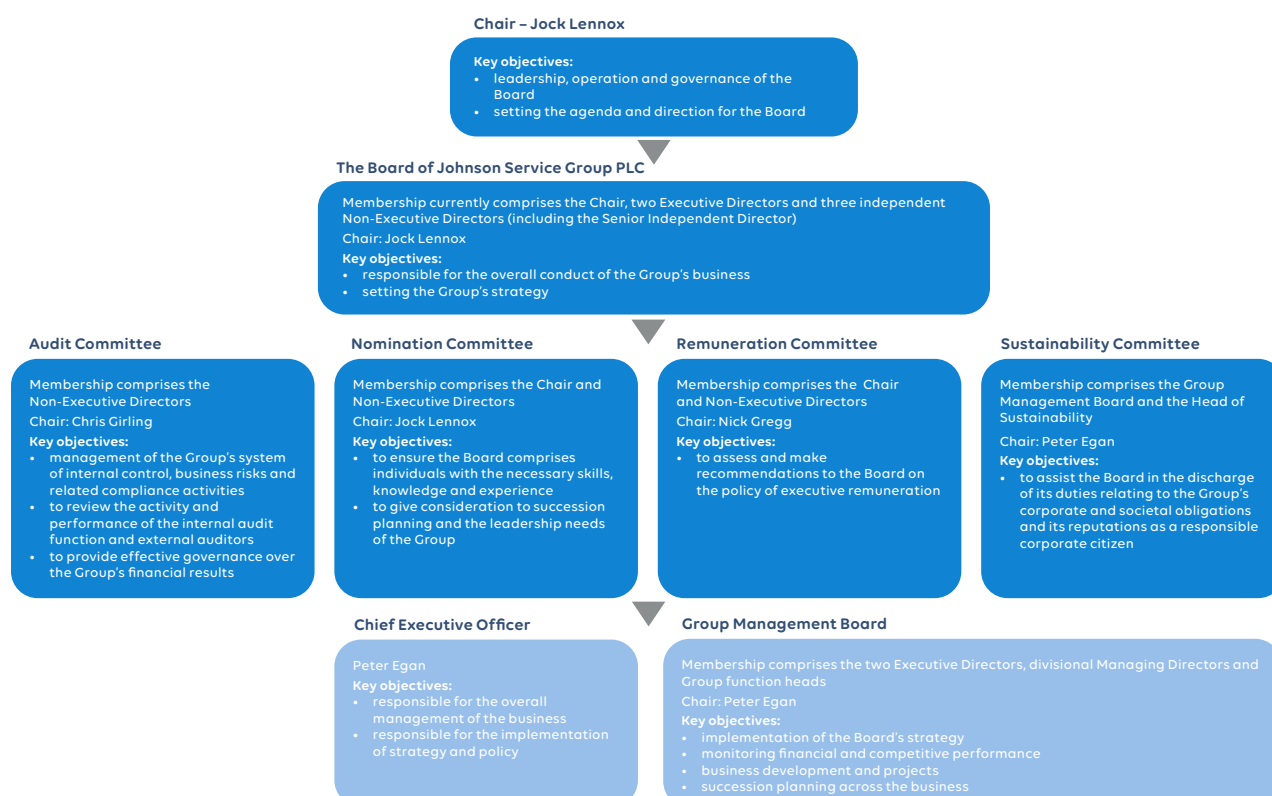
The Code, which can be found on the Financial Reporting Council’s website at www.frc.org.uk, is the product of extensive consultation and places emphasis on businesses establishing a corporate culture that is aligned with the company purpose and business strategy and which promotes integrity and values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

Our Governance Structure



Compliance with the Code

The Company has applied the Principles and complied with the Provisions of the Code throughout the year ended 31 December 2023, other than in relation to the following:

Provision	Explanation
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 Remuneration Committee has in addition, for LTIPs granted in 2019 and thereafter, introduced a two-year post-vesting holding period. Furthermore, as previously disclosed, 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 Pension rates for the CEO and CFO reflect historic entitlements. We have not yet fully aligned Executive Director pensions with the wider workforce; however, we have established a pathway to alignment towards the rate applicable to the majority of the wider workforce. Whilst provision for both the CEO and the CFO remains above the workforce average, we have moved the effective pension contribution rate for the CEO closer towards the rate payable to the wider workforce, with his maximum entitlement capped at the cash value of his 2019 entitlement such that, over time, the rate payable will reduce. For 2023 this equated to a contribution rate of 9.1 per cent of the CEO's salary (2022: 9.4 per cent). Furthermore, the pension contribution rate for the CFO reduced to 15 per cent of base salary with effect from 1 January 2023; then reduced to 12 per cent of base salary with effect from 1 January 2024; and will then reduce to 9 per cent of base salary with effect from 1 January 2025. For all new executive appointments to the Board, the employer pension contribution rate will be aligned with that available to the majority of the UK workforce (currently 6 per cent).

Section 1: Board Leadership & Company Purpose

Principles

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

Overview of the Board

The Board comprises the Non-Executive Chair, two Executive Directors and, with effect from 1 August 2023 (following the appointment of Kirsty Homer to the Board as an additional Independent Non-Executive Director) four 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 51.

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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 Chair	Senior Independent Non-Executive Director
<p>Jock 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 Chair and serves as an intermediary for other directors and shareholders</p> <ul style="list-style-type: none"> • provides the Chair with support in the delivery of objectives, where necessary • works closely with the Nomination Committee, leads the process for the evaluation of the Chair and ensures orderly succession of the Chair's role • acts as an alternative contact for shareholders, providing a means of raising concerns other than with the Chair or senior management

Independent Non-Executive Directors	Executive Directors
<p>Chris Girling Nick Gregg Nicola Keach Kirsty Homer (Appointed 1 August 2023)</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 chair), currently comprise 57% 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>Christopher Clarkson</p> <p>Supports the Chair 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 2023 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;
- succession planning, including consideration and approval of the appointment of Kirsty Homer to the Board in August;
- consideration and approval of the acquisition of Regency and Celtic Linen;
- consideration and approval of the launch of a £10.0 million (excluding expenses) share buyback programme in September;
- consideration and recommendation of a final dividend, for the financial year ended 31 December 2022, of 1.6 pence per Ordinary Share paid in May;
- consideration and approval of an interim dividend of 0.9 pence per Ordinary share paid in November; and
- consideration and approval of 2024 – 2026 Budget.

Insight into the Boardroom

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

January/February	March
<ul style="list-style-type: none"> Minutes/matters arising Health & Safety and Environmental matters CEO's trading and operational review (incl. Business updates) M&A and strategy update (incl. Regency acquisition) Financial performance Share Buyback update Employee engagement Review and approval of updated Vision, Mission, Purpose & Values Board Evaluation Review Corporate Governance Code Compliance Review Investor analysis Approval of Modern Slavery Statement Approval of Whistleblowing Policy 	<ul style="list-style-type: none"> Minutes/matters arising Health & Safety and Environmental matters CEO's trading and operational review (incl. Business updates) M&A update Sustainability matters (incl. FY22 performance and FY23 targets; FY22 Annual Report disclosures; and Supplier Audit Process) Employee engagement Financial performance (incl. FY22 results) Going concern and viability assessment Share Buyback update Lilliput Audit Exemption Investor analysis Biannual major risk assessment Draft final results announcement Draft Annual Report and Accounts Draft Investor Presentation Draft AGM Notice NED Recruitment update

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May	June
<ul style="list-style-type: none"> • Minutes/matters arising • Health & Safety and Environmental matters • CEO's trading and operational review (incl. Business updates) • M&A update • Employee engagement • Financial performance • Bank facility update • Investor feedback and analysis re: FY22 results • Provisional AGM Voting • Institutional Feedback • SAYE Scheme – Consideration of 2023 Grant • NED Recruitment update 	<ul style="list-style-type: none"> • Minutes/matters arising • Health & Safety and Environmental matters • CEO's trading and operational review (incl. Business Updates) • Strategy meeting • M&A strategy • Capital investment strategy and update • Sustainability strategy and update • Succession Planning, Recruitment & Retention strategy • Employee engagement • Financial performance • Bank Facility term extension • Investor analysis and Investor feedback re: AGM voting
August/September	October
<ul style="list-style-type: none"> • Minutes/matters arising • Health & Safety and Environmental matters • CEO's trading and operational review (incl. Business updates) • M&A and strategy update (incl. Celtic Linen acquisition) • Sustainability update and Sustainability Report • Employee Engagement • Financial performance (incl. FY23 interim results and interim dividend) • Dividend policy • Defined benefit pension scheme update • Bank Facility increase • Capital allocation/Share buyback launch • Investor analysis • Biannual major risk assessment • Draft interim results announcement • Going concern assessment • Corporate governance reforms update 	<ul style="list-style-type: none"> • Minutes/matters arising • Financial performance • Health & Safety update and strategy review • IT & Cyber Security update • CEO's trading and operational review (incl. Business updates) • Celtic Linen overview and integration plan • M&A update • Share buyback update • Bank Facility increase/Celtic Linen accessions • Defined benefit pension scheme update • Corporate governance reforms update • Investor analysis • Board evaluation review process
November	
<ul style="list-style-type: none"> • Minutes/matters arising • Health & Safety and Environmental matters • Sustainability Committee update (incl. strategy; reporting disclosures; and policy) • CEO's trading and operational review (incl. Business updates) • M&A and strategy update • Employee engagement • Financial performance • Consideration and approval of 2024-2026 Budget • Share Buyback update • Investor analysis • Approval of updates to Whistleblowing Policy; Anti-Bribery and Corruption Policy; and Anti-Facilitation of Tax Evasion Policy • Approval of Tax Strategy • SAYE Scheme • Review and approval of Committee Terms of Reference • Review of NED fees • Corporate governance reforms update 	

Consideration of Stakeholder Interests

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: 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 for publication the Group's second Sustainability report. 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.

Principal Decision: Acquisition of Regency Laundry
Stakeholders: Employees, Customers, Suppliers, Communities, Shareholders

On 13 February 2023, the Company acquired the entire issued share capital of Regency Laundry Limited ('Regency') for a cash consideration of £5.75 million on a debt free, cash free basis and subject an adjustment for normalised working capital. As previously disclosed, the acquisition of Regency provides the Group with a significantly increased presence in the luxury/bespoke segment of the HORECA sector. In making its decision to approve the acquisition of Regency, the Board considered a number of factors including the strategic rationale for the acquisition; the potential for operational synergies with the Group's existing HORECA business operations; the scope for further growth opportunities in the luxury/bespoke customer segment serviced by Regency; and post-acquisition development opportunities for Regency's people as part of an enlarged group. 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 Regency.

Principal Decision: Acquisition of Celtic Linen
Stakeholders: Employees, Customers, Suppliers, Communities, Shareholders

On 31 August 2023, the Company acquired the entire issued share capital of Harkglade Limited, together with its subsidiaries Celtic Linen Limited and Millbrook Linen Limited (Harkglade Limited, Celtic Linen Limited and Millbrook Linen Limited together, 'Celtic Linen') for a total consideration of €31.5 million, on a debt free cash free basis, subject to a locked box mechanism and a normalised level of working capital. Celtic Linen, which employs approximately 350 people, services the Republic of Ireland's Healthcare and Hotel, Restaurant and Catering ('HORECA') sectors; it is the largest linen supplier to the Republic of Ireland's Healthcare sector and is the second largest linen supplier to the HORECA sector. In making its decision to approve the acquisition of Celtic Linen, the Board considered a number of factors including the strategic rationale for the acquisition; the potential for operational synergies with the Group's Northern Irish business, Lilliput; and post-acquisition development opportunities for Celtic Linen's people as part of an enlarged group. 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 Celtic Linen.

Principal Decision: Interim Dividend
Stakeholders: Shareholders

In September 2023, and in line with the Company's progressive dividend policy, the Board approved an interim dividend of 0.9 pence per Ordinary share which was paid on 3 November 2023. In reaching this decision, the Board carefully considered a number of factors including the available profit, the importance of a dividend to the Company's shareholders and the Board's intention to reduce dividend cover from the Company's historical level of cover of 3 times cover to 2.5 times cover by financial year 2024.

Principal Decision: Share Buyback
Stakeholders: Shareholders

The Group's objective is to employ a disciplined approach to investment, returns and capital efficiency to deliver sustainable compounding growth whilst also maintaining a strong balance sheet. Against this backdrop, in September 2023, the Company announced the launch of a share buyback programme of the Company's Ordinary shares for up to a maximum aggregate consideration of £10.0 million (excluding expenses). In reaching its decision, the Board considered ongoing capital expenditure at current levels to fund organic growth, payment of dividends and acquisitions within the M&A pipeline. After taking account of these factors, the Group had significant headroom under its committed facilities and target leverage. Accordingly, the Board concluded that the share buyback programme is prudent, reflects the cash generative ability of the Group, maintains a strong balance sheet consistent with its capital allocation policy and would therefore promote the success of the Company for the benefit of its members as a whole.

Principal Decision: Increase of Bank Facility
Stakeholders: Employees, Customers, Suppliers, Communities, Shareholders

As previously disclosed, an £85.0 million bank facility was entered into for an initial three-year term on 8 August 2022. The terms of the facility provide an option to extend the term for up to a further two years and an option to increase the facility by up to a further £50.0 million, both with bank consent. Following a request from the Company, the term of the bank facility was extended, in August 2023, by one year, to August 2026, and, in addition, the bank facility was upsized, with effect from 18 October 2023, by £35.0 million to £120.0 million. In making its decision to seek bank consent for these facility increases, the Board considered the requirement for stable sources of finance in order for the Company to effectively operate all facets of its operations, including the pursuit of the Company's sustainability agenda and the pursuit of acquisition opportunities.

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Board Committees

The Committees of the Board which met during 2023 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.

Linked to the launch of our refreshed sustainability strategy an additional Committee of the Board, the Sustainability Committee, was established in 2022. The Sustainability Committee's membership is comprised of the Group's Management Board (which includes the Company's Executive Directors) plus the Group's Head of Sustainability and is chaired by the Chief Executive Officer. Whilst not members of the Sustainability Committee, the Non-Executive Chair of the Company and the Independent Non-Executive Directors of the Company are also entitled to attend meetings of the Sustainability Committee. 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.

Further details relating to the work of the Sustainability Committee during 2023 can be found on pages 28 to 44.

Group Management Board

The Group Management Board is chaired by 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.

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;
- regular meetings between institutional investors and analysts and the Chief Executive Officer and the Chief Financial Officer 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;
- engagement with potential investors through roadshow meetings; 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.

During 2023, 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. The feedback received was consistent with that given to the CEO and CFO. Jock will once again extend this invitation to our major Shareholders during 2024. 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 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 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, updated versions of each of which were approved by the Board for adoption in November 2023.

Further details are set out within our Audit Committee Report.

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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 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.

A second round of employee engagement surveys has recently been completed across the entire Group. Across the surveys we scored highly in areas such as employees knowing what is expected of them in their job, employees understanding how their job impacts the customer and employees feeling that they play a part in the success of the Group. A number of opportunities for further improvements and initiatives were also identified and these are set out on page 33. A further survey will be undertaken in the final quarter of 2024 and will also be rolled out to our new colleagues at Celtic Linen and Regency.

Further details, including 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.

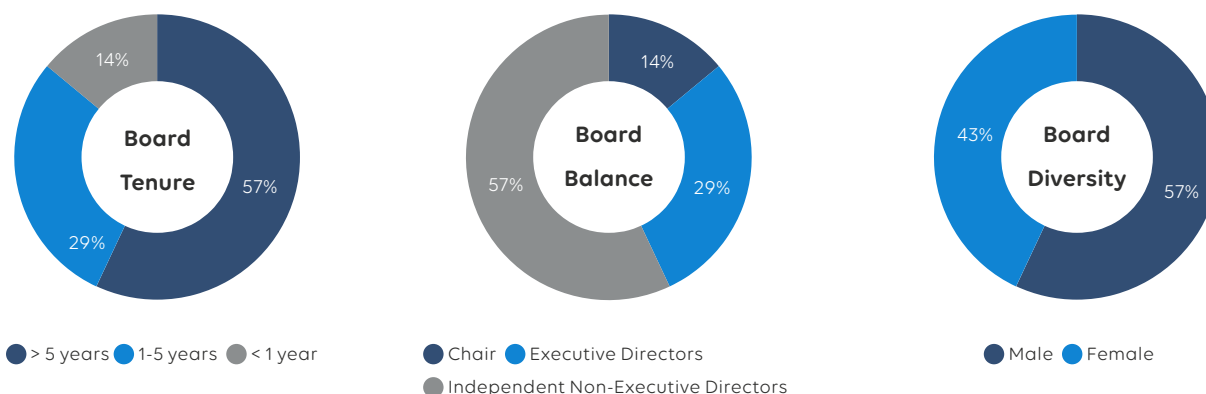
Composition of the Board

The Board currently consists of the Non-Executive Chair (the 'Chair'), four Independent Non-Executive Directors and two Executive Directors. The four 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 pages 54 to 55. With the exception of Kirsty Homer, who was appointed to the Board as an additional Independent Non-Executive Director on 1 August 2023, 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 2023)
Non-Executive Directors				
Jock Lennox	Non-Executive Chair	5 January 2021	5 May 2021	3 years
Chris Girling	Senior Independent Non-Executive Director	29 August 2018	8 May 2019	5 years 4 months
Nick Gregg	Independent Non-Executive Director	1 January 2016	5 May 2016	8 years
Nicola Keach	Independent Non-Executive Director	1 June 2022	4 May 2023	1 year 7 months
Kirsty Homer	Independent Non-Executive Director	1 August 2023	-	5 months
Executive Directors				
Peter Egan	Chief Executive Officer	1 April 2018	3 May 2018	5 years 9 months
Yvonne Monaghan	Chief Financial Officer	31 August 2007	17 June 2008	16 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%.

As explained further in the Nomination Committee Report on pages 87 to 88, although the Company's shares are admitted to trading on the AIM division of the London Stock Exchange, the Board is cognisant of governance developments regarding Board composition and diversity, including the FCA's changes to the Listing Rules (applicable to issuers with equity shares admitted to the premium or standard segment of the FCA's Official List (the "Main Market")) requiring at least 40 per cent of the Board to be women; at least one of the senior Board positions (Chair, Chief Executive, Chief Financial Officer or Senior Independent Director) to be a woman; and at least one member of the Board to be from an ethnic minority background, as well as the conclusions and recommendations of the Hampton-Alexander and Parker Reviews regarding board composition in FTSE 350 companies.

The Board, in line with recruitment activities throughout the Group, is committed to consider diversity, in its broadest sense, as a key element in senior appointments and recognises the importance of and benefits that diversity of background, gender, ethnicity and experience can bring to debate and decision making. Against this backdrop, and although not a Main Market company, the Board welcomes and intends to meet, over time, the Board diversity and composition requirements applicable to Main Market companies. The Board is pleased to have made strong progress in this regard having welcomed the appointment of Kirsty Homer to the Board, as an additional Independent Non-Executive Director, in August 2023, increasing the proportion of female representation on the Board to 43 per cent. In addition, the Board has, since 2007, had a female Chief Financial Officer. However, work on Board composition and diversity continues and the Board's composition does not, currently, include at least one member from an ethnic minority background. Accordingly, the Board will continue to have regard to and will seek to promote diversity of background, gender, ethnicity and experience in Board composition as and when vacancies arise and new roles are identified over time. Demand for talent amongst UK listed companies in this regard is high and it is therefore acknowledged that, as an AIM company, achieving Board composition in alignment with the diversity requirements of the Listing Rules (applicable to Main Market companies) may take time.

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Division of Responsibility of Chair and Chief Executive Officer

The Code requires that there is a clear division of responsibility between the Chair and the Chief Executive Officer, each of which has clearly defined roles. The Chair 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 Chair is set out in writing and agreed by the Board. The Chair 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 Chair;
- chairing the Group Management Board meetings; and
- chairing the Sustainability Committee.

Board Meetings and Attendance

There were seven scheduled Board meetings during 2023 and, additionally, a further five unscheduled meetings in relation to, inter alia, the appointment of Kirsty Homer to the Board, M&A activity, capital investment projects and other corporate activity (including the share buyback programme).

On the rare occasion that a Director is unavoidably unable to attend a meeting, they would generally hold a briefing with the Chair prior to the meeting so that their comments and input can be taken into account at the meeting. The Chair 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. By way of example, Jock Lennox, Peter Egan and Yvonne Monaghan were each invited to attend, and did so attend, each meeting of the Audit Committee.

	Board (Scheduled)	Board (Unscheduled)	Audit Committee	Nomination Committee (Scheduled)	Nomination Committee (Unscheduled)	Remuneration Committee (Scheduled)	Remuneration Committee (Unscheduled)
Maximum Number of Meetings	7	5	3	1	5	3	2
Jock Lennox	7	5	n/a	1	5	3	2
Chris Girling	7	5	3	1	5	3	2
Nick Gregg	7	4	3	1	5	3	2
Nicola Keach	7	5	3	1	5	3	2
Kirsty Homer ¹	3	1	2	0	1	2	0
Peter Egan	7	5	n/a	n/a	n/a	n/a	n/a
Yvonne Monaghan	7	4	n/a	n/a	n/a	n/a	n/a

Note 1: Kirsty Homer was appointed to the Board as an Independent Non-Executive Director with effect from 1 August 2023. Following her appointment, Kirsty attended all of the scheduled and unscheduled Board, Remuneration Committee, Nomination Committee and Audit Committee meetings, held in the financial year ended 31 December 2023, which she was eligible to attend.

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

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 Chair 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 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 to the Company 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 to the Company 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 pages 54 to 55.

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 86 to 88.

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Performance Evaluation

Each year, the Independent Non-Executive Directors conduct a performance evaluation of the Chair, after taking into account the views of the Executive Directors. The Chair 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.

Following the formal, independent, external evaluation of the Board and its Committees conducted in the final quarter of 2021, the results of which were subsequently reported in the Company's annual report for the financial year ended 31 December 2021, and, as previously disclosed, an anonymous Board evaluation within the Company in the final quarter of 2022, the Board again conducted an anonymous Board evaluation within the Company during the year which covered, inter alia:

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

The evaluation also sought Director views on key focus topics for the Board during 2024. In addition to regular discussions that the Chair held with each Director throughout the year, as part of the Board evaluation process, the Chair held individual discussions with each Director to discuss the aggregated, anonymised, feedback in relation to the Board evaluation exercise. The results of those discussions were summarised by the Chair and considered by the Board.

Overall, the feedback from Board members was positive, indicating that the Board feels engaged and motivated, with a belief that the Company can continue to be ambitious and a leader in its markets. Accordingly, to maintain this, the Board believes that it is important to consider the time and depth given to the strategic and succession agendas as the Company continues on its growth trajectory.

As a result of the above reviews and evaluations, it is considered that the performance of each Director (and, collectively, the Board and its Committees) 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 (or, for Kirsty Homer, election) at this year's Annual General Meeting of the Company.

Biographical details of all the Directors are set out on pages 54 to 55 and are also available for viewing on the Company's website (www.jsjg.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 77 to 85.

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 45 to 51.

Internal Audit

The Group's internal audit process is undertaken by the centralised Group Finance team, which has a Group-wide remit and is independent of the business operations. The team undertakes an on-going programme to provide assurance on the adequacy and effectiveness of internal control and risk management processes across the Group's operations. Further details are set out within the Audit Committee Report.

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. Following the Financial Reporting Council's publication of the 2024 UK Corporate Governance Code ("2024 UKCGC"), the Audit Committee and the Board acknowledges and is evaluating the requirements of the 2024 UKCGC regarding, inter alia, the monitoring and review of the Company's risk management and internal control framework.

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 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

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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 45 to 51.

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 Chair 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 2023 and how it is expected to be applied in 2024, are outlined in the Directors' Remuneration Report, on pages 89 to 113.

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 4 March 2024.

By order of the Board.

Christopher Clarkson
Company Secretary

4 March 2024