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John Lewis Partnership Trust for Pensions

Annual Statement by the Chair of the Trustee for the year to 31 March 2023

What is this Statement for?

It's important that you can feel confident that your savings in our John Lewis Partnership Trust for Pensions ("the Scheme") are being looked after and give good value.

The John Lewis Partnership Pensions Trust ("the Trustee") is responsible for the overall management of the Scheme. The preparation of this Statement is now delegated to the Trustee's Defined Contribution Sub-Committee ("DCC") by the Trustee.

This Statement explains how the Trustee and the DCC has managed the defined contribution ("DC") benefits in the Scheme in the period 1 April 2022 to 31 March 2023 ("the Scheme Year") and includes a summary of some of our future aspirations.

A copy of this Statement, together with other key documents which cover how the Scheme is managed are posted online at John Lewis Partnership - John Lewis Partnership Trust for Pensions.

What's in this Statement?

1 How we manage your Scheme – who the Trustee is and what guides our decision making;

2 Investment options – what we have done to check the suitability of the Scheme's investment options;

3 Investment performance - what returns the investment options have given over the last year;

4 Cost and charges – what costs and charges you have paid in the last year and how these might impact the size of a typical member's savings in the Scheme over time;

5 Value for Members - how the quality of the Scheme's services (which you pay for) compare to other pension schemes;

6 Administration – how well the Scheme has been administered including how promptly and accurately key transactions (such as the investment of your contributions) have been processed;

7 Trustee knowledge – what we as the Trustee have done to maintain our level of knowledge and obtain the professional advice we need to look after the Scheme for you; and

8 Our key actions in the Scheme Year and aspirations for next year – what key actions the Trustee took in the Scheme Year and what we aim to do in the coming year and beyond to continue to improve the Scheme for all our members.

What were the highlights within the Scheme Year?

1 How we manage your Scheme

There have been no changes to the Trustee Board in the Scheme Year. On 30 November 2022 Fiona Verity Sergent (George) was appointed as Deputy Chair of the DCC, following recommendation from the Trustee's Audit and Risk Sub-Committee ("ARC") to appoint a Deputy Chair.

After the end of the Scheme Year, the Chair of the Trustee, Sarah Bates retired from office, and Venetia Trayhurn, a professional trustee at The Law Debenture Pension Trust Corporation p.l.c., a current Trustee Director, has been appointed as the new Chair of the Trustee with effect from 1 August 2023.

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The Statement of Investment Principles ("SIP"), which sets out the Trustee's policies on how your contributions should be invested, was last updated in September 2023 and is appended to this statement at Appendix 1. The implementation report describing how the Trustee has followed its policies set out in the SIP is completed annually, with 31 March 2023 being the latest update.

2 Investment options

The Scheme's default arrangement ("the default investment strategy") (the JLP Lifecycle) is formally reviewed at least every three years. The triennial review also considers the self-select options available to members in the Scheme. The latest formal review of the strategy and performance of the default arrangement (and self-select options) was completed on 8 December 2021.

Outside of the triennial review, the Scheme's investment advisers carry out a high-level review of the performance of both the default investment strategy and self-select options on a quarterly basis, with the latest review as at 31 March 2023. This considers the performance of the funds against their aims, objectives, and policies, alongside an analysis of fund performance and member activity to check that the risk and return levels meet expectations.

In addition to this formal review process, additional reviews are triggered if either of the following events occur:

- There is a significant change in the demographics of the membership; or
- There are changes in legislation and regulations impacting the Scheme.
- As at 31 March 2023, the Trustee is satisfied that the default investment strategy has performed in line with the Scheme's long-term objectives and remains suitable for members. During the quarterly performance review the Trustee raised a concern about the performance of some underlying diversified growth funds within the default investment strategy as well as the self-select options. In spite of a recent short-term bounce in performance, the funds have underperformed against their benchmarks over the Scheme Year. This underperformance was driven by the challenging economic environment over the Scheme Year (further details provided in section 3 below and section 3 of the main report).

This challenging economic environment led to high levels of market volatility, resulting in a significant fall in the value of many bond and equity funds, including diversified growth funds such as those used by the Scheme. The Scheme's investment advisers believe that despite the underperformance of some underlying diversified growth funds during the Scheme Year, the funds remain appropriate given that pensions investment is conducted over a long-term horizon. Markets have started to recover in 2023, following the Scheme year end. The funds used in the self-select options will be reviewed to assess their suitability ahead of the triennial review.

The next full review of the investment strategy, including the default investment strategy will be carried out in 2024 and before 8 December 2024.

3 Investment performance

The Scheme Year remained challenging for the investment markets generally, mainly as a result of:

- The Russian invasion of Ukraine, leading to economic sanctions being imposed on Russia, which in part contributed to slow economic growth and energy supply issues affecting the world's leading economies;
- The cost-of-living crisis and high inflation creating a turbulent environment for investment markets; and
- Bond markets suffering during 2022 due to the higher expectations of central banks raising interest rates.

The Trustee, with support from its advisers, considers the impact of investment performance on the Scheme's ability to deliver good retirement outcomes against the investment strategy and objectives.

Over the Scheme Year, the funds used in the Scheme's default investment strategy saw investment returns vary between a rise in value of 2.19%, or a fall of 8.19%. Or put another way, a rise of £21.90 or a fall of £81.90 for every £1,000 invested in the fund. It is not unusual to underperform over a short-term period, especially during volatile environments. While there may be a short-term impact during volatile market environments, over the long-term the investments would be expected to recover and to achieve their investment objectives.

The investment returns produced by the funds in both the default investment strategy and self-select options were generally in line with the funds' objectives. Further details are provided in section 3 of the main report.

4 Cost and charges

Members pay for the Scheme's investment services, and part of the administration and communication services. The John Lewis Partnership plc ("the Partnership") pays for the Scheme's retirement and governance services, and part of the administration and communication services.

The Trustee monitored the costs and charges going out of members' pension pots during the Scheme Year.

The charges in the last year for the default investment strategy were 0.22% to 0.38% of the amount invested (or put another way £2.20 to £3.80 for every £1,000 invested) – this is well within the "charge cap" for default investment strategies required by the Government of 0.75%.

We have also looked at how the costs and charges taken out of a typical member's pension pot each year might affect its future size when they come to retire. Over a 48-year period (based on the time period of a new joiner aged 20, through to retirement), the current level of costs and charges for the Scheme's default investment strategy could reduce the size of an average pension pot by £13,490, from £158,935 to £145,445 (i..e a reduction of 8.5%). The total costs and charges for the Scheme's default investment strategy over the Scheme Year were broadly in line with those of similar comparator schemes.

5 Value for Members

Each year the Trustee looks at the costs and charges you pay as well as the range and quality of the services you pay for. Those costs and charges are compared with a selection of similar pension schemes and an assessment made as to whether this is considered to be good value.

Following that assessment, we concluded that the Scheme provided **good** value in the last Scheme Year. Over the next year we expect to improve value for you by continuing to review the at-retirement options available to members and by carrying out a detailed investment strategy review - please see section 5 of the main report for more details.

6 Administration

The Trustee monitors the administration services of the Scheme on an ongoing basis at our quarterly DCC meetings. We found that the majority of core financial transactions were processed promptly and accurately during the Scheme Year.

The adherence to the service level agreement ("SLA") of the Scheme overall was 97%, with a 97% SLA from Pension Operations (covering DB and DC administration) and a 98% SLA from Legal & General.

The data quality scores for the DC section of the Scheme were 99% for common data (basic data items used to identify Scheme members e.g. date of birth, National Insurance number) and 92% for conditional data (scheme-specific data e.g. contribution history, employment records) as at 31 December 2022 (the most recent report). This compares to the previous update as at March 2022 which had a 98% score for common data and a 93% score for conditional data.

More details about the administration of the Scheme can be found in section 6 of the main report.

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7 Trustee knowledge

It is important that the Trustee keeps its knowledge of pension and investment matters up to date and has access to sound professional advice.

All of the Trustee Directors attended training sessions during the Scheme Year on subjects such as the Employer Covenant and Additional Voluntary Contributions to maintain and further develop their level of knowledge – please see section 7of the main report for more details.

There have been no changes to the Trustee's advisers during the Scheme Year.

Overall, the Trustee believes that it has the right level of skills and expertise, together with access to good quality professional advice, so that it can run your Scheme effectively.

8 Our key actions last year and plans for the next year

During the Scheme Year the Trustee undertook the following activities (over and above "business as usual"):

- Commissioned a review of the at-retirement options available to members compared against trends in the wider industry, and the associated processes involved;
- Completed a review of the Scheme's Prudential With-Profits Fund;
- Reviewed the relevance of the benchmarks for funds offered to members on a quarterly basis; and
- Completed an assessment of the Security of Assets, with the Scheme's investment advisers.

In the short term (1 April 2023 to 31 March 2024, which will be covered by the next Statement) and longer term, the Trustee aims to:

- Consider and if appropriate implement changes as a result of the at-retirement options review, and the associated processes involved;
- Undertake a full review of the default investment strategy and self-select fund range;
- Support the Partnership's Pension Awareness Week campaign, and work to develop a consistent set of preferred retirement savings language to be used across all pension communications and provide helpful definitions of pensions terminology for members to refer to;
- Work to develop a communications strategy plan which can be used to set Scheme goals and assess member communications; and
- Consider whether to incorporate environmental, social and governance ("ESG") funds within the investment options (default or self-select) as part of the 2024 investment strategy review.

The rest of this Statement goes into more detail - please read on if you want to find out more about how the Trustee has managed your Scheme in the last Scheme Year. We hope this Statement helps with understanding how your pension savings are being looked after.

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Introduction

Governance requirements apply to defined contribution ("DC") pension arrangements like the Scheme, to help members achieve a good outcome from their pension savings. The Trustee is required to produce a yearly statement describing how these governance requirements have been met.

This Statement covers the period from 1 April 2022 to 31 March 2023 ("the Scheme Year").

For the record

This Annual Statement regarding governance has been prepared in accordance with:

Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715) as amended by subsequent Regulations;

The Department for Work and Pensions (DWP) guidance on 'Completing the annual Value for Members assessment and Reporting of Net Investment Returns' in Section 3; and

The DWP guidance on 'Reporting of costs, charges and other information' for the production of the Illustrations included in Appendix 3.

[redacted] Date: 12 October 2023

Signed by the Chair of the Trustee of the John Lewis Partnership Trust for Pensions

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1 How we manage your Scheme

The Trustee is responsible for the overall management of the Scheme. The Trustee Board consists of 9 Trustees, 4 of which are member nominated, 2 are serving Partners nominated by the Partnership and 3 are professional Trustees as nominated by the Partnership. The preparation of this Statement is now delegated to the Trustee's Defined Contribution Sub-Committee ("DCC"). The Trustee Board at 31 March 2023 is shown below with members of the DCC stated:

- Sarah Bates (Trustee Chair) – DCC member and Chair of DCC
- Venetia Trayhurn on behalf of The Law Debenture Pension Trust Corporation PLC (Chair Designate) – DCC member
- Fiona Verity Sergent (George) – DCC member and Deputy Chair of DCC
- Matt Day – DCC member
- Ian Maybury – DCC member
- Anna Tee – DCC member
- Andrew Ingram
- Shalabh Baijal
- Sam Shaerf

On 30 November 2022 Fiona Verity Sergent (George) was appointed as Deputy Chair of the DCC, following recommendation from the Audit and Risk Sub-Committee ("the ARC") to appoint a Deputy Chair. After the Scheme Year, the Chair of the Trustee, Sarah Bates, retired from office, and Venetia Trayhurn, a current Trustee and current Chair of the MSC ("Membership Sub-Committee"), has been appointed as the new Chair of the DCC and the Trustee Board with effect from1 August 2023.

There were no changes to the Trust Deed and Rules (which govern the Scheme) over the year to 31 March 2023.

The Statement of Investment Principles ("SIP") sets out the Trustee's investment policies which the Trustee, with the help of its advisers, reviews at least every three years. The last review was carried out in September 2023, which was updated to reflect the changes to investment strategy and this version of the SIP is appended to this statement at Appendix 1.

An Implementation Statement setting out how the Trustee complied with the SIP during the Scheme Year will be published alongside this Statement.

Over the Scheme Year the number of members of the DC section of the Scheme grew from 115,356 to 121,906, while the total value of members' pension pots grew from £1,029,849,791 to £1,125,640,477.

2 Investment options

2.1 Default investment strategy

The Scheme's default arrangement ("the default investment strategy"), the JLP Lifecycle, is designed for members who join the DC section of the Scheme and do not actively choose an investment option. These members are automatically invested in the default investment strategy. The JLP Lifecycle is the sole default investment strategy for the Scheme.

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The Trustee is responsible for setting the aims and objectives of the default investment strategy which includes setting and monitoring its investment strategy.

The JLP Lifecycle is a lifestyle strategy; this means that members' contributions are automatically moved between different funds as they approach their selected retirement date, to manage the risk profile and volatility of the strategy. Your pension contributions are initially invested in a fund that offers the potential for long-term growth. As you approach retirement, the strategy switches your pension savings and new contributions into lower risk funds, in the expectation that many of our members will take their DC pension savings as a cash lump sum when they retire. This aims to reduce (but does not remove) the risk of your savings falling in value if there was a market fall in the period leading up to your retirement, as this is a less volatile fund and so the value of your investments is less likely to be affected by positive or negative market conditions.

The Trustee's main investment objectives are:

- to design a default investment strategy that will be suitable for the majority of members with the objective of enabling them to maximise the return of their DC pension savings while carefully managing the costs and investment risks; and
- to provide a range of other self-select investment options for members who wish to have a higher level of control over their savings and/or feel the default investment strategy does not meet their requirements and/or appetite for risk.

The SIP covers all the Scheme's investments (including the default investment strategy). The principles guiding the design of the default investment strategy are set out on page 3 of the SIP.

The JLP Lifecycle has three different "phases" based on the time remaining until members reach their Target Retirement Age ("TRA"): the "Growth Phase", the "Consolidation Phase", and the "Pre-Retirement Phase". The mix of investment funds automatically switches depending upon the design of each phase. The default investment strategy balances between different kinds of investments (including use of both active and passive – or index tracking – strategies) and seeks to ensure that the expected amount of risk (and commensurately the expected return) is appropriate given the age of the member and their expected retirement date.

- **The Growth Phase (more than 15 years until TRA):** The aim over these years is to achieve good long-term growth in excess of inflation. In the Growth Phase all contributions are invested in the JLP Global Equity Fund.
- **The Consolidation Phase (between 15 and 7 years until TRA):** The aim is to provide continued growth, but at a lower risk, by gradually switching investments from higher risk assets (JLP Global Equity) to lower risk assets (JLP Diversified Growth). The proportion of pension savings invested in JLP Diversified Growth gradually increases until members are ten years from TRA when 40% of their DC section savings will be in JLP Global Equity and 60% in the JLP Diversified Growth. This proportion remains fixed, until members are seven years from their TRA.
- **The Pre-Retirement Phase (fewer than seven years to TRA):** The aim is to provide some continued growth but increasing certainty for the value of members' pension savings by gradually switching investments into cash (JLP Cash), until all savings are invested in cash when members reach their TRA. The Trustee regularly monitors the investment performance of the default investment strategy and formally reviews both the investment performance against the default investment strategy's objectives and the suitability of the investment strategy at least every three years. The investment performance of these funds during the last year is shown in section 3.

No detailed review of the performance and suitability of the default investment strategy was due to be undertaken during the Scheme Year. The last full review began on 27 April 2021 and was completed on 8 December 2021, with a recommendation following the review to delay the introduction of the JLP Cash fund from 7 years to 4 years before retirement and to introduce an Absolute Return Bond fund 7 years before retirement, to provide a small amount of additional growth, compared to cash, during the pre-retirement phase. These recommendations were consistent with the Scheme's objective for the default investment strategy to enable members to maximise the return of their DC pension savings while carefully managing the costs and investment risks. During the Scheme Year, the Trustee decided to delay the introduction of an Absolute Bond Fund following their investment adviser's recommendation as a result of significant changes to the bond market environment with plans to review its introduction at a later date. The next full review of the objectives and strategy of the default investment strategy will begin in the first quarter of 2024.

In addition to the strategy review conducted every 3 years, the Trustee reviews the performance of the default investment strategy against its aims, objectives, and policies on a quarterly basis. The Scheme's investment advisers attend quarterly meetings to present and highlight any specific issues. This review includes an analysis of fund performance to check that the risk and return levels meet expectations.

During the Scheme Year, the Trustee did not identify any concerns during its quarterly reviews.

The Trustee is satisfied that the default investment strategy currently remains appropriate for the majority of the Scheme's members because:

- Its investment performance has been consistent with its investment objectives;
- Its design continues to meet its principal investment objectives;
- The demographic profile of the membership has not changed materially; and
- Members' needs and likely benefit choices at retirement have not changed materially.

The 2024 investment review will be an opportunity to revisit this and consider whether any changes are required.

2.2 Other investment options

The Trustee recognises that the default investment strategy will not be suitable for the needs of every member, due to certain members' investment requirements or appetite for risk, and that some members may wish to have greater control over their savings and so the Scheme also offers members a choice of seven other self-select fund investment options to all members. Some members have Additional Voluntary Contributions ("AVCs") with Aviva (formerly Sun Life and Friends Provident) and Phoenix Life (formerly London Life) – see section 4.6 for further details. Some members also have the Prudential With-Profits fund available in their self-select range - this is not offered as a self-select fund for all members (and is not currently offered to new members) as the Prudential With-Profits fund closed to new business in September 2017.

The self-select funds include the three funds which make up the Scheme's default investment strategy. The main objectives of the self-select investment options are:

- To cater for the likely needs of a wider range of members;
- To cater for members looking to take different benefits at retirement than those targeted by the default investment strategy;
- To offer a wider range of asset classes, levels of risk and return and different investment approaches including ethical investment; and
- To support members who want to take a more active part in how their savings are invested.

The Trustee carries out an in-depth review of the performance and suitability of these self-select funds at least every 3 years, in line with its default investment strategy review.

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In keeping with The Pensions Regulator's guidance, the Trustee also continues to review and monitor these additional investment options against its aims, objectives, and policies outside the 3 year review cycle on a quarterly basis. Similarly to the default investment strategy, the Scheme's investment advisers attend quarterly meetings to present and highlight any specific issues with the additional investment options. This review includes an analysis of fund performance to check the risk and return levels meet expectations; more detail is provided in section 3. There are currently no specific environmental, social, and governance (ESG) funds within the Scheme's investment options. The Trustee will consider this as part of the 2024 strategy review.

For those members who actively contribute their DC savings via the Prudential With-Profits fund, neither the JLP Lifecycle nor the additional self-select investments are available investment choices.

3 Investment performance

The presentation of the investment performance takes into account the statutory guidance issued by the DWP on 'Completing the annual Value for Members assessment and Reporting of Net Investment Returns'. The Trustee has followed the statutory guidance in all areas and the Trustee has not deviated from the statutory guidance.

Investment conditions

The following figures are presented in the context that major stock markets, as measured by FTSE All World GBP Index, fell by c.1% over the one-year period to 31 March 2023.

3.1 Default investment strategy (JLP Lifecycle)

Over the Scheme Year the funds used in the Scheme's default investment strategy saw investment returns (net of charges and transaction costs) vary between a rise in value of 2.19% or a fall in value of 8.19% (or, put another way, a rise of £21.90 or a fall of £81.90 for every £1,000 invested for the fund).

The investment returns of the funds used in the default investment strategy during the year, 3 years and 5 years to 31 March 2023 after costs and charges are applied and expressed as a percentage were:

	Return on investments (net of charges and transaction costs) as a percentage to 31 March 2023		
Fund	**1 year (1 April 2022- 31 March 2023)**	**3 years (p.a.) (1 April 2020- 31 March 2023)**	**5 years (p.a.) (1 April 2018- 31 March 2023)**
JLP Global Equity Fund	-6.98%	13.74%	7.50%
JLP Diversified Growth Fund	-8.19%	4.72%	2.75%
JLP Cash Fund	2.19%	0.79%	0.76%

Source: Legal & General Assurance Society Ltd

As the default investment strategy uses a lifestyle strategy, the investment return varies depending on the member's age and how far they are from their target retirement age.

For the default investment strategy, investment returns are shown over the 1 year, 3 years and 5 years to 31 March 2023, for a member aged 25, 45 and 55 at the start of the period. These performance figures are illustrative and calculated based on the funds that members would invest in at that point in the lifestyle journey and assuming this allocation has remained unchanged throughout the term invested.

Age of member in Scheme Year (years), assuming selected retirement age of 68	**1 year (1 April 2022 – 31 March 2023)**	**3 years (p.a.) (1 April 2020 – 31 March 2023)**	**5 years (p.a.) (1 April 2018 – 31 March 2023)**
25	-6.98%	13.74%	7.50%
45	-6.98%	13.74%	7.50%
55	-7.27%	11.58%	6.36%

Source: Legal & General Assurance Society Ltd and Hymans Robertson LLP

The Trustee is satisfied that most funds used by the default investment strategy have performed in line with their long-term objectives except for the JLP Diversified Growth Fund, which as a result of challenging economic market environment in the Scheme Year, has underperformed. This fund aims to provide a better return than cash over the long-term, and this benchmark was not met due to the volatility within the equity and bond markets during the Scheme Year. The Scheme's investment adviser confirmed that the level of underperformance was not unexpected given the design of the investment strategy. There have been no fundamental changes to the investment process used by these funds and they remain highly rated by the Scheme's investment adviser. A detailed assessment of the fund within the 3-year investment strategy review will provide recommendations to the Trustee to consider implementing.

3.2 Other investment options

3.2.1 Self-select funds

Over the Scheme Year the self-select funds used in the Scheme's other investment options saw investment returns vary between a rise in value of 2.19% or a fall in value of 19.75% (or, put another way, a rise of £21.90 or a fall of £197.50 for every £1,000 invested for the fund).

The investment returns of the self-select funds during the year, 3 years and 5 years to 31 March 2023 after costs and charges are applied, as well as transaction costs, expressed as a percentage were:

	Return on investments (net of charges and transaction costs) as a percentage to 31 March 2023		
Fund	**1 year (1 April 2022 – 31 March 2023)**	**3 years (p.a.) (1 April 2020 – 31 March 2023)**	**5 years (p.a.) (1 April 2018 – 31 March 2023)**
JLP Global Equity Fund	-6.98%	13.74%	7.50%
JLP Diversified Growth Fund	-8.19%	4.72%	2.75%
JLP Cash Fund	2.19%	0.79%	0.76%
JLP Cautious Diversified Growth	-9.06%	1.87%	0.37%
JLP Ethical Equity	-4.12%	16.54%	11.91%
JLP Shariah Equity	-5.83%	15.71%	14.84%
JLP Annuity Protection	-19.75%	-8.51%	-3.18%
Prudential With Profits Fund*	5.05%	4.15%	5.40%

*Prudential's annual bonus declaration for unitised With Profits take effect on 6 April and return figures for Prudential With Profits are based on the year to 5 April 2023. The returns include a final bonus and assume an investment was made on the 6 April 1, 3 or 5 years previously and units were cancelled to pay benefits on or after 6 April 2023.

For the Scheme's Prudential With Profits Investment Account, the annual bonus rate which regularly increases the value of units in the With Profits Fund take effect from each 6 April, while the overall return payable when units in the With Profits Fund are sold (annual plus final bonus) changes on 1 May each year. The Trustee has negotiated reduced charges with Prudential which give an enhanced overall yield.

The overall returns from 1 May on the Prudential With Profits Investment Account for 31 March 2023 depend on the year from 6 April in which each unit was purchased, for example:

Year	2022	2021	2020	2019	2018
Average overall yield % p.a.	5.05	4.15	7.45	5.40	5.45

The overall yield on contributions invested in the year to 5 April 2023 was 5.05% p.a. from 6 April 2023.

The funds in bold are components of the default investment strategy.

The Trustee is satisfied that most self-select funds used by the other investment options have performed in line with their objectives except for:

- the JLP Diversified Growth Fund; and
- the JLP Cautious Diversified Growth Fund.

The underperformance, which was in line with expectations, was as a result of poor market performance in the Scheme Year. These funds aim to provide a better return than cash and, so it is not surprising that this benchmark was not met due to the volatility within the equity and bond markets of during the Scheme Year. The upcoming review due to take place in 2024 will address these issues which have specifically impacted the default investment strategy.

3.3 More information

Further information on the funds, how they are invested and their investment performance during the Scheme Year, can be found on the Scheme's website at John Lewis Partnership – John Lewis Partnership Trust for Pensions.

When preparing this section, the Trustee has taken account of the statutory guidance in place at the time of writing.

4 Charges and transaction costs

The charges and costs borne by members and John Lewis Partnership plc ("the Partnership") for the Scheme's services are:

Service	By members	Shared	By the Partnership
Investment	Yes	-	-
Administration	-	Yes	-
Governance	-	-	Yes
Communications	-	Yes	-
Retirement	-	-	Yes

The Partnership and the members share the charges for some elements of administration and communications. For the members, there is an implicit charge included as part of the annual management charge paid to Legal and General Assurance Society ("L&G"). The Partnership meets the cost of supplementary administration and communications support via the Pension Operations Team.

The presentation of the charges and costs, together with the projections of the impact of charges and costs, takes into account the statutory guidance issued by the DWP on 'Reporting of costs, charges and other information'.

The Trustee has followed statutory guidance in all areas.

4.1 Charges

The charges quoted in this Statement are the fund's Annual Management Charge ("AMC") and Fund Management Charge ("FMC") - these are noted in Appendix 2.

All amounts are expressed as a percentage of the total fund, which can then be applied to a member's investment in that fund.

4.2 Transaction costs

The funds' transaction costs are in addition to the funds' charges and can arise when:

- The fund manager buys or sells part of a fund's portfolio of assets; or
- The platform provider or fund manager buys or sells units in an underlying fund.

Transaction costs vary from day to day depending on where each fund is invested and stock market conditions at the time. Transaction costs can include custodian fees on trades, stockbroker commissions, and stamp duty (or other withholding taxes).

Transaction costs are deducted before the funds' unit prices are calculated. This means that transaction costs are not readily visible, but these costs will be reflected in a fund's investment performance.

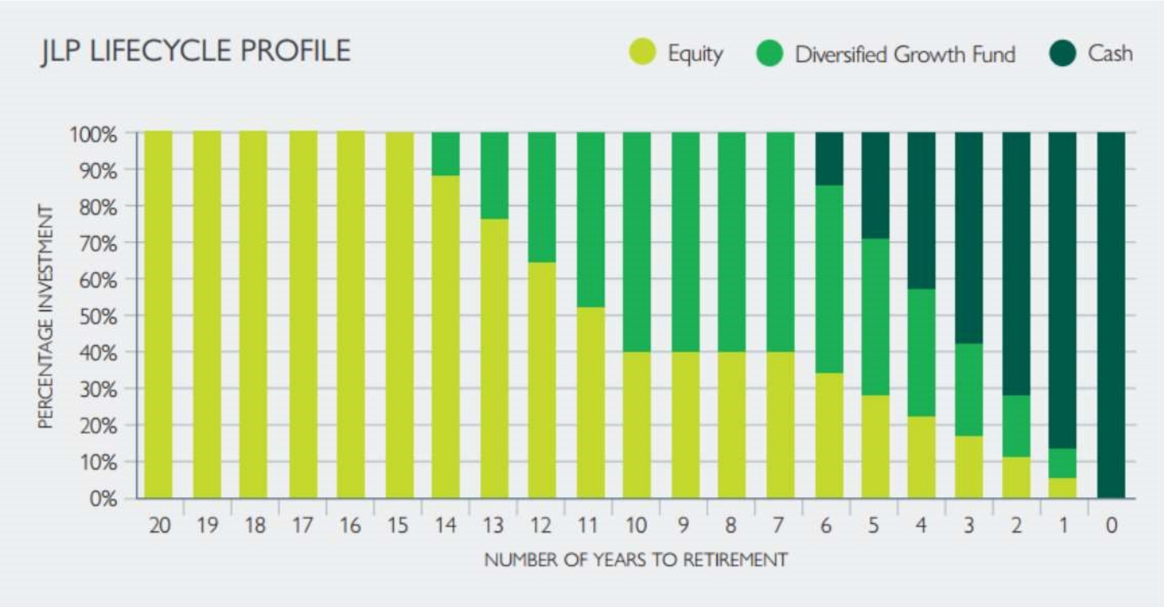
4.3 Member-borne charges and transaction costs

The charges and transaction costs have been supplied by Legal & General Assurance Society Limited ("L&G") and Prudential, the Scheme's investment managers, for all funds. All costs in connection with the management and administration of investments held with L&G are borne by Scheme members. For those held with Prudential, the cost of maintaining member accounts is borne by the Partnership, with all other costs borne by Scheme members.

Full details of the annualised charges and transaction costs, for all funds, for the Scheme Year can be found in Appendix 2.

4.4 Default investment strategy

The default investment strategy is the JLP Lifecycle. The default investment strategy has been set up as a "lifestyle strategy", which means that members' assets are automatically moved between different funds as they approach their target retirement date. This means that the level of charges and transaction costs borne by Scheme members will vary depending on how close members are to their selected retirement age and in which fund they are invested.



Source: Mercer

During the Scheme Year the member-borne charges for the default investment strategy were in a range from 0.22% to 0.38% of the amount invested (or, put another way, in a range from £2.20 to £3.82 per £1,000 invested).

The transaction costs borne by members in the default investment strategy during the Scheme Year were in a range from 0.00% to 0.09% of the amount invested (or, put another way, in a range from £0.00 to £0.88 per £1,000 invested).

For the Scheme Year, annualised charges and transaction costs for the default investment strategy are set out in the table below.

Period to selected retirement date	**Charge (AMC & FMC)**		**Transaction costs**	
	% p.a.	**£ per £1,000**	**% p.a.**	**£ per £1,000**
15 years or greater	0.24	2.40	0.05	0.50
14 years	0.27	2.68	0.06	0.60
13 years	0.30	2.95	0.06	0.60
12 years	0.32	3.23	0.07	0.70
11 years	0.35	3.50	0.08	0.80
10 years	0.38	3.78	0.09	0.90
9 years	0.38	3.78	0.09	0.90
8 years	0.38	3.78	0.09	0.90
7 years	0.38	3.78	0.09	0.90

6 years	0.36	3.55	0.08	0.80
5 years	0.33	3.32	0.06	0.60
4 years	0.31	3.09	0.05	0.50
3 years	0.29	2.87	0.04	0.40
2 years	0.26	2.64	0.02	0.20
1 year	0.24	2.41	0.01	0.10
At retirement	0.22	2.20	0.00	0.00

Source: Legal & General Assurance Society Ltd and Hymans Robertson LLP

The average charge for the default investment strategy, over a 40-year period, was 0.28% p.a., this is a simple average based off the charge applying at each year over a 40-year period to retirement.

The table in Appendix 2 gives the charges and transaction costs for each fund used by the default investment strategy.

The Scheme is a qualifying scheme for auto-enrolment purposes and the member borne charges for the default investment strategy complied with the charge cap during the Scheme Year.

4.5 Other investment options

In addition to the default investment strategy, members also have the option to invest in a range of self-select funds.

During the Scheme Year the charges for the self-select funds were in a range from 0.22% to 0.48% of the amount invested (or, put another way, in a range from £2.20 to £4.80 per £1,000 invested).

The transaction costs borne by members in the self-select funds during the Scheme Year were in a range from 0.00% to 0.25% of the amount invested (or, put another way, in a range from £0.00 to £2.50 per £1,000 invested).

The table in Appendix 2 gives the charges and transaction costs for each self-select fund.

4.6 Additional Voluntary Contributions ("AVCs")

Some members have Additional Voluntary Contributions ("AVCs") with Aviva (formerly Sun Life and Friends Provident) and Phoenix Life (formerly London Life). The Trustee has been unable to obtain the investment performance information for these funds. The Trustee notes that the amounts of members' AVCs invested with Aviva (£285,411 as at 31 March 2023) and Phoenix Life (£173,654.60 as at 31 March 2023) are relatively modest compared to the Scheme's overall DC assets (£1,125,640,477), but that they may be meaningful at an individual member level.

On behalf of the Trustee, Hymans Robertson have liaised with Aon and the Pension Operations Team to try to establish a named contact at Aviva and Phoenix Life (noting that these are legacy schemes). A named contact for Aviva has been found and contacted by Hymans Robertson (missing information not yet provided) and, in the absence of a named contact for Phoenix Life, contact has been made with the general mailbox (response not yet provided).

4.7 Prudential With Profits Investments

Some members' DC benefits are invested in the Prudential With Profits Fund and for other members these benefits are AVCs within this fund.

The charges and transaction costs for With Profits Funds are deducted from the overall fund before bonus rates are set for all policyholders. As a result, the charges and transaction costs are effectively averaged across all policyholders, and it is not possible to determine the exact charges and costs borne by the members of our Scheme.

It should be noted that the implicit costs and charges for the With Profits Fund cover the cost of guarantees and reserving as well as investment management and administration services.

During the Scheme Year the total charge for the With Profits Fund was 0.61% p.a. of the amount invested (consisting of an implicit scheme charge of approximately 0.47% p.a., and other charges and expenses of 0.14% p.a.). Or, put another way, £6.10 per £1,000 invested. There were no transaction costs associated with this fund, and hence there were no transaction costs borne by members in the With Profits Fund during the Scheme Year.

The With Profits Fund was reviewed in December 2021 as part of the wider investment strategy review. The review considered the Fund's financial strength, its investment strategy as well as bonuses and governance with respect to other comparable providers. The Fund will be considered as part of the investment suitability review in 2024.

4.8 Illustration of charges and transaction costs

Over a period of time, the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement. The illustrations in Appendix 3 show projected fund values in today's money before and after costs and charges for three typical members at stages from joining the Scheme at age 25 up to retirement.

The tables in Appendix 3 to this Statement show these figures for:

- The default investment strategy;
- Two funds from the Scheme's self-select fund range:
  - The fund with highest annual member borne costs –the JLP Shariah Equity; and
  - The fund with lowest annual member borne costs – the JLP Cash

The "before costs" figures show the projected value of a member's savings assuming an investment return with no deduction of member borne fees or transaction costs. The "after costs" figures show the projected value of a member's savings using the same assumed investment return but after deducting the forward-looking member borne fees (including performance fees) and an allowance for transaction costs that members are expected to occur.

Please see the notes to the tables in Appendix 3 for the assumptions used in calculating these illustrations.

The illustrations in Appendix 3 have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings.

5 Value for Members

Each year, with the help of our advisers, the DCC carries out an assessment for the Defined Contribution ("DC") and Additional Voluntary Contribution ("AVC") benefits in the Scheme. This assessment is carried out to establish whether the charges and transaction costs for the default arrangement ("the default investment strategy") and other investment options, which are borne in full by members, represent good Value for Members. Value is not simply about low cost – the Trustee also considers the quality and scope of services provided for the cost and also considers this in relation to similar schemes and available external benchmarks. This assessment has been made based on information which has been made available to the Trustee, such as by L&G (as the DC section's investment platform provider) and the John Lewis Partnership plc ("the Partnership").

Approach

The Trustee has adopted the following approach to assessing Value for Members for the Scheme Year:

- Services – considered the services where members bear or share the costs (i.e. investment, administration and communication services) for the **Value for Members** assessment, as well as the other services used by members (i.e. governance and retirement support) in determining the **Overall Value for Money** of the Scheme;
- Outcomes – weighted each service according to its likely impact on outcomes for members at retirement;
- Comparison – compared the cost and quality of each service against similar trust-based pension schemes and against the schemes provided by other large retailers ("the comparator schemes"), noting that it is not possible in practice to find directly comparable schemes; and
- Rating – rated each service from poor to excellent.

Results for the Scheme Year

The Scheme provided **GOOD Value for Members** over the Scheme Year.

The Trustee also assesses all the services member use (not just those for which they pay part or all of the costs for). The Scheme gave **GOOD Overall Value for Money** over the Scheme Year.

Value for Members

The rating criteria used in the assessment ranges from 1 (Poor) – 5 (Excellent).

The rationale for the rating of each service is described below. The investment category has been assigned the largest weighting as it will have the biggest impact on long-term member outcomes.

Category	Weighting	Rating	Rationale
Investment	50%	4	The Trustee regularly reviews the investments of the Scheme to make sure they remain suitable for members. The Trustee's adviser is satisfied that the investment options are suitable for the Scheme's membership and in particular that the default investment strategy is well designed and is suitable for members who do not wish to make an active choice on where to invest their pension savings. The total charges that our members pay (including those for investment, administration, and communications) were broadly in line with those of the comparator schemes. The fees paid on investment funds were competitive.

			Transaction costs (effectively the cost of managing the funds our members are invested in) were broadly similar to those of the comparator schemes.
Administration	25%	4	Clear service standards are set out for the administrators and performance against these standards was excellent over the Scheme Year. L&G is accredited to ISO 27001 standard by the Pensions Administration Standards Association ("PASA"). The Pension Operations Team provided the Trustee with quarterly compliance certification over the year. Based on the Trustee's adviser's assessment of this information, the Trustee concluded that during the Scheme Year the majority of the tasks which the administrators needed to carry out (known as core financial transactions) were processed promptly and accurately to an acceptable level; and the administration processes included effective measures to help protect members against cyber-attacks and pension scams.
Communication	25%	4	Members are provided with access to a Scheme-specific pensions "microsite" which has general pensions information and links to useful documents including the Scheme's DC section guide and an investment options guide. Members also have access to L&G's online service Manage Your Account (MYA) where they can view fund values, investment options and access modelling tools. L&G also offer a range of other support communications (including webinars) and the Trustee will consider actions they can take to help members benefit from more of these types of communications.
Overall Value for Money additional items			
Governance	0% (for VFM) but considered in overall value for money*	4	A strong governance structure is in place for the Scheme. The Trustee Board is made up of nine Trustee Directors (the people who are tasked with making sure members' money is safe and well managed). The Trustee Board meets on a quarterly basis. There are also 6 sub-committees (Defined Benefit, Defined Contribution, Audit and Risk, Appeals, Rapid Mobilisations and Membership) which meet on a regular basis and provide an update at the quarterly Trustee Board meetings (with the exception of the Appeals and Rapid Mobilisation and Membership sub-committees). This structure means that all the key areas of the Scheme that impact our members' income in retirement are monitored well and regularly. The Trustee meets all its regulatory requirements in relation to aspects such as risk management.

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Retirement	0% (for VFM) but considered in overall value for money*	2	The Scheme does not offer retirement support services for the majority of members, The Trustee notes that the Scheme's available at-retirement options currently suit the majority of members who use their DC and AVC pots to fund their tax-free cash, albeit certain options (e.g. single UFPLS) are not currently set up for Scheme members and there is the potential for "trapped" DC funds after taking DB pension and Pension Commencement Lump Sum ("PCLS") from DC pots. The Trustee is aiming to review the Scheme's at-retirement offering in line with the Scheme's changing membership demographic. The Trustee has undertaken training post Scheme Year end, on the various at-retirement options available to the Scheme and how these can be implemented in practice to suit the Scheme's membership.

* When carrying out the overall value for money assessment we have applied the following weightings: Investment – 40%, Administration – 15%, Communications – 15%, Governance 15%, Retirement – 15%.

Following the Value for Members assessment, the Trustee has noted some areas of focus it could consider taking to further improve value. These steps, along with details of the missing information and value assessment limitations, are detailed in other sections of this Chair's Statement.

Prudential With Profits Value for Members

The Scheme includes members who pay DC benefits to a Prudential With-Profits Fund, and some members pay into the Prudential With-Profits Fund as an Additional Voluntary Contribution ("AVC").

Members invested in the Prudential With-Profits Fund only pay for investment charges and so only this factor is relevant to a Value for Members assessment of the Prudential With-Profits Fund in line with the Regulations.

It is difficult to assess Value for Members with great precision in respect of any With-Profits Fund because of the lack of transparency and each member placing a differing value on the smoothing of returns and the capital guarantee. It is important to note that these are legacy arrangements.

Nevertheless, across all the Scheme's members with Prudential, and looking at the level of bonus returns relative to the charges, we suggest the Prudential With-Profits Fund is likely to provide **Average** value for the average member invested with Prudential. The Trustee's investment advisers, Mercer, are due to carry out a review of the AVC arrangements in 2024 which will provide further insight on the overall value.

AVCs Value for Members

The Scheme includes members who pay Additional Voluntary Contributions ("AVCs") with Aviva and Phoenix Life.

AVC members invested in the Aviva With-Profits Fund and Phoenix Life Fund only pay for investment charges and so only this factor is relevant to a Value for Members assessment of the Aviva With-Profits Fund and Phoenix Life Fund in line with the Regulations.

The Trustee has been unable to obtain investment performance and charges for either Aviva With-Profits Fund or Phoenix Life Fund. Nevertheless, across all the Scheme's members with both providers, and our understanding of the providers, we suggest the Aviva With-Profits Fund and Phoenix Life Fund are likely to provide **Fair** value for the average member invested.

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The Trustee have agreed an action plan for the following year to improve value. This is described in section 8 of this Chair's Statement.

6 Administration

The Trustee has made the following appointments for the administration of the Scheme:

- Legal & General Assurance Society Limited ("L&G") for the administration of DC savings (including the investment of members' contributions and the switches members make between funds) and certain other administrative functions for deferred members of the Scheme who do not otherwise have a separate entitlement to a deferred DB benefit in the Scheme; and
- The Pension Operations department of John Lewis Partnership plc for the other aspects of the administration of active and hybrid members' DC benefits (such as managing quotations, leavers, joiners and issuing benefit statements).

6.1 Core financial transactions

The Trustee monitored core financial transactions during the Scheme Year including:

- The investment of contributions;
- The transfer of members' assets to and from the Scheme;
- Switches between investment options within the Scheme; and
- Payments of benefits to members and beneficiaries.

6.2 Service levels

The Scheme has a service level agreement (SLA) in place with both the Scheme's administrators which covers the accuracy and timeliness of all administration work such as:

- The investment of contributions;
- Switching investment options;
- Providing quotations of benefits to members who are retiring or leaving the Scheme;
- Payments of benefits;
- Producing annual benefit statements; and
- Responding to ad hoc enquiries from members.

The overall SLA target agreed with the Trustee is 90% for Pension Operations for the DC section of the Scheme and 95% for L&G. Individual SLAs, which cover areas such as allocating contributions to member accounts, providing quotes and payment for all major benefit categories, and responding to member queries, have been kept under review throughout the Scheme Year to ensure they remain appropriate for the activities undertaken.

Over the reporting period, the SLAs achieved were:

Administrator	**Q2 2022**	**Q3 2022**	**Q4 2022**	**Q1 2023**
L&G (DC)	95.4%	97.0%	99.0%	99.0%
Pension Operations (DB and DC)	96.0%	97.0%	96.0%	97.0%

There were no material failures to meet SLAs. Both the Scheme's administrators have confirmed that there are adequate internal controls to ensure that core financial transactions relating to the Scheme are processed promptly and accurately.

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The Trustee monitored core financial transactions and administration service levels provided by both the Scheme's administrators during the Scheme Year by:

- Checking that contributions deducted from members' earnings have been paid promptly to the Scheme by the Partnership;
- Receiving quarterly reports from the administrators on the processing of financial transactions and other administration processes against the agreed service levels;
- Considering the reasons for and resolution of any breaches of service standards;
- Considering member feedback including any complaints.

Using this information, the Trustee is satisfied that, during the Scheme Year:

- L&G have maintained compliance with ISO 27001, the global standard for effective information security management systems;
- L&G have maintained accreditation with the Pensions Administration Standards Association ("PASA");
- L&G and the Pension Operations Team have achieved the overall SLA target. For any failure to meet a specific SLA, the Trustee ensured that this was investigated and resolved by the administrators;
- Monthly meetings occurred between members of the Trustee Executive (a team of nine Partnership employees whose sole responsibility is to support the Trustee in carrying out its fiduciary obligations) and the Scheme's administrators to discuss any issues arising relating to operational procedures; and
- Quarterly reporting provided by the Scheme's administrators to the Trustee gave further detail of any administration issues, delays and member complaints that occurred during the reporting period. This included background information on the issues, how these have been corrected and any actions that have been agreed in order to resolve outstanding issues.

The Trustee considers that during the Scheme Year, the majority of core financial transactions were processed promptly and accurately to an acceptable level and there have been no material administration errors in relation to processing core financial transactions.

The Trustee became aware of some administrative errors during the Scheme Year with regard to (i) for a small number of members, the double-deduction of pension contributions in the month of auto enrolment, and (ii) the processing of transfer value requests outside the statutory timeframes.

These issues have been appropriately investigated. The system error causing the double deduction of pension contributions has been corrected and communications have been issued to affected members. Steps have been undertaken to correct the errors which have arisen as a result of the issues with the Scheme's internal transfer processes. In addition, the Scheme's internal transfer processes have been updated so that the errors do not arise in respect of future transfer cases.

There were 12 DC-specific complaints over the Scheme Year, 11 with L&G and 1 with Pension Operations. The themes from these complaints were in respect of (i) a refund of contributions, (ii) regarding documents being sent by post when email was requested and (iii) the length of time for paperwork to be issued. The Trustee is comfortable that none of these complaints related to any systematic issues or errors. The Trustee considers the number of complaints to be very low in relation to the size of the membership (total DC membership as at 31 March 2023 was 121,906). The Trustee has recently become aware of some individual data breaches which have occurred during the Scheme Year. At the date of this statement, the extent to which these affect DC members is unclear, however, the matter has been referred to the Scheme's advisers for detailed review and investigation and appropriate action will be taken to resolve any issues identified.

6.3 Data quality

Each year the Trustee asks the Pension Operations Team to confirm that they have undertaken an audit of the Scheme's common data (which is the key data needed by the Scheme to calculate members' benefits such as dates of birth), to ensure that the records for all members are accurate and up to date.

The last data quality audit was undertaken in December 2022 by Pensions Operations and covered the data held on the Pension System ("PSP"), which covers the full scheme membership. Data on the pensioner payroll, paper files, microfiche or held anywhere outside of the system was out of scope. This showed that common data was present for 99% of membership data. This is a slight improvement from the figure as at March 2022 which compares to 98%.

6.4 Cyber security

The Trustee is conscious of the growing threat of cyber-attacks on pension scheme information and participated in a War Games Cyber training session after the end of the Scheme Year. The Trustee's Audit and Risk Committee have been considering and reviewing the Scheme's risk of a cyber security incident and the internal processes the Trustee should have in place to monitor and assess the risk of the Scheme to a cyber security incident.

The Trustee expects the Scheme's administrators and advisers to ensure that their cyber security arrangements are effective and up to date. The Trustee is not aware of any cyber security incidents that affected the Scheme over the Scheme Year.

6.5 Risk management

The Trustee considers the effectiveness of the controls which are in place to manage the risks faced by the Scheme at each quarterly meeting. The Trustee has been kept up-to-date by its advisers on the future requirement (which is not yet in place for the Scheme) to produce an Own Risk Assessment ("ORA") which is, broadly speaking, an assessment of how well governance systems are working within the Scheme and the way potential risks to the Scheme are managed.

6.6 Overall

The Trustee is satisfied that over the Scheme Year:

- The Scheme's administrators were operating appropriate procedures, checks and controls and operating within the agreed SLAs;
- The majority of core financial transactions were processed promptly and accurately to an acceptable level during the Scheme Year;
- There have been no material administration errors in relation to processing core financial transactions;
- The wider administration of the Scheme achieved the agreed service standards;
- The Scheme's common data is accurate and up to date; and
- The Scheme's cyber security arrangements are effective.

6.7 Security of assets

The situation regarding the security of where pension contributions are invested is complex. It can vary from scheme to scheme and from fund to fund within each scheme. To-date, there have only been a few instances where members of schemes such as ours have seen their benefits reduced as a result of a financial failure of a provider or fund manager.

In this regard, the Trustee reviews the structure of the funds used within the default investment strategy and other self-select options.

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The Trustee takes the security of assets into account when selecting and monitoring the funds used by the Scheme. The Trustee reviewed the security of members' assets in the DCC Q1 meeting as at 7 March 2023, and will continue to keep this under review. The Trustee believes that the current structures are appropriate for members when compared to other possible structures.

DocuSign Envelope ID: 161DA8E9-911A-4052-8EF5-557F2F1BC423

7 Trustee knowledge – DC Section

The Scheme's Trustee is required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. Section 247 and 248 of the Pensions Act 2004 requires that each Trustee Director must:

- Be conversant with the Trust Deed and Rules of the Scheme, the Scheme's SIP and any other document recording policy for the time being adopted by the Trustee relating to the administration of the Scheme generally.
- Have, to the degree that is appropriate for the purposes of enabling the individual to properly to exercise his or her functions as trustee director, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

The Trustee has measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law.

The Trustee's current practices to maintain and develop their level of knowledge and understanding of matters relating to the Scheme are:

- An induction process for newly appointed Trustee Directors, who are asked to complete The Pensions Regulator's "Trustee Toolkit" within 6 months of becoming a Trustee Director;
- The Trustee Directors are encouraged to undertake further study and qualifications which support their work as trustees;
- The Trustee Directors have a plan in place for ongoing training appropriate to their duties;
- The effectiveness of these practices is reviewed on an ongoing basis;
- The Trustee Directors also receive quarterly "hot topics" from their advisers covering technical and legislative/regulatory changes affecting defined contribution (and additional voluntary contribution) schemes in general.

The Trustee, with the help of its advisers, regularly considers training requirements to identify any knowledge gaps and this awareness is used in the setting of the Trustee's training priorities throughout the year. The Trustee's governance advisers and legal advisers raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustee's advisers typically deliver training on such matters at Trustee meetings if they are material.

Individual training records are maintained and reviewed annually by the Chair of Trustee to identify knowledge gaps, if any. If any gaps are identified these are addressed within the DCC's priorities for the year ahead which is used to inform future Trustee training sessions.

At the 9 March 2022 DCC, it was proposed to undertake a review of Board effectiveness within the next scheme year to 31 March 2024.

All the Trustee Directors have access to copies of, and are familiar with, the current governing documentation for the Scheme, including the Trust Deed and Rules (together with any amendments) and the SIP. The Trustee refers to the Trust Deed and Rules as part of deciding to make any changes to the Scheme, and the SIP is formally reviewed either at least every three years or as part of making any change to the Scheme's investments or to comply with new legislative or regulatory requirements. The SIP was last reviewed in September 2023.

All the Trustee Directors have completed The Pensions Regulator's Trustee Toolkit (the Trustee Toolkit is a free online learning programme from The Pensions Regulator aimed at trustees of occupational pension schemes and designed to help trustees meet the minimum level of knowledge and understanding required by

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law). Training for new Trustee Directors also includes a one-day course, “An Introduction to Trusteeship”- no new Trustee Directors joined were appointed to the Scheme during the Scheme Year so this process did not take place during the Scheme Year.

All Trustee Directors aim to complete at least 10 hours of formal training each year, via a combination of attending externally hosted seminars and training session along with bespoke training incorporated into regular Trustee and sub-committee meetings on topical areas.

During the Scheme Year, the Trustee received training on the following topics:

Date	**Topic**	**Aim/benefit**	**Trainer**
25 May 2022	Covenant training	To further the Trustee’s knowledge on the Employer covenant i.e. the ability of the Partnership to support the Scheme over time.	Cardano
5 July 2022	AVC training	To aid the Trustee’s understanding of the AVC arrangements within the Scheme..	Hymans Robertson
30 November 2022	Engaging with DC members	To develop the DCC’s understanding of good member engagement and how this can be implemented within the Scheme	Hymans Robertson
7 March 2023	Security of Assets	To aid the DCC’s understanding of the security of assets in pooled and mutual investment funds used by the Trust.	Mercer
7 March 2023	Legal Duties	To develop the Trustee’s understanding of their legal duties in regard to governance, compliance and member engagement	Sackers

Post Scheme Year end, the Trustee Directors received Diversity, Equity and Inclusion (DE&I) training, to aid their understanding of how DE&I can be implemented in the Scheme.

The Trustee has appointed suitably qualified and experienced actuaries, legal advisers, investment consultants and benefit consultants to provide advice on the operation of the Scheme in accordance with its Trust Deed and Rules, legislation and regulatory guidance.

The Trustee reviews the effectiveness of its advisers (Hymans Robertson, Mercer, Sackers and Aon) on an ongoing basis and periodically reviews the appointment of its advisers.

Taking into account the knowledge and experience of the Trustee Directors, including the professional Trustee Directors, together with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisers (e.g. investment consultants, governance consultants, legal advisers), the Trustee Directors believe they are well placed to exercise their responsibilities as Trustee Directors of the Scheme properly and effectively.

DocuSign Envelope ID: 161DA8E9-911A-4052-8EF5-557F2F1BC423

8 Our key actions during the Scheme Year and plans for the next year

During the Scheme Year the Trustee undertook the following activities (over and above "business as usual"):

- Commissioned a review of the at-retirement options available to members compared against trends in the wider industry, and the associated processes involved;
- Completed a review of the Scheme's Prudential With-Profits Fund;
- Reviewed the relevance of the benchmarks for funds offered to members on a quarterly basis; and
- Completed an assessment of the Security of Assets, with the Scheme's investment advisers.

In the short term (1 April 2023 to 31 March 2024, which will be covered by the next Statement) and longer term, the Trustee aims to:

- Consider and if appropriate implement changes as a result of the at-retirement options review, and the associated processes involved;
- Undertake a full review of the default investment strategy and self-select fund range;
- Support the Partnership's Pension Awareness Week campaign, and work to develop a consistent set of preferred retirement savings language to be used across all pension communications and provide helpful definitions of pensions terminology for members to refer to;
- Work to develop a communications strategy plan which can be used to set Scheme goals and assess member communications; and
- Consider whether to incorporate environmental, social and governance ("ESG") funds within the investment options (default or self-select) as part of the 2024 investment strategy review.

DocuSign Envelope ID: 161DA8E9-911A-4052-8EF5-557F2F1BC423

9 Missing information

The Trustee has been unable to obtain:

- Information on the investment performance and transaction costs in respect of the Additional Voluntary Contributions ("AVCs") funds with Aviva and Phoenix Life.

The following steps are being taken to obtain the missing information for the future:

- On behalf of the Trustee, Hymans Robertson have liaised with Aon and Pension Operations to try and establish a named contact at Aviva and Phoenix Life (noting that these are legacy schemes). A named contact for Aviva has been found and contacted by Hymans Robertson (missing information not yet provided) and, in the absence of a named contact for Phoenix Life, contact has been made with the general mailbox (response not yet provided).

The Trustee also notes the following limitations:

- At this time, limited data is available on industry-wide comparisons of pension schemes and has relied heavily on the market knowledge of its advisers; and
- There is limited transaction costs data available to provide industry-wide comparisons.

The Trustee understands that these issues currently affect many pension schemes and pension providers. The amount of comparative information available should improve over the next few years.

DocuSign Envelope ID: 161DA8E9-911A-4052-8EF5-557F2F1BC423

Appendix 1- Statement of Investment Principles

Statement of Investment Principles for Defined Contribution Section – John Lewis Partnership Pensions Trust
(September 2023)

Introduction

1 This Statement of Investment Principles ('SIP') sets out the principles governing investments for the John Lewis Partnership Trust for Pensions (the 'Trust' or the 'Scheme'), made by or for the Board of the John Lewis Partnership Pensions Trust (the 'Trustee'). This SIP is drafted in accordance with the requirements of Section 35 of the Pensions Act 1995, as amended by the Pensions Act 2004 and regulations made under it.

2 The Trust is a Registered Pension Scheme for the purposes of the Finance Act 2004.

3 The Trustee will review this SIP at least every three years and without delay after any significant change in investment policy. Before finalising this SIP, the Trustee has taken written advice from the Trust's Investment Consultant (Mercer), which is regulated by the Financial Conduct Authority ('FCA'), and has consulted with the employer, the John Lewis Partnership (the 'Partnership').

4 The Trustee is responsible for the Trust's investment strategy and for ensuring that it is recorded in the SIP. The Trustee delegates responsibility for the implementation and monitoring of the investment strategy to its Defined Contribution Sub-Committee ('DCC'). The DCC may engage with other investment advisers to assist in the Trust's selection of investment managers.

5 This document focuses on the high-level principles of the Trustee and considers matters relating to the Defined Contribution ('DC') section of the Scheme only. A separate document covers the principles for the Defined Benefit section of the Scheme. The details of the asset allocation and the implementation arrangements are matters for the DCC and will vary over time. The DCC will prepare and maintain a separate document, the Investment Policy Implementation Document, which sets out further details on how the principles have been implemented. That document does not form a part of the SIP.

6 The DC section provides for benefits to be accrued on a money purchase basis, with the value of members' funds being determined by the value of accumulated contributions adjusted for investment returns net of charges.

7 In selecting appropriate investments, the Trustee is aware of the need to provide a default investment strategy and a range of self-select investment options, which broadly satisfy the risk profiles of all members, given that members' benefits will be directly determined by the value of the underlying investments.

8 The Trustee last completed a review of its DC investment arrangements in April 2021.

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Objectives

9 The Trustee's aim is to design a default investment strategy that will be suitable for the majority of members with the objective of enabling them to maximise the return on their DC pension savings while carefully managing the costs and investment risks.

10 The Trustee also aims to provide a range of other self-select investment options for members who wish to have a higher level of control over their savings and/or feel the default investment strategy does not meet their requirements and/or appetite for risk.

Investment Principles

11 The Trustee determines the default investment strategy based upon the following investment beliefs:

- the appropriate measure for a successful investment strategy is the ability to maximise member outcomes, consistent with an appropriate level of risk as outlined in the next point; and
- the level of investment risk taken should be appropriate with a view to obtaining satisfactory returns, and protecting members to a large extent from significant reductions in the value of their pension account as they approach retirement. This is achieved by further diversifying the investments with the expectation of reducing volatility.

12 The Trustee has taken advice in determining an appropriate investment strategy for the DC section of the Trust, and has established:

- A default investment strategy known as the JLP Lifecycle; and
- A range of seven self-select investment options.

13 Certain legacy DC members invest in the Prudential With-Profits Fund. There are a number of other legacy additional voluntary contribution options to which some members still pay contributions, with Prudential, Sun Life and Aviva (ex Friends Provident). Members who do not currently contribute to those options are not able to start doing so.

Further detail about both the default investment strategy and self-select options is provided in paragraphs 17 to 21.

14 The Trustee expects the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. The long-term returns on the bond and cash options are expected to be lower while experiencing less volatility than that of the predominantly equity options. The diversified growth funds options, which invest in, but are not limited to, a mixture of equities, bonds, property and commodities, are still expected to provide excess returns over inflation, but the returns are expected to be more consistent, with fewer fluctuations than the predominantly equity investment options. However, the return is likely to be lower over the long-term when compared to the predominantly equity options. Cash funds will provide protection against changes in short-term capital values, and may be appropriate for members who are approaching retirement and want to take some or all of their pension savings as cash when they retire.

15 The Trustee has delegated responsibility for the implementation and monitoring of the chosen investment strategy to the DCC.

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16 The investment managers have discretion over the timing of realisation of investments of the Scheme within the portfolios that they manage, and in considerations relating to the liquidity of investments. The Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments.

Default Investment Strategy

JLP Lifecycle

17 When devising the phases and the mix of investment funds in the JLP Lifecycle, the Trustee has taken into account the expected returns on the different asset classes as summarised above in paragraph 14. In addition, the JLP Lifecycle and the DC section overall have consistency in approach in terms of the policies for the realisation of investments, the investment risks considered (including the ways they are measured and managed), financially material considerations and the extent to which non-financial matters are taken into account in the selection, retention and realisation of investments.

18 The JLP Lifecycle has three different "phases" based on the time remaining until members reach their Target Retirement Age ('TRA'): the "Growth Phase"; the "Consolidation Phase"; and the "Pre-Retirement Phase". The mix of investment funds automatically switches depending upon the design of each phase. The default investment strategy balances between different kinds of investments (including use of both active and passive strategies) to seek to ensure that the expected amount of risk (and commensurately the expected return) is appropriate given the age of the member and their expected retirement date.

- The Growth Phase (more than 15 years until TRA): The aim over these years is to achieve good long-term growth in excess of inflation. In the Growth Phase all contributions are invested in JLP Global Equity.

- The Consolidation Phase (between 15 and 7 years until TRA): The aim is to provide continued growth, but at a lower risk, by gradually switching investments from higher risk assets (JLP Global Equity) to lower risk assets (JLP Diversified Growth). The proportion of pension savings invested in JLP Diversified Growth gradually increases until members are ten years from TRA when 40% of their DC section savings will be in JLP Global Equity and 60% in the JLP Diversified Growth. This proportion remains fixed, until members are seven years from their TRA.

- The Pre-Retirement Phase (fewer than seven years to TRA): The aim is to provide some continued growth but increasing certainty of the value of members' pension savings by gradually switching investments into the money market fund (JLP Cash), until all savings are invested in the money market fund when members reach their TRA.

19 This default investment strategy has been designed to be in what the Trustee believes to be the best interests of the majority of the members who do not make an active decision to invest in one of the self-select options. This view is based on the demographics of the DC section's membership (e.g. age profile and pot sizes) and the likely way members will access their savings at retirement based on this analysis. The Trustee will continue to review this over time, at least triennially, or after significant changes to the DC section's demographics, if sooner.

Self-select investment options

20 The DC section offers the following investment funds for members who wish to have a higher level of control over their savings and/or who feel the default investment strategy does not meet their requirements and/or appetite for risk. If members self-select, they can combine the investment funds in any proportion in order to determine the balance between different kinds of

investments. Each of the available funds is considered to be diversified across an appropriate number of underlying holdings / issuers. Each of the available investment funds will consider environmental, social and governance (ESG) factors to differing extents. As per the table that follows, ESG considerations are specifically incorporated into the stated investment objective of some investment funds. Further detail on the Trustee's policy in relation to ESG factors can be found in paragraphs 24 and 27 that follow.

White Label Fund Name	Benchmark	Objective
JLP Cash	Sterling Overnight Index Average ('SONIA')	• Aims to provide capital security and income by lending money to companies and governments over short periods of time (the target weighted average of the time to repayment of the loans from the fund is 60 days) • Low-risk offering a correspondingly low return
JLP Annuity Protection	FTSE UK Adjusted Annuity Composite	• Aims to provide diversified exposure to assets that reflect the investment underlying a typical traditional annuity product, incorporating Environmental, Social and Governance considerations as part of the investment strategy • Offers some protection against annuity price fluctuation
JLP Cautious Diversified Growth	3-Month SONIA + 3.5% per annum over the long term (5 consecutive years)	• Aims to achieve a total return, in the form of capital growth and income returns, over the long-term whilst providing some protection against its value moving sharply down in changing investment conditions • The objective will be implemented through strategic allocations to multiple asset classes • Targets 7% volatility over a market cycle
JLP Diversified Growth	33% 3-Month SONIA + 5% per annum; 67% 1-Month SONIA + 4% per annum	• Aims to provide long-term investment growth through exposure to a diversified range of asset classes
JLP Global Equity	60% FTSE All World Index (100% GBP Hedged); 20% MSCI World Value + Momentum + Quality + Low Volatility Custom Diversified Multi-Factor Index (Unhedged); 10% MSCI Emerging	• Aims to provide long-term investment growth by passively tracking the performance of a blend of global equity indices

White Label Fund Name	Benchmark	Objective
	Markets Index (Unhedged); 10% MSCI World Small Cap ex Selected Securities Index (Unhedged)	
JLP Ethical Equity	FTSE4Good Global Equity Index (50% GBP Hedged)	• Aims to provide long-term investment growth by passively tracking the performance of the FTSE4Good Global Equity Index to within +/- 0.5% per annum for two years out of three
JLP Shariah Equity	Dow Jones Islamic Titans 100 Index (Unhedged)	• Aims to create long-term investment growth by investing in a diversified portfolio of companies from around the world that are compliant with Islamic Shariah principles and seeks to match the performance of the Dow Jones Islamic Titans 100 Index

21 Certain members of the Scheme are able to continue contributing to the Prudential With Profits fund. This is not an option available to new joiners or anyone who does not already contribute to this fund. The fund is invested in a diversified portfolio of UK and overseas shares, bonds, property and cash which aims to achieve long-term real returns. Investment returns are passed to policyholders through bonuses which are intended to smooth the peaks and troughs of equity markets.

Investment Management

22 In accordance with the Financial Services and Markets Act 2000, the Trustee sets the general investment policy, but delegates the responsibility for selection of specific investments to its appointed investment managers. The investment managers are expected to possess the skills and expertise necessary to manage the investments of the Trust competently. The funds used by the DC section are accessed through an investment platform provided by Legal & General.

23 The Trustee is not involved in the investment managers' day-to-day operations and does not directly seek to influence attainment of their return objectives. The Trustee maintains processes to ensure that performance is assessed on a regular basis against measurable objectives for each manager, consistent with the achievement of the Trust's long-term objectives, and an acceptable level of risk.

Responsible Investment

24 The Trustee has adopted the following policy on responsible investment:

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- The Trustee's fiduciary duty is to select a suitable default investment strategy for the accumulation of the member's account and to provide an appropriate range of funds for those members who wish to self-select. The default investment strategy, therefore, needs to aim to give members a means to build up a retirement income based on the memberships' contribution level, duration of saving and tolerance for risk. In this respect members are long term investors. The Trustee also needs to ensure that the self-select options offer an appropriate range of options for members who wish to use them.

- The Trustee believes that environmental, social and governance ('ESG') factors, including climate change, can have an impact on the long-term performance of DC investment funds and, therefore, that the management of ESG risks can assist the Trustee in fulfilling its investment duties.

- The Trustee formally reviews the DC investment options at least every three years. This includes whether the default investment strategy remains appropriate for the majority of members. As part of this review, the Trustee will consider whether ESG risks and opportunities are being managed effectively by the default investment strategy's fund managers. The Trustee will take advice from Mercer, its investment consultant, when making this assessment. Mercer will also be asked to advise on the range of self-select funds and will include financially material ESG factors as part of that review.

- The Trustee will not take into account non-financial factors in the investment decision making, or monitoring process of the default investment strategy. In relation to the member options, the Trustee will consider whether it is appropriate and the extent to which it should take into account member views during each review of the DC investment options, which takes place at least every three years.

- The Trustee believes that active ownership can enhance the value of the Scheme's underlying portfolio and help manage risks. In September 2018 the Trustee became a signatory to the Principles for Responsible Investment. The Trustee reviews its stewardship policy to ensure that it continues to hold its investment managers to account on voting and engagement. The Trustee takes its stewardship policy into account when selecting specific funds for the default or the self-select range, and when monitoring the performance of managers (see section 27).

- The Trustee's Responsible Investment policy is reviewed at least every year.

Investment Managers Monitoring and Engagement

25 The policy in relation to the Trustee's arrangements with its investment managers is set out below in sections 26-30.

26 Incentivising investment managers to align their investment strategy and decisions with the Trustee's policies:

- The Trust's investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the specific asset class / strategy sought.

- The Trustee looks to its investment advisers for their forward-looking assessment of a manager's ability to outperform over a full market cycle. This view is based on the advisers' assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund in which the Trust invests. The advisers' manager research ratings assist the Trustee with the due diligence and questioning of managers, which are used in decisions around selection, retention and realisation of manager appointments.

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- If the investment objective of a particular fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

- Some appointments are for active management approaches and those managers are incentivised through remuneration and performance targets (an appointment will be reviewed following periods of sustained underperformance). The Trustee will review the appropriateness of using actively managed funds on an ad-hoc basis.

- As the Trustee also invests in pooled investment vehicles it accepts that it has no ability to specify the risk profile and return targets beyond those applying to the particular investment vehicle, and therefore selects those vehicles on that basis and to align with the overall investment strategy.

27 Incentivising the investment managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer, and to engage with issuers in order to improve their performance in the medium to long-term:

- The Trustee will consider the investment advisers' assessment of how the investment managers embed ESG into their investment process. In addition, the Trustee will request information about an investment manager's ESG policies and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes the investment manager's policy on voting and engagement.

- The Trustee may challenge the decisions made by the investment managers on their voting history and engagement activity. In addition, the DCC will meet with the investment managers as and when required at DCC meetings.

- The Trustee delegates all voting and engagement activities to the investment managers. When required the Trustee will question managers' voting decisions if it deems them out of line with the investment fund's objectives or the objectives / policies of the Trust.

- The investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed. If the Trustee is dissatisfied, then they will look to replace the manager.

28 Aligning the evaluation of the investment managers' performance and the remuneration for investment management services with the Trustee's policies:

- The Trustee's focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustee reviews both absolute and relative performance (net of fees) against a portfolio or underlying investment manager's benchmark on a quarterly basis, including assessments of both shorter and longer time horizons.

- The remuneration for investment managers used by the Trust is based on assets under management; the levels of these fees are reviewed annually to ensure they continue to represent value for members. If performance is not satisfactory, the Trustee may request further action be taken, including a review of fees.

29 Monitoring portfolio turnover costs incurred by the investment managers:

- Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members' assessment. The ability to assess the appropriateness of these costs is currently limited by the availability of data and the lack of industry-wide benchmarks. The Trustee will monitor industry developments in how to assess these costs and incorporate this in future value for members' assessments. Importantly, performance is reviewed net of portfolio turnover costs.

30 The duration of the arrangements with the investment managers:

- The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis.
- No manager appointment has a set duration.
- The Trustee is responsible for the selection, appointment, monitoring and removal of the investment managers.
- The available self-select fund range and default investment strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default investment strategy or self-select fund range.

Risk

31 The Trustee recognises the key risk is that members will have insufficient retirement income relative to their expectations. The Trustee considered this risk when setting the investment options and strategy for the Trust. This risk provides the context for the Trustee's approach, although it is not within the Trustee's power to mitigate that risk beyond developing and monitoring its investment approach.

32 The Trustee considers the following sources of risk in designing the investment options:

- **Inflation risk:** The risk that the investment return over members working lives does not keep pace with inflation. It is measured by considering the real returns (i.e. return above inflation) of the funds, with positive values indicating returns that have kept pace with inflation. The Trustee manages this risk by providing members with a range of funds, across various asset classes, with the majority expected to at least keep pace with inflation in the long term. Members are also able to set their own investment allocations, in line with their risk tolerances.
- **Conversion risk:** The risk that relative market movements in the years just prior to retirement lead to a substantial reduction in the cash lump sum secured. It is measured by considering the returns of the funds used within the switching phase of the lifecycle strategy. Lifecycle strategies and the suitability of the default investment strategy are reviewed at least triennially. It is managed by offering a lifecycle strategy that automatically switches member assets as they approach retirement into investments that are expected to be less volatile relative to how the Trustee expects the majority of members will access their pension savings. The lifecycle strategy increases the proportion of assets that more closely match the expected retirement destination as members approach retirement. This aims to reduce the risk of a substantial fall in the purchasing power of their accumulated savings near retirement.
- **Opportunity cost risk:** The risk that members end up with insufficient funds at retirement with which to secure a reasonable income through not having taken enough risk whilst the opportunity was available. It is measured by considering the returns of the funds used within the switching phase of the lifecycle strategy. It is managed by offering a range of funds which members can use to invest in line with their risk tolerances and also by reviewing the suitability of the lifecycle strategy at least triennially.
- **Manager risk:** The risk that the chosen investment manager underperforms the benchmark against which the investment manager is assessed. This is measured by the Trustee monitoring the performance of the investment funds on a quarterly basis. It is managed by the

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Trustee providing members with a range of funds, across various asset classes. Members are able to set their own investment strategy in line with their risk tolerances. In addition, the Trustee monitors any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

- **Capital risk:** The risk that the monetary value of members' funds falls. It is measured by considering the returns and risks of the funds offered to members. Consideration is also given to the time period remaining for members to recoup any capital value losses in the run up to their target retirement date when designing the lifecycle strategy. It is managed by offering a lifecycle strategy that automatically switches member assets as they approach retirement into investments that are expected to be less volatile relative to how the Trustee expects the majority of members will access their pension savings.

- **Suitability risk:** The risk of the default investment strategy being unsuitable for the requirements of some members. The Trustee recognises that there is a risk that the default investment strategy is not suitable for all members but aims to manage this risk by offering a default investment strategy that is suitable for the majority of members and regularly reviewing its ongoing appropriateness. A range of self-select funds are also offered should the default investment strategy not be suitable for some members.

- **Operational risk:** The risk of fraud, poor advice or acts of negligence. The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received. From an investment perspective, this risk is measured by considering the ratings of investment strategies from the investment advisers and monitoring these on an ongoing basis. It is partially managed by incorporating the ratings into the regular review process and carrying out periodic reviews of the managers' operational credentials. Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative rather than quantitative manner as part of each formal strategy review. The Trustee's policy is to review the range of funds offered and the suitability of the default investment strategy, and its performance, at least every three years, or earlier if there is a significant change in either the investment policy or demographic of the relevant members.

33 The risks identified above are considered by the Trustee to be 'financially material considerations'. The Trustee believes the appropriate time horizon within which to assess these considerations should be viewed by the Trustee at a member level – that is by devising a default strategy and a range of self-select options that have an appropriate risk profile for members at different ages and lengths of time to retirement.

Further Information

34 The Annual Report and Accounts for the Trust are published in the third quarter of each year and are available on the Partner intranet. For more information on the Trust's investment strategy please contact Imtayaz Ahmed (Pensions Investment Manager) 020 7931 4678 (External) and 777-3678 (Internal).

Signed: [redacted]

Name: Anthony Moriarty

Date: 28 September 2023

Authorised for and on behalf of the Trustee of the Trust

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Appendix 2 -Table of funds and charges

2a Default investment strategy (JLP Lifecycle)

The funds' charges (as "Total Expense Ratios") and transaction costs in the last year used in the default investment strategy were:

Fund	AMC %	FMC %	Hosting fee %	TER		Transaction costs	
				% p.a. of the amount invested	£ p.a. per £1,000 invested	% p.a. of the amount invested	£ p.a. per £1,000 invested
JLP Global Equity	0.15	0.09*	0.01	0.24	2.40	0.05	0.50
JLP Diversified Growth	0.15	0.32	0.01	0.47	4.70	0.12	1.20
JLP Cash	0.15	0.07	n/a	0.22	2.20	0.00	0.00

Source: L&G

AMC: for L&G funds, the Annual Management Charge is a product charge visible to members when accessing Manage Your Account (via L&G's website). If a member holds assets in more than one fund with L&G, the AMC is calculated at a rate of 0.15% of the total fund value.

FMC: Fund Management Charges relate to the specific investment fund and are deducted from the fund value to cover costs such as research, investment selection and the custodian for the fund vehicle. The charges have been rounded to 2dp for disclosure purposes.

TER: Total Expense Ratio is the combination of the AMC and FMC.

Hosting fee: for the 'JLP' series of funds, an additional hosting fee is applicable where the underlying funds include non-L&G fund managers. Where relevant, the hosting fee forms part of the stated FMC.

*The FMC for the JLP Global Equity Fund dropped by 0.01% in January 2023 due to a change in the Macquarie Fund charge. Prior to this the FMC was 0.10% within the Scheme Year.

2b Other investment options

The funds' charges (as "Total Expense Ratios") and transaction costs in the last year used in the additional investment options (the non-default funds which members were invested in during the Scheme Year) were:

Fund	AMC %	FMC %	Hosting fee %	TER		Transaction costs	
				% p.a. of the amount invested	£ p.a. per £1,000 invested	% p.a. of the amount invested	£ p.a. per £1,000 invested
JLP Global Equity	0.15	0.09*	0.01	0.24	2.40	0.05	0.50
JLP Diversified Growth	0.15	0.32	0.01	0.47	4.70	0.12	1.20

JLP Cash	0.15	0.07	n/a	0.22	2.20	0.00	0.00
JLP Cautious Diversified Growth	0.15	0.30	0.03	0.45	4.50	0.25	2.50
JLP Ethical Equity	0.15	0.25	n/a	0.40	4.00	0.03	0.30
JLP Shariah Equity	0.15	0.33	0.03	0.48	4.80	0.00	0.00
JLP Annuity Protection	0.15	0.12	n/a	0.27	2.70	0.03	0.30
Prudential With-Profits	0.47	0.14	n/a	0.61*	6.10**	0.00	0.00

Source: L&G and Prudential

AMC: for L&G funds, the Annual Management Charge is a product charge visible to members when accessing Manage Your Account (via L&G's website). If a member holds assets in more than one fund with L&G, the AMC is calculated at a rate of 0.15% of the total fund value.

FMC: Fund Management Charges relate to the specific investment fund and are deducted from the fund value to cover costs such as research, investment selection and the custodian for the fund vehicle. The charges have been rounded to 2dp for disclosure purposes.

TER: Total Expense Ratio is the combination of the AMC and FMC.

Hosting fee: for the 'JLP' series of funds, an additional hosting fee is applicable where the underlying funds include non-L&G fund managers. Where relevant, the hosting fee forms part of the stated FMC.

*The FMC for the JLP Global Equity Fund dropped by 0.01% in January 2023 due to a change in the Macquarie Fund charge. Prior to this the FMC was 0.10% within the Scheme Year.

**The term TER does not apply to With-Profits Funds, this value represents the implicit scheme charge which is made through the declared bonus (the AMC noted) and additional charges and expenses (the FMC noted).

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Appendix 3- Illustrations

Tables illustrating the impact of charges and costs

The following tables show the potential impact of the costs and charges borne by three typical members (Member A, Member B and Member C who are defined below) on projected values at retirement in today's money at several times up to retirement for a selection of funds and a range of contribution levels. The member demographics are set out in the " Assumptions" section at the end of this Appendix.

The illustrations in Appendix 3 have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings.

3a For the default investment strategy - JLP Lifecycle

Member A - New joiner

Years to retirement	Before costs and charges £	After costs and charges are taken £	Costs & Charges £
1	£158,937	£145,445	£13,492
3	£151,808	£139,484	£12,324
5	£142,776	£131,876	£10,900
10	£116,734	£109,623	£7,111
15	£91,434	£86,923	£4,511
20	£68,926	£66,110	£2,816
25	£50,338	£48,694	£1,644
30	£34,989	£34,122	£867
35	£22,314	£21,929	£385
40	£11,847	£11,727	£120
45	£3,203	£3,190	£13
48	£0	£0	£0

Source: Hymans Robertson

Member B - Median active member

Years to retirement	Before costs and charges £	After costs and charges are taken £	Costs & Charges £

1	£127,271	£120,959	£6,312
3	£117,863	£112,381	£5,482
5	£107,110	£102,580	£4,530
10	£78,515	£76,306	£2,209
15	£52,071	£51,166	£905
20	£29,193	£28,917	£276
25	£10,300	£10,300	£0

Source: Hymans Robertson

Member C - Median deferred member

Years to retirement	Before costs and charges £	After costs and charges are taken £	Costs & Charges £
1	£11,464	£10,598	£866
3	£11,156	£10,372	£784
5	£10,700	£10,017	£683
10	£9,252	£8,843	£409
15	£7,771	£7,549	£222
20	£6,417	£6,316	£101
25	£5,299	£5,285	£14
26	£5,100	£5,100	£0

Source: Hymans Robertson

3b For the fund with the highest charge – JLP Shariah Equity

Member A - New joiner

Years to retirement			
	Before costs and charges £	After costs and charges are taken £	Costs & Charges £
1	£183,049	£157,826	£25,223

3	£166,773	£144,889	£21,884
5	£151,697	£132,783	£18,914
10	£118,691	£105,812	£12,879
15	£91,434	£82,967	£8,467
20	£68,926	£63,615	£5,311
25	£50,338	£47,224	£3,114
30	£34,989	£33,339	£1,650
35	£22,314	£21,578	£736
40	£11,847	£11,616	£231
45	£3,203	£3,178	£25
48	£0	£0	£0

Source: Hymans Robertson

Member B - Median active member

Years to retirement	Before costs and charges £	After costs and charges are taken £	Costs & Charges £
1	£145,191	£134,201	£10,990
3	£128,648	£119,708	£8,940
5	£113,324	£106,147	£7,177
10	£79,775	£75,933	£3,842
15	£52,071	£50,341	£1,730
20	£29,193	£28,662	£531
25	£10,300	£10,300	£0

Source: Hymans Robertson

Member C - Median deferred member

Years to retirement	Before costs and charges £	After costs and charges are taken £	Costs & Charges £
1	£13,280	£11,696	£1,584
3	£12,302	£10,944	£1,358
5	£11,395	£10,241	£1,154
10	£9,410	£8,675	£735
15	£7,771	£7,348	£423
20	£6,417	£6,224	£193
25	£5,299	£5,272	£27
26	£5,100	£5,100	£0

Source: Hymans Robertson

3c For the fund with the lowest charge - JLP Cash

Member A - New joiner

Years to retirement	Before costs and charges £	After costs and charges are taken £	Costs & Charges £
1	£74,722	£71,024	£3,698
3	£71,121	£67,753	£3,368
5	£67,554	£64,500	£3,054
10	£58,787	£56,445	£2,342
15	£50,231	£48,499	£1,732
20	£41,881	£40,661	£1,220
25	£33,731	£32,929	£802
30	£25,777	£25,302	£475
35	£18,015	£17,778	£237
40	£10,439	£10,356	£83
45	£3,045	£3,035	£10

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48	£0	£0	£0

Source: Hymans Robertson

Member B - Median active member

Years to retirement	Before costs and charges £	After costs and charges are taken £	Costs & Charges £
1	£88,822	£86,257	£2,565
3	£81,923	£79,736	£2,187
5	£75,090	£73,250	£1,840
10	£58,297	£57,189	£1,108
15	£41,907	£41,346	£561
20	£25,911	£25,717	£194
25	£10,300	£10,300	£0

Source: Hymans Robertson

Member C - Median deferred member

Years to retirement	Before costs and charges £	After costs and charges are taken £	Costs & Charges £
1	£5,760	£5,460	£300
3	£5,704	£5,430	£274
5	£5,649	£5,401	£248
10	£5,513	£5,328	£185
15	£5,380	£5,255	£125
20	£5,251	£5,184	£67
25	£5,125	£5,114	£11
26	£5,100	£5,100	£0

Source: Hymans Robertson

Assumptions

As each member has a different amount of savings within the Scheme and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be. The data used in these illustrations is broadly reflective of the membership of the Scheme and the illustration assumptions are in line with the DWP Illustration guidance and DWP guidance on 'Reporting of costs, charges and other information'. The assumptions are explained below:

- The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs.
- The "after costs" figures represent the savings projection using the same assumed investment return but after deducting, the forward-looking member borne fees (including performance fees) and an allowance for transaction costs that members are expected to occur. The member borne charges and transaction costs assumed with the illustrations are those set out in the 'Table of funds and charges' section of this statement (Appendix 2).
- The member demographics used have been determined by member data as at 31 March 2022 (this is the most recent membership data provided):

	Member A (New Joiner)	**Member B (Median Active)**	**Member C (Median Deferred)**
Age	20	43	42
Opening DC Pot (£)	£0	£10,300	£5,100
Salary (£)	£8,500	£19,200	£0
Contribution Rate (%)	12%*	16%	0%

*This increases to 16% after 3 years of service, as per the Scheme's waiting period rules.

- The member's planned retirement age is 68
- The starting total monthly contribution includes all member and Partnership contributions, and remains fixed at a total percentage of salary, although the monetary amount will increase over time as salary increases
- That contributions would continue to be paid every month until retirement.
- Inflation remains fixed at 2.5% each year.
- Annual returns on investments vary over time as the proportions of investments held in the component funds of the default investment strategy change as members progress towards retirement. The investment return, consistent with the Statutory Money Purchase Illustrations as provided by the Scheme's investment advisers allowing for inflation for each fund above was:
-

Fund	**Return % p.a.**
JLP Global Equity	6.50
JLP Diversified Growth	5.00
JLP Cash	3.00
JLP Shariah Equity	6.50

- The assumptions as used in the Statutory Money Purchase Illustrations included with members' benefit statements have otherwise been used.

Please note that:

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- These illustrations take account of both the Total Expense Ratios and transaction costs (based on an average of the previous 5 years' transactions costs) of the funds. The transaction cost figures used in the illustration are those provided by the managers over the Scheme year as set out in the 'Table of funds and charges' section of this statement (Appendix 2).

Please also note that these illustrated values:

- Are shown in today's terms, and do not need to be reduced further for the effect of future inflation;
- Are estimates using assumed rates of future investment returns and inflation which may not be borne out in practice;
- The assumptions used may be differ in the future to reflect changes in regulatory requirements or investment conditions;
- Will be affected by future, and as yet unknown, changes to the Scheme's investment options;
- Are not guaranteed;
- Depend upon how far members in the default investment strategy are from retirement as the funds used change over time;
- May not prove to be a good indication of how your own savings might grow;
- Comply with the Technical Actuarial Standards (TAS) 100 v2: Principles for Technical Actuarial Work.