

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.

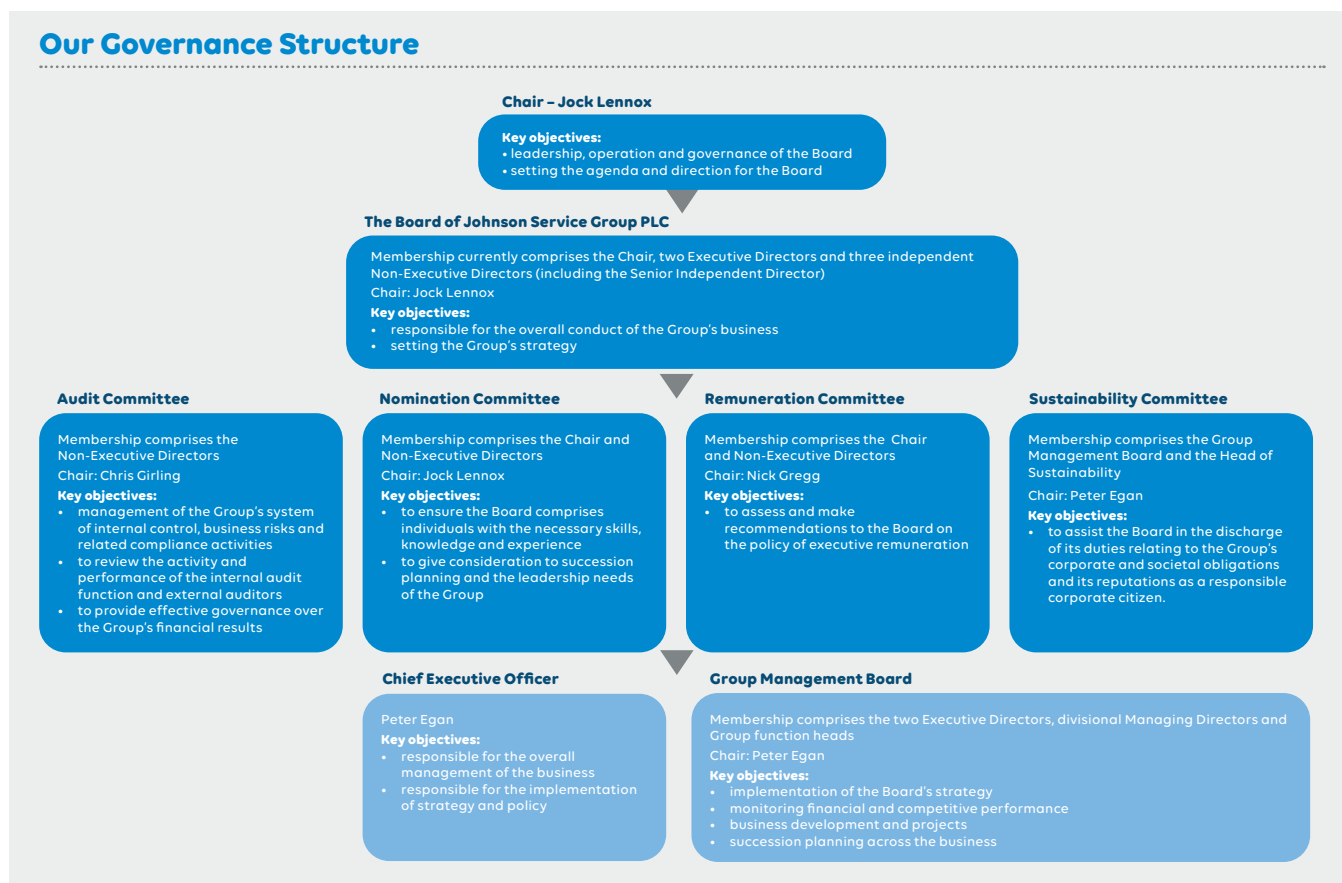
The Code, which can be found on the Financial Reporting Council's website at www.frc.org.uk, is the product of extensive consultation and places emphasis on businesses establishing a corporate culture that is aligned with the company purpose and business strategy and which promotes integrity and values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

Our Governance Structure



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Compliance with the Code

The Company has applied the Principles and complied with the Provisions of the Code throughout the year ended 31 December 2022, other than in relation to the following:

Provision	Explanation
34	<p>Articles of Association – Maximum Aggregate Fees Payable to Non-Executive Directors</p> <p>Non-Executive Directors' fees are subject to annual review with any increases generally applying with effect from 1 January. Under the Company's Articles of Association, the total annual fees that may be paid to the Company's Non-Executive Directors is limited to £250,000 in aggregate or such larger sum as the Company may, by Ordinary Resolution, determine. The current cap of £250,000 has been in place since 2003.</p> <p>Non-Executive Directors' fees have, historically, been subject to periodic benchmarking to provide a degree of independent confirmation of the fee levels. Whilst the Board determined and approved the fees payable to the Non-Executive Directors, and believes that the Non-Executive Directors' fees are in line with market rates and appropriately reflect the time commitment and responsibilities of the role, the aggregate fees paid to the Non-Executive Directors in the financial years ended 31 December 2021 (£279,000) and 31 December 2022 (£289,000) exceeded the current aggregate cap of £250,000 stated in the Company's Articles of Association.</p> <p>Accordingly, as permitted by the Company's Articles of Association, the Company will seek, at the AGM, Shareholder approval to increase the maximum aggregate fees that the Company can pay to its Non-Executive Directors, as stated in the Articles of Association, from the current maximum cap of £250,000 to £500,000. The Board considers that this increased amount appropriately takes account of the effects of inflation, since 2003, on the current £250,000 cap; takes account of the increased number of Non-Executive Directors (following the appointment of Nicola Keach to the Board in June 2022); and provides a degree of headroom to enable the Company to continue to pay its Non-Executive Directors in accordance with letters of appointment, facilitate future additional Non-Executive Director appointments (for example, in support of Board succession planning activity) and increases in Non-Executive Director remuneration, ensuring that the Company has the ability to attract and retain suitably qualified Non-Executive Directors in future. The Board will continue to periodically benchmark Non-Executive Directors' fees and continue to disclose, in the Annual Report, any changes in the level of Non-Executive Directors' fees from year to year.</p> <p>In the meantime, the Board has agreed to maintain the Non-Executive Directors' fees at their current, FY2022, rates and will only apply the proposed 3.5% increase to Non-Executive Directors' base fees with retrospective effect, from 1 January 2023, on obtaining Shareholder approval, at the forthcoming annual general meeting, of the proposed increase to the aggregate cap on Non-Executive Directors' fees in the Company's Articles of Association.</p>
36	<p>Post-employment shareholding requirement</p> <p>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.</p>
38	<p>Pensions</p> <p>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 are aware of the general investor expectation in this area and action has been taken. Whilst provision for both the CEO and the CFO remains above the workforce average, we have (as previously disclosed) moved the effective pension contribution rate for the CEO closer towards the rate payable to the wider workforce. Furthermore, we have recently agreed that, with effect from 1 January 2023 the pension contribution rate for the CFO will be reduced to 15 per cent of base salary and then further reduce to 12 per cent of base salary and then 9 per cent of base salary with effect from 1 January 2024 and 1 January 2025, respectively. 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 (currently 6 per cent).</p>

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 June 2022 (following the appointment of Nicola Keach to the Board as an additional Independent Non-Executive Director) three 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 5 to 53.

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.

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Roles in the Boardroom

<p>Non-Executive Chair</p>	<p>Senior Independent Non-Executive Director</p>
<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
<p>Independent Non-Executive Directors</p>	<p>Executive Directors</p>
<p>Chris Girling Nick Gregg Nicola Keach (Appointed 1 June 2022)</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 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
<p>Designated Non-Executive Director for Workforce Engagement</p>	<p>Company Secretary</p>
<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 (Appointed 5 September 2022) Tim Morris (Until 5 September 2022)</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 2022 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 Nicola Keach to the Board in June;
- consideration and approval of a new £85 million revolving credit facility in August;
- consideration and approval of the launch of a £27.5 million (excluding expenses) share buyback programme in September;
- consideration and approval of an interim dividend of 0.8 pence per Ordinary share paid in November; and
- consideration and approval of 2023 – 2025 Budget.

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	March	May
<ul style="list-style-type: none"> Minutes/matters arising Health & Safety and Environmental matters Cyber Security review and update Sustainability update CEO's trading and operational review M&A and strategy update Financial performance Employee engagement Board Evaluation Review Investor analysis Approval of Modern Slavery Statement SAYE Grant Analysis 	<ul style="list-style-type: none"> Minutes/matters arising Health & Safety and Environmental matters CEO's trading and operational review M&A and strategy update Sustainability matters Employee engagement Financial performance Going concern and viability assessment Bank Facility update Investor analysis Biannual major risk assessment Draft final results announcement Draft Annual Report and Accounts Draft Investor Presentation Draft AGM Notice NED Recruitment update 	<ul style="list-style-type: none"> Minutes/matters arising Health & Safety and Environmental matters CEO's trading and operational review M&A and strategy update Sustainability matters Employee engagement Financial performance Investor analysis Provisional AGM Voting Institutional Feedback SAYE Scheme – Consideration of 2022 Grant
June	August	October
<ul style="list-style-type: none"> Minutes/matters arising Health & Safety and Environmental matters CEO's trading and operational review Strategy meeting M&A strategy Capital investment strategy and update Sustainability strategy Succession Planning, Recruitment & Retention strategy Financial performance New Bank Facility Investor analysis and Investor feedback re: AGM voting 	<ul style="list-style-type: none"> Minutes/matters arising Health & Safety and Environmental matters CEO's trading and operational review M&A and strategy update Sustainability update and inaugural Sustainability Report Succession Planning and Employee Engagement Financial performance Updated FY22 forecast Investor analysis Capital allocation/Share buyback Biannual major risk assessment Draft interim results announcement Going concern assessment 	<ul style="list-style-type: none"> Minutes/matters arising Financial performance Health & Safety and Environmental matters CEO's trading and operational review Business updates M&A and strategy update Share buyback Corporate Governance Investor analysis Board effectiveness review process
November		
<ul style="list-style-type: none"> Minutes/matters arising Health & Safety and Environmental matters CEO's trading and operational review Business updates M&A and strategy update Employee engagement Sustainability Committee Update including approval of Equality, Diversity and Inclusion Policy Financial performance Consideration and approval of 2023-2025 Budget Investor analysis Approval of Tax Strategy SAYE Scheme Review and approval of Committee Terms of Reference Review of NED fees 		

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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 Johnsons Way' – our refreshed strategy which sets out the framework that underpins our approach to sustainability. In addition, in August 2022, the Group published its inaugural 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: **New Bank Facility**
Stakeholders: Employees, Customers, Suppliers, Communities, Shareholders

On 8 August 2022, a new £85 million bank facility was entered into for an initial three-year term. The initial margin is 1.45% over SONIA. 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 million, both with bank consent. In making its decision to approve entering into the bank facility, 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, it being the Company's intention to add sustainability performance targets to the facility in the near future. 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 enter into the new £85 million bank facility.

Principal Decision: **Interim Dividend**
Stakeholders: Shareholders

Reflecting the post COVID-19 pandemic recovery and the resumption of more normal levels of cash generation, in the first half of 2022, the Board approved an interim dividend of 0.8 pence per Ordinary share which was paid on 4 November 2022. The interim dividend represents a return to the Company's progressive dividend policy and the Board's current 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.

In reaching this decision, the Board carefully considered a number of factors including the importance of a dividend to the Company's shareholders, having regard to the Board's announcement, in March 2020, of its decision to suspend dividend payments in order to prioritise the protection of the business from the negative impacts of the COVID-19 pandemic, the resumption of more normalised trading levels and the Group ceasing to receive payments under the Government's Coronavirus Job Retention Scheme.

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 2022, the Company announced the launch of a share buyback programme of the Company's Ordinary shares for up to a maximum aggregate consideration of £27.5 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.

Board Committees

The Committees of the Board which met during 2022 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. 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 2022 can be found on page 29.

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; 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.

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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 2022, 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 2023. 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'), an updated version of which was approved by the Board for adoption in November 2022, 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.

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 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 (96-97%), employees understanding how their job impacts the customer (96-99%) and employees feeling that they play a part in the success of the company (91-94%). A number of opportunities for further improvements and initiatives were also identified.

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.

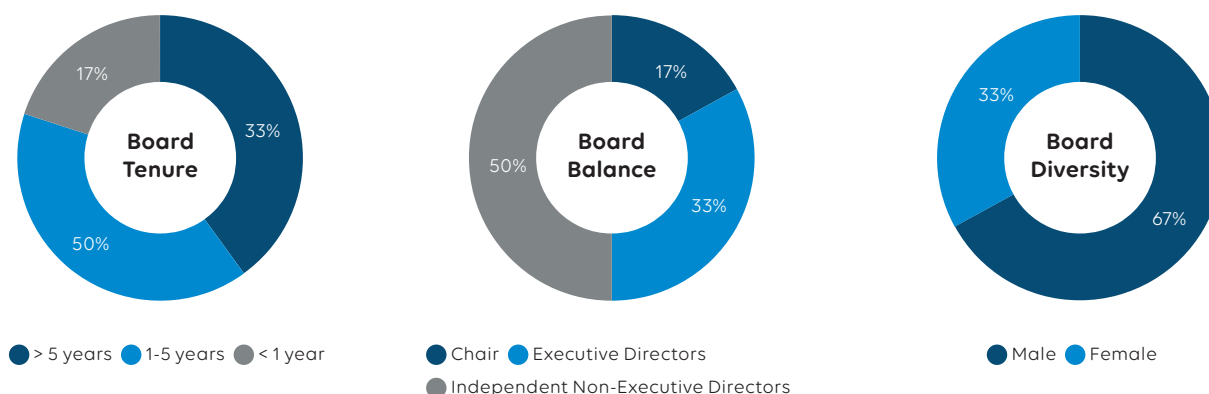
Composition of the Board

The Board currently consists of the Non-Executive Chair (the 'Chair'), three Independent Non-Executive Directors and two Executive Directors. The three 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 Nicola Keach, who was appointed to the Board as an additional Independent Non-Executive Director on 1 June 2022, 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 2022)
Non-Executive Directors				
Jock Lennox	Non-Executive Chair	5 January 2021	5 May 2021	2 years
Chris Girling	Senior Independent Non-Executive Director	29 August 2018	8 May 2019	4 years 4 months
Nick Gregg	Independent Non-Executive Director	1 January 2016	5 May 2016	7 years
Nicola Keach	Independent Non-Executive Director	1 June 2022	-	7 months
Executive Directors				
Peter Egan	Chief Executive Officer	1 April 2018	3 May 2018	4 years 9 months
Yvonne Monaghan	Chief Financial Officer	31 August 2007	17 June 2008	15 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%.

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Although the Company's shares are admitted to trading on the AIM division of the London Stock Exchange, the Board is mindful 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) 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.

Against this backdrop, the Board welcomed the appointment of Nicola Keach to the Board as a Non-Executive Director, in June 2022, which increased female representation on the Board to 33 per cent. Accordingly, the Board will continue to have regard to diversity as an important consideration in Board composition as and when natural succession changes arise.

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 2022 and, additionally, a further seven unscheduled meetings in relation to, inter alia, the appointment of Nicola Keach 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 was invited to attend, and did so, 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	7	3	1	3	3	1
Jock Lennox	7	7	n/a	1	3	3	1
Chris Girling	7	6	3	1	3	3	1
Nick Gregg	7	7	3	1	3	3	1
Nicola Keach ¹	4	3	2	0	1	2	0
Peter Egan	7	7	n/a	n/a	n/a	n/a	n/a
Yvonne Monaghan	7	7	n/a	n/a	n/a	n/a	n/a

Note 1: Appointed to the Board as an Independent Non-Executive Director with effect from 1 June 2022.

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 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.

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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, the Board conducted an internal Board evaluation 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).

For 2022, the evaluation also sought Director views on:

- the progress that the Board had made with reference to the implementation of follow up actions to help improve the performance and effectiveness of the Board identified as part of the formal, independent, external evaluation of the Board, conducted in the final quarter of 2021; and
- key focus topics for the Board during 2023.

In addition to regular discussions that the Chair held with each Director throughout the year, as part of the internal Board evaluation, the Chair held individual discussions with each Director to discuss the aggregated, anonymised, feedback in relation to the internal Board evaluation exercise. The results of those discussions (including progress against the recommended actions identified as part of the formal, independent, external evaluation of the Board) were summarised by the Chair and considered by the Board.

Overall, the feedback from Board members was positive, indicating a desire to continue the Board's focus, primarily, on strategy development and succession planning; whilst exploiting the growth opportunities that are available to the Group; delivering on the Group's sustainability aims; and continuing to develop and encourage our people.

As reported in the 2021 Annual Report, whilst the external evaluation, conducted in the final quarter of 2021, 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. The Board committed to monitoring the implementation of these follow up actions during the course of 2022 and report on progress in the 2022 Annual Report. Accordingly, the Board is pleased to report good progress with the implementation of the improvement actions identified as follows:

Topic	Action	Status
Succession:	Continued focus on Board composition and succession planning.	Additional Independent Non-Executive Director appointed in June 2022. Succession planning has featured as a dedicated Board agenda topic and the Board receives regular updates on the same.
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 "Johnsons Way".	New sustainability strategy, 'The Johnsons Way', launched in February 2022 and the publication of the group's inaugural Sustainability Report. The Board receives regular updates on the status and progress of the Group's sustainability agenda, including goals, targets, actions and the linkage to overall business strategy.
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.	Deep dive risk-related topics have become regular and periodic features on the Board agenda (e.g. Cyber security and Health & Safety).
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.	Various deep dive topics have regularly featured on the Board agenda. Prior to the closure of Board meetings, members are invited to consider conversations that have concluded and adapt the forward Board agendas accordingly.

Topic	Action	Status
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.	A matters arising document, in the form of an action log, now issued promptly following each meeting. This document includes all outstanding actions allowing Board members to understand all open items from previous meetings, what work is in progress and when matters have been completed.

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 Nicola Keach, 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.jsjg.com).

AGM 2022 Voting: Engagement with Shareholders – Final Summary

At the annual general meeting of the Company held on 4 May 2022, resolution 3 (Resolution to re-elect Jock Lennox) received 22.74% proxy votes against it.

In the summary of annual general meeting voting results, made available on the Company's website, following the annual general meeting, it was noted that where a material vote against a resolution is received, the board aims to engage in constructive dialogue with shareholders in order to fully understand their concerns.

Accordingly, following the 2022 annual general meeting, the Company issued formal letters to each of those investors registering a material vote against the resolution inviting further dialogue in order to understand the rationale behind their voting decision.

Feedback received from those investors who responded indicated that the rationale for votes against the resolution related, primarily, to Board diversity – specifically, that the Board's membership, at the time, was comprised of less than two female Directors. In June 2022, Nicola Keach was appointed to the Board as an additional Non-Executive Director. Nicola's appointment to the Board, in addition to Yvonne Monaghan, the CFO, brought the Company's total number of female Board members to two. The appointment process which, ultimately, resulted in Nicola's appointment to the Board was already underway at the time of the 2022 Annual General Meeting, having been initiated in January 2022, however the Company was unable to disclose the details of this process at the time.

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;

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- 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 76 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 47 to 53.

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.

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 page 59.

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 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 page 15.

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 2022 and how it is expected to be applied in 2023, are outlined in the Directors' Remuneration Report, on pages 85 to 109.

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 6 March 2023.

By order of the Board.



Christopher Clarkson
Company Secretary

6 March 2023