Registered Number 10009219

John Lewis Partnership Trust for Pensions

Annual Report

for the year ended 31 March 2023

John Lewis Partnership Trust for Pensions

Annual Report for the year ended 31 March 2023

Chair's statement for the year ended 31 March 2023

I am pleased to be writing to you as the new Chair of John Lewis Partnership Pensions Trust (effective 1 August 2023), the Trustee of the John Lewis Partnership Trust for Pensions.

The previous financial year to March 2022 saw the impact of the final implementation of Brexit, the recovery for many, but not all, of the impacts of the COVID-19 pandemic, and then, towards the end of the Scheme year, the impact of the invasion by Russia of Ukraine. The financial year on which I am reporting saw the continued effects of that invasion, perhaps the effects of some of the measures taken to ease the economic impact of COVID-19, and arguably the continuing effects of Brexit. All of these factors contributed to a dramatic rise in inflation both globally and particularly in the UK. Here, inflation measured by the Consumer Price Index reached over 10% in the year to March 2023. This has caused difficulties and hardship for many of our members in their day-to-day lives.

Worldwide, interest rates continued to rise, with that trend steepening in the second half of the year as central banks and other financial authorities sought to combat inflation by raising those rates. Since the 2008 financial crisis, interest rates for both short-term and long-term savers had generally been kept low: the year under review saw that trend changing, as inflation rates rose to levels not seen for many years. In the UK, politics also had a significant impact on the Scheme's assets. There was considerable turbulence, but the Scheme came through that period with an estimated improved funding position.

The impact of the UK Government's mini-budget on UK gilt markets in September and October had a significant impact on most defined benefit (DB) pension schemes. Ultimately, most DB schemes saw the amount needed now to fund their future liabilities fall significantly as interest rates had risen. In the case of this Scheme, the end result was that the funding position of the DB Section of the Scheme improved, in some ways significantly. At the same time, the value of assets held to match those liabilities also fell. Many pension schemes held assets which were very sensitive to movements in interest rates, in order to match movements in the value of the liabilities and go some way to protect the funding position. These strategies, known as Liability Driven Investment (LDI), became stressed during the gilts crisis as long-term interest rates soared in a very short space of time. For a long period historically, these strategies had, however, protected the Scheme to some extent from the increasing cost of funding liabilities.

The Scheme was required to provide a significant amount of cash to maintain that protection by selling a number of assets. After some further sales in early 2023, the Scheme reached a target protection level of 100% against moves in interest rates and inflation. We are grateful to our internal team and to our advisers for helping us steer through these choppy waters.

Our DC members were also impacted by the falls in markets towards the end of 2022, but benefited as markets recovered in the early part of 2023.

Governance

This has been the second year of our new governance structure. Over the year, we have been supported by Aon who have provided an interim management solution as we awaited the arrival of our new Head of Trustee Services. We have been addressing our risk management framework, our regulatory requirements and the potential impact of The Pensions Regulator's Single Code of Practice. Each of the Trustee's Sub-Committees has now developed a business plan, and accountability for risk ownership has been reviewed and improved.

We have made progress on our 5-year objectives as follows:

1. Defined Benefits Sub-Committee: We have made significant progress on our funding position in recent years. We are considering our investment strategy options following the gilts crisis, given we have a higher proportion of private market assets and are required to provide a higher collateral buffer for our matching strategy. The actuarial valuation of the DB section at 31 March 2022 was signed off on the 29 September 2023.

Chair's statement for the year ended 31 March 2023 (continued)

2. Our Defined Contribution Sub-Committee (DCC) appointed Hymans Robertson to advise on our long-term DC strategy. We've been working to improve value for all of our DC members, looking at the options available to members when accessing their pension at retirement and the processes involved. The Membership Sub-Committee (MSC) has carried out work to better understand the membership of the Scheme and has developed a communications strategy which will be implemented over the course of the next few years. Given the overlap between the activities of the DCC and MSC, these Sub-Committees will be combined in the latter part of 2023.
3. Our Membership Sub-Committee has focussed on the day-to-day experience of members, overseeing the work of the Partnership's Pensions Operations team and of Legal and General who provide administration services to our DC members.
4. Our Audit and Risk Sub-Committee has been engaged in setting up our new Risk Management Framework, to make sure risks are identified and owned appropriately. This has included cyber risk which is an ever-evolving area. The Trustee has more recently developed cyber risk policies and, perhaps as importantly, simulated a cyber security incident and tested our response at our annual strategy day in July 2023, shortly after the period to which this Statement relates.
5. We have worked very closely with the Partnership on a number of fronts over the past year, including the completion of the Triennial actuarial valuation.
6. Our Climate Change Working Group has been focusing on the Task Force on Climate-Related Financial Disclosures (TCFD), which will be published on the Partnership's website at: https://www.johnlewispartnership.co.uk/meta/jlp-trust-for-pensions.html.

We have a strong and diverse Trustee Board, and have discussed the importance of maintaining that and improving our understanding of Diversity, Equity and Inclusion so that we continue to benefit from the commitment, skill, energy and insights of our Trustee Directors. We were very pleased to welcome back Andrew Ingram as a Partnership appointed director in December 2022, following the resignation from the Board of Rebecca Law in October 2022. We thank Rebecca for her very diligent service to the Scheme.

There were no other changes to the Board during the reporting period, but our previous Trustee Chair, Sarah Bates, retired from the Board with effect from 31 July 2023. We thank Sarah for her fantastic leadership over a challenging three year period, including guiding the Board through the worst of the impacts of the Covid-19 pandemic, and steering us through the UK gilts crisis in the latter part of last year. We also said a fond farewell to Sam Shaerf, a Partnership-elected Trustee Director who resigned from the Board in August 2023, after serving for six years. Again, we thank Sam for his great contribution and insight over that period. A recruitment process has been done to appoint a new professional trustee to the Board, and the Partnership Council held Trustee Director elections during October.

We have also had some further changes within the Partnership's Trustee Services team, which works tirelessly to support the Trustee and ensure the Scheme is managed effectively. We are delighted to welcome Anthony Moriarty, who joined the Partnership in July 2023 as the new Head of Trustee Services. We look forward to working with Anthony in the year ahead to improve the way the Scheme operates for the benefit of our members. We also wish to extend our thanks to Louis Chrysanthou, who left the Partnership in May of this year, having provided many years of excellent service to the Trustee as our Pensions Finance Manager. We wish him well in his new endeavour.

Chair's statement for the year ended 31 March 2023 (continued)

Finally, we thank our committed team of advisers and supporting colleagues, both within the Partnership and out-with, who have provided invaluable advice and guidance over the year, ensuring that the Board could maintain its focus on looking after the interests of the Scheme and all of its stakeholders.

I look forward to working with my Trustee Director colleagues in the year ahead to continue to support our Scheme members.

Venetia Trayhurn

Venetia Trayhurn

Chair of the Trustee Date:27 October 2023

Trustee and advisers for the year ended 31 March 2023

Trustee

The Trustee of the John Lewis Partnership Trust for Pensions ("the Scheme") is the John Lewis Partnership Pensions Trust. The directors of the Board of John Lewis Partnership Pensions Trust ("Trustee Directors") are:

Appointed by John Lewis Partnership plc:	**Elected by Partnership Council:**
Venetia Trayhurn (Chair from 01.08.2023)	
Sarah Bates (Chair to 31.07 2023)	Shalabh Baijal
Andrew Ingram (from 08.12.2022)	Matthew Day
Rebecca Law (to 14.10.2022)	Fiona (George) Sergent
Ian Maybury	Sam Shaerf (to 11.08.2023)
Anna Tee	
The Law Debenture Pension Trust Corporation P.L.C. – represented by Venetia Trayhurn	

The officers of the Trustee are:

Secretary and Head of Trustee Services:	Martin Mannion (to 29.09.2022)
Interim Head of Trustee Services:	Aon Solutions UK Limited (from 04.07.2022)
Head of Trustee Services:	Anthony Moriarty (from 03.07.2023)
Pensions Investment Manager:	Imtayaz Ahmed
Pensions Manager:	Peter Barnes (from 25.04.23 to 14.07.2023)
Pensions Finance Manager:	Louis Chrysanthou (to 26.05.2023)
Pensions Finance Manager:	Irene Sirawa (from 15.05.2023 to 25.08.2023)
Pensions Finance Manager:	Ivet Frago Plana (from 09.08.2023)
Pensions Finance Analyst:	Lindsey Curtis
Trustee Governance Officer:	Bethany Elliott
Communication and Actuarial Manager	Jasbir Holait (to 31.07.2022)
Deputy Investment Manager:	Simon Lai

Advisers

The advisers to the Trustee are:

Actuary:	Matt Smith FIA, Mercer Limited (from 16 February 2023) Gordon J Clark FIA, Mercer Limited (to 15 February 2023)
Independent Auditors:	Ernst & Young LLP
Investment consultant:	Mercer Limited
Bankers:	National Westminster Bank Plc / The Royal Bank of Scotland JPMorgan Chase Bank NA
Custodian:	JPMorgan Chase Bank NA
Solicitors:	Sackers LLP
Scheme administrator:	John Lewis plc Legal & General Assurance Society Limited (DC only)

Trustee and advisers for the year ended 31 March 2023 (continued)

Advisers (continued)

Aberdeen Infrastructure Finance GP Limited
Alcentra NY LLC
Ancala Partners LLP
Antin Infrastructure Partners
Audax Private Equity (to 30.06.2023)
Balbec Capital LP
Blackstone Alternative Asset Management LP
Bridgepoint Advisers Limited
Calmwater Capital
The Carlyle Group
Center Rock Capital Partners LC
Clearlake Capital Group LP
Clayton Dubilier & Rice LLC (to 31.03.2023)
Cheyne Capital Management (UK) LLP
Coller Capital
Crescent Capital Group (to 30.06.2023)
Deerfield Management Company, L.P.
DPE Deutsche Private Equity GmbH
Dunes Point Capital LP
EMK Capital
Fisher Investments Europe Ltd (to 30.06.2022)
Fortress
Golden Gate Capital
Goldman Sachs Asset Management (to 30.06.2023)
Hamilton Lane
Harbour Group
Innisfree Ltd
Insight Partners
Investcorp
J.P. Morgan Asset Management (to 14.07.2023)
L. Catterton
Legal & General Investment Management Ltd
Lone Star Global Acquisitions Ltd
Macquarie Investment Management Europe Ltd (DB only to 28.09.2022; DC mandate is still ongoing)
Meridiam SAS (to 11.04.2023)
Oak Hill Capital (to 30.06.2023)
Orchard Global Asset Management
Pantheon Ventures (UK) LLP
Permira Debt Managers Ltd
Phoenix Property Investors
Roark Capital Group (to 30.06.2023)
The Riverside Company
State Street Global Advisors Limited (to 03.10.2022)
Strategic Value Partners
Thomas H. Lee Partners
Tiger Global Management LLC
TOBAM (to 01.07.2022)
Vista Equity Partners
Vontobel Holding AG (to 30.09.2022)
Western Asset Management Company Limited (to 12.10.2022)
Whitehorse Liquidity Partners

Property managers:	PGIM
Defined contribution section fund managers:	Legal & General Assurance Society Limited Prudential Assurance AVIVA (formerly Friends Life and Friends Provident) Phoenix Life
Custody adviser:	Apex Amaces (previously MJ Hudson Amaces)

Principal Employer and participating companies

The Principal Employer is John Lewis Partnership plc (the “Partnership”). John Lewis plc is the sole participating employer and the employing company for all employees (referred to as “Partners”).

Trustee's report for the year ended 31 March 2023

The Trustee of the John Lewis Partnership Trust for Pensions (the "Scheme") presents its annual report for the year ended 31 March 2023.

Scheme constitution and management

The Scheme came into operation from 1 February 1941 and was established under a trust deed dated 30 January 1942. The purpose of the Scheme is to provide, from the investments it holds, pensions and other retirement benefits for members and their dependants in accordance with the Scheme Rules. It is open to all Partners meeting the entry requirements of the Scheme.

During the year ended 31 March 2023, Partners could join the Defined Contribution ("DC") section of the Scheme but no Partners were eligible to join the Defined Benefit ("DB") section as a result of the closure of the DB section to future accrual from 1 April 2020 following on from a consultation conducted by the Partnership to review its pension offering.

The Partnership will match Partners' DC contributions by up to 8% of pay. After completing three years' service the Partnership pays an additional 4% of their pay into their individual pot whether the Partner contributes or not.

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

Trustee and Sub-Committees

Trustee

The Scheme Rules contain provisions for the appointment and removal of the Trustee. The power of removal and appointment of the Trustee is vested in John Lewis Partnership plc. The articles of association of the John Lewis Partnership Pensions Trust contain provisions for the appointment and removal of Trustee Directors.

Five of the Trustee Directors are appointed, and may be removed, by the Principal Employer. On 14 October 2022, Rebecca Law resigned as Trustee Director and was replaced by Andrew Ingram who was appointed on 8 December 2022. On 31 July 2023 Sarah Bates resigned as Trustee Director and was replaced as Chair by Venetia Trayhurn.

Four of the Trustee Directors are elected by the Partnership Council. The Council is one of the three governing authorities of the Partnership and holds the Chairman to account for achieving the Partnership's Purpose and Principles by acting as the focus of Partner opinion in the Partnership. Directors elected by Partnership Council serve four year terms with two positions up for re-election every two years. The last election took place in September 2021, resulting in Partnership Council electing two new Trustee Directors (one to fill a vacant position) and re-electing Shalabh Baijal.

The Trustee Directors who served during the year, and to the date of this report, are included on page 4.

All of the Trustee Directors are employees or former employees of John Lewis plc, with the exception of Sarah Bates, Ian Maybury and Venetia Trayhurn, who are independent Trustee Directors. Sarah Bates, Ian Maybury and Venetia Trayhurn are also associated with other pension funds either in an advisory or trustee capacity.

Sub-Committees

The Trustee Board is responsible for all matters of policy and strategic direction, but has adopted the use of standing Sub-Committees to oversee various activities on its behalf.

The Sub-Committees comprise Trustee Directors, with the exception of the Pensions Management Committee where two Partnership Council elected representatives are also members. All Trustee Directors are encouraged to sit on at least two of the Sub-Committees. The following pages summarise the membership and meeting attendance during the year ended 31 March 2023, followed by a brief summary of the purpose of each Sub-Committee.

Trustee's report for the year ended 31 March 2023 (continued)

Trustee and Sub-Committees (continued)

Attendance

The number of meetings of the Trustee Board and the Sub-Committees and attendances were as follows during the year ended 31 March 2023:

Trustee Director	Main Trustee Board 8 meetings	Audit & Risk Sub-Committee 5 meetings	Defined Benefit Sub-Committee 10 meetings	Defined Contribution Sub-Committee 4 meetings	Membership Sub-Committee 4 meetings	Pensions Management Committee 11 meetings
Sarah Bates (Chair)*	8	4	9	4	-	-
Shalabh Baijal*	7	5	2 (of 2)	-	4	10
Matthew Day	8	-	-	4	3	-
Andrew Ingram*	3 (of 3)	2 (of 2)	3 (of 4)	-	-	-
Rebecca Law	2 (of 4)	3 (of 3)	-	2 (of 2)	2 (of 2)	-
Ian Maybury*	8	-	9	4	-	-
Fiona (George) Sergent	7	3	-	4	4	-
Sam Shaerf	8	5	8	-	4	-
Anna Tee	8	4	10	4	-	-
Venetia Trayhurn*	6	-	9	0 (of 1)	4	11
Committee members**						
Simon Blackburn	-	-	-	-	-	10
Wendy Richards	-	-	-	-	-	11

* Sarah Bates was chair of the Main Trustee Board and the Defined Contribution Sub-Committee until 31.07.23 with Venetia Trayhurn chairing the Main Trustee Board and the Defined Contribution Sub-Committee from 01.08.23. Shalabh Baijal is chair of the Audit & Risk Sub-Committee. Ian Maybury is the chair of the Defined Benefits Sub-Committee.

** Simon Blackburn and Wendy Richards are not Trustee Directors but are members of the Pension Management Committee.

In addition to the above attendance, Trustee Directors also attended Sub-Committee meetings that they were not members of.

The Board held ten ad hoc meetings during the year (2022: two). The additional ad hoc meetings were due to the market volatility on the gilts following the mini budget and the agreement of the new triennial valuation.

The Trustee has also established a number of working groups for particular topics which do not have delegated powers but where detailed discussions on particular topics are held.

Audit and Risk Sub-Committee

The role of the Audit and Risk Sub-Committee is to:

- oversee the production and audit of the annual financial statements;
- manage all aspects of the relationship with the Scheme auditors including their appointment and removal;
- monitor reporting requirements of Statutory bodies, including, but not limited to His Majesty's Revenue and Customs, The Pensions Regulator and The Pension Protection Fund; and
- maintain and monitor the Trustee's risk register

Trustee's report for the year ended 31 March 2023 (continued)

Trustee and Sub-Committees (continued)

Membership Sub-Committee

The role of the Membership Sub-Committee is to:

- review and monitor the Trustee's communication strategy;
- review all key member communications;
- review the administration plan and monitor service level agreements;
- consider appointment and dismissal of administration and communication providers;
- review key processes and make requests for operational improvements where required;
- prepare and maintain a list of decisions for areas where the Trustee has discretion;
- prepare and maintain guidance for the administrators on how to apply Trustee discretion in decisions on granting benefits; and
- review and make recommendations to the Board on proposed changes to benefits and options

Defined Benefit Sub-Committee

The role of the Defined Benefit (DB) Sub-Committee is to:

- manage the actuarial valuation process including obtaining and reviewing the Schedule of Contributions, Statement of Funding Principles and Recovery Plan and to assess the appropriateness of the actuarial assumptions;
- monitor the funding of the Employer covenant and investment risk through its integrated risk management process;
- liaise with The Pensions Regulator as necessary;
- prepare, review and recommend revisions to the Board regarding the de-risking and rebalancing processes;
- review and implement the DB investment strategy and make recommendations to the Board;
- monitor DB investment risk and performance on an ongoing basis;
- prepare, review and make recommendations to the Board in relation to the DB section of the Statement of Investment Principles;
- monitor and ensure compliance with governance requirements; and
- monitor DB investment managers and advisers

Defined Contribution Sub-Committee

The role of the Defined Contribution (DC) Sub-Committee is to:

- prepare a draft investment strategy including investment default arrangements and make recommendations to the Board in that regard;
- consider the type and the design of member communication materials that are required for DC benefits and make recommendation to the Member Sub-Committee in that regard;
- review and implement the DC investment strategy and make recommendations to the Board;
- monitor DC investment risk and performance on an ongoing basis;
- prepare, review and make recommendations to the Board in relation to the DC section of the Statement of Investment Principles;
- monitor and ensure compliance with governance requirements; and
- monitor DC investment managers and advisers

Trustee's report for the year ended 31 March 2023 (continued)

Trustee and Sub-Committees (continued)

Pensions Management Committee

The Pensions Management Committee is a Sub-Committee which considers applications for ill-health pensions, reviews ill-health pensions already in payment and awards benefits to the dependants of deceased members and deals with other discretionary matters. The Pensions Management Committee consists of up to five members. Of these, two are elected by Partnership Council, and the remaining three are appointed by the Trustee as follows:

- one elected Director; and
- up to two Trustee Directors selected by the Trustee Board.

The Chair of this committee is required to be one of the independent Trustee Directors.

The most recent elections took place in September 2021. Partnership Council members of the Pensions Management Committee are elected for a term of four years at a time.

During the year and to the date of this report, the Committee members were:

Appointed by the Trustee	**Elected by Partnership Council**
Venetia Trayhurn (Chair)	Simon Blackburn
Shalabh Baijal	Wendy Richards

All members of the Committee are employees or former employees of John Lewis plc, except for Venetia Trayhurn who is an independent Trustee Director.

Trustee training

Details of Trustee training is provided in the "Statement regarding Defined Contribution governance" on pages 56 to 85.

Transparency and reporting

Representatives of the Trustee periodically attend meetings of Partnership Council, a body comprised of Partners and one of the governing bodies of the Partnership, the other two being the John Lewis Partnership plc Board, and the Chairman with whom they also meet formally once a year. They also meet with the Partnership Board at other times as necessary, mainly in relation to the triennial valuation. The meetings provide an opportunity for discussion on a range of issues relating to the management of the Scheme's investments by the Trustee. Further communications are made to members through the Partnership's internal magazines. The Statement of Investment Principles is available to members (including on the Partner intranet), as is this Annual Report. A simplified version of this Annual Report is published and is made available to all active members, deferred members and pensioners.

Risk management

The Trustee has overall responsibility for internal controls and risk management. A Risk Register which is used to monitor risk and assists the Trustee in managing risk to an acceptable level. Risks are regularly reviewed enabling the Trustee to focus on areas critical to the Scheme operations. The last full review was completed by March 2023.

The following three risks remain the most significant concern to the Trustee:

- Investment performance falling substantially below target;
- The covenant significantly deteriorating reducing the Employer's ability to support the Scheme; and
- IT security, including cyber-attacks.

Financial risks relating to investments are set out in note 24 to the financial statements.

Trustee's report for the year ended 31 March 2023 (continued)

Financial developments and financial statements

The financial statements included within this annual report are the accounts required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act. Significant developments in the year are covered in the Chair's Statement on pages 1 to 3.

Membership and benefits

The number of members and beneficiaries were as follows:

	Defined benefit section		Defined contribution section **		Total membership	
	31 March 2023	31 March 2022	**31 March 2023**	31 March 2022	**31 March 2023**	31 March 2022
Active members*	-	-	**32,240**	31,117	**32,240**	31,117
Deferred members*	**91,097**	94,327	**33,996**	28,680	**125,093**	123,007
Pensioners	**41,831**	38,140	-	-	**41,831**	38,140
	132,928	132,467	**66,236**	59,797	**199,164**	192,264

* DB deferred members include 26,584 members (2022: 29,693) that are no longer accruing benefits in the DB section of the Scheme due to the closure of this section from 1 April 2020 but they are still active members of the scheme building up DC benefits with a deferred DB pension

** The Defined Contribution membership statistics are in respect of members that only have a DC entitlement.

Included within 'Pensioners' are 3,930 spouses' and dependants' pensions (2022: 4,067).

Pension increases

Increases to pensions in payment in respect of pensionable service before 6 April 1997 are granted on a discretionary basis in accordance with the Rules of the Scheme. The Rules require the Trustee to propose an increase to be approved by the Partnership Board and Partnership Council before being awarded. Such increases are usually proposed with reference to the Consumer Price Index (CPI) in the year to the preceding December, capped at 2.5%.

Pensions in respect of pensionable service after 5 April 1997 are required to be increased under the Scheme Rules as follows:

- 6 April 1997 to 31 March 2016: change in Retail Price Index (RPI) in the year to the previous December, capped at 5%
- From 1 April 2016: change in CPI in the year to the previous December, capped at 2.5%

Over the past ten years pensions have been increased as follows:

Date of increase	Increase % Pre 1997 & Post 2016	Increase % 1997 - 2016	Applied to pensions starting on or before
1.4.2014	2.7	2.7	1.4.2013
1.4.2015	1.6	1.6	1.4.2014
1.4.2016	1.2	1.2	1.4.2015
1.4.2017	1.6	2.5	1.4.2016
1.4.2018	2.5	4.1	1.4.2017
1.4.2019	2.1	2.7	1.4.2018
1.4.2020	1.3	2.2	1.4.2019
1.4.2021	0.6	1.2	1.4.2020
1.4.2022	2.5	5.0	1.4.2021
1.4.2023	2.5	5.0	1.4.2022

Smaller increases were granted to pensioners who had retired after the date shown in the last column. Increases were made to deferred pensions of former members in accordance with legislative requirements.

Trustee's report for the year ended 31 March 2023 (continued)

Membership and benefits (continued)

Transfer payments

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Scheme's Act 1993 and do not include discretionary benefits.

Contributions

Contributions received from the Employer and Members were made in accordance with the Schedule of Contributions in force during the year. The Summary of contributions on page 53 gives details of contributions for the year.

Change of Scheme Actuary

Gordon J. Clark of Mercer Limited resigned as Scheme Actuary on 15 February 2023. In his statement on leaving office, he noted no circumstances connected with his resignation that significantly affect the interests of current or prospective members and beneficiaries under the Scheme. Matt Smith of Mercer Limited was appointed as Scheme Actuary in his place.

Actuarial liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every Scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

The most recent actuarial valuation of the Scheme, performed by Mercer Limited, was carried out as at 31 March 2022 (the valuation date) and the Actuary's report was signed on 2 October 2023.

Valuation date: 31 March	2022	2019
Value of technical provisions	£6,614m	£6,070m
Value of assets available to meet technical provisions	£6,934m	£6,012m
Surplus / (shortfall)	£320m	£(58)m
Funding level	105%	99%

Although there are no current plans to discontinue the Scheme and buy-out liabilities with an insurance company, the Trustee also considers the level of funding relative to the estimated costs of such a buy-out (known as 'solvency liabilities') and equivalent information on this basis is provided below:

Valuation date: 31 March	2022	2019
Value of solvency liabilities	£9,336m	£9,578m
Value of assets available to meet solvency liabilities	£6,934m	£6,012m
Surplus / (shortfall)	£(2,402)m	£(3,566)m
Funding level	74%	63%

Trustee's report for the year ended 31 March 2023 (continued)

Actuarial liabilities (continued)

The value of technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the Scheme in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live. The significant actuarial assumptions used in the calculations are as follows:

Method: The actuarial method used was the Projected Unit Method.

Discount rate: Term structure derived from the yields on UK Government conventional gilt stocks appropriate to the date of each future cashflow (extrapolated for cashflows beyond the longest available yields). An allowance will be made for excess return derived as a prudent estimate of the long-term return expected from the Trust's assets.

Price inflation (RPI): Term structure derived from the difference between the yield on conventional and index linked UK Government stocks at the date of each future cash flow (extrapolated for cash flows beyond the longest available yields).

Salary increases: In line with the RPI curve less 1.0% per annum to 2030 and RPI less 0.1% per annum thereafter.

Pension increases (Pre 5 April 1997 and Post 6 April 2016): Derived from the CPI curve with an allowance for 2.5% cap and zero floor on annual awards.

Pension increases (Post 6 April 1997 and Pre 5 April 2016): Derived from the RPI curve with an allowance for 5.0% cap and zero floor on annual awards.

Mortality – base table: S3PA year of birth tables (middle for females) weighted 112% / 95% (males/females) non-pensioners and 103% / 92% (males/females) for pensioners.

Mortality – future improvement: CMI 2022 (Core) projections model with an improvement trend of 1.75% p.a.

For clarification, CPI and RPI, as referred above, relate to the Consumer Price Index and Retail Price Index.

Guarantee

As part of agreeing the valuation, the Partnership has provided the Scheme with an uncapped and unsecured guarantee from Waitrose Limited to meet any pension contributions that are due in the event of non-payment of pension contributions by John Lewis plc. The Partnership has also agreed to extend the Deed of Undertaking in relation to the John Lewis Properties plc ("JLPP") guarantee and The Scottish Limited Partnership.

Next actuarial valuation

The Trustee obtains annual updates of the valuation and monitors the position regularly with the actuary. The next triennial valuation is as at 31 March 2025.

Trustee's report for the year ended 31 March 2023 (continued)

Investment management

Investment strategy and principles

The Trustee Board, on the advice of the Investment Adviser, sets a prudent asset allocation strategy to ensure that the Scheme's investments are managed appropriately.

The Trustee consults with the Principal Employer, John Lewis Partnership plc, when setting the investment strategy.

This strategy is formalised in a Statement of Investment Principles (the "Statement") which is prepared in accordance with Section 35 of the Pensions Act 1995. The investment strategy was consistently applied during the year. The Statement includes policies relating to: financially material considerations over the appropriate time horizon of the investments; the extent to which non-financial matters are taken into account in the selection, retention and realisation of investments; the exercise of voting rights attaching to investments and the undertaking of engagement activities with relevant persons about relevant matters in respect of investments; and matters relating to the trustees' arrangement with any asset manager.

As required by Section 35 of the Pensions Act 1995, the Trustee must formally review the Statement at least every three years and without delay after any significant change in investment policy. The Statement was last revised in September 2023 and followed the conclusion of the 2022 actuarial valuation. The Trustee aims to invest the assets of the Trust prudently with the objective of ensuring that the benefits promised to members are provided. The Trustees expects to reach full funding on a low dependency basis (based on a return above government bonds) by 2034. The Trustee will pursue an investment strategy which aims to generate an investment return in excess of these returns, with a risk level commensurate with the strength of the covenant. The Trustee has also established a de-risking framework to help determine the appropriate allocation to the Return-Seeking portfolio based on the Scheme's funding level at a given point in time.

The balance of risk and expected return was deemed reasonable.

SIP Implementation Statement

The Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 require the Trustee to include an Implementation Statement describing how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 31 March 2023. This statement is available on https://www.johnlewispartnership.co.uk/meta/jlp-trust-for-pensions.html.

Implementation of the DB investment strategy is delegated to the Defined Benefit Sub-Committee of the Trustee. The DC investment strategy is delegated to the Defined Contribution Sub-Committee of the Trustee.

Day-to-day investment decisions are delegated to the Scheme's investment managers, listed at the beginning of this report. Responsibility for monitoring the performance of these managers is delegated to the Pensions Investment Manager and Deputy Investment Manager, with the advice and assistance of the Investment Adviser. The Pensions Investment Manager and Deputy Investment Manager report to the Defined Benefit Sub-Committee, the Defined Contribution Sub-Committee and to the Trustee on a quarterly basis.

A statement of the net assets available for benefits at 31 March 2023 appears in the audited financial statements on page 25. The Scheme's investments are in accordance with the Occupational Pension Schemes (Investment) Regulations 2005.

The Trustee's investment policy is to invest in a range of UK and overseas assets.

Trustee's report for the year ended 31 March 2023 (continued)

Investment management (continued)

TCFD Statement

The Task Force on Climate-related Financial Disclosures (TCFD) report is available on https://www.johnlewispartnership.co.uk/meta/jlp-trust-for-pensions.html.

Investment policy – Defined benefit section

The Scheme's assets are split into two main sections. The "Liability Matching Portfolio" holds assets that are expected to more closely track the Scheme's future liabilities. These assets consist primarily of Gilts and Index Linked Gilts of similar duration to the duration of the Scheme's future liabilities and other instruments such as repurchase agreements and interest rate swaps. The remainder of the Scheme's assets ("Return-Seeking Assets") are invested in a diversified portfolio, consisting of property, private equity, private credit, infrastructure assets, hedge funds and derivatives (including overseas assets). The Scheme's allocations to listed equities and multi-asset credit were sold during the year to raise additional collateral to support the Liability Matching Portfolio. These managers included Fisher, Macquarie, State Street, TOBAM, Vontobel and Western.

The following table sets out the allocation as at 31 March 2023.

Asset Allocation	Target (%)	Range (%)*
Liability Matching Portfolio	-	-
Return-Seeking Portfolio	53	40-66

*The sum of the two portfolios' exposures may add to more than 100% if derivatives are used to leverage the Liability Matching Portfolio.

There is no target allocation (expressed as a percentage of assets) to the liability matching portfolio. The Liability Matching Portfolio aims to achieve a 78% hedge of the interest rate and inflation exposure of the Gilts+0.5% liabilities (the hedging basis), taking into account the necessary collateral requirements of the Scheme's Liability Driven Investment ("LDI") manager. This was approximately equal to a 100% hedge of the Scheme's Technical Provisions liabilities at the point of implementation in March 2023.

The Trustee sets the investment strategy to target an investment return of Gilts+1.8% p.a. It is recognised that the target investment return will be driven by the Scheme's asset allocation (which will move over time) and market conditions. In order to ensure the target return from the investment strategy remains close to the target of Gilts+1.8% p.a., the Trustee has implemented a framework for monitoring the expected return of the Schemes's investment strategy. Under the framework, if the Scheme's expected return diverges from the target return beyond defined tolerance limits, action may be required. Any action, and the timescales associated, will aim to strike a balance between maintaining the target return and running the portfolio efficiently. The timescales associated with rebalancing actions will also be impacted by the constraints within the portfolio, including collateral constraints within the Liability Matching Portfolio and liquidity within the Return-Seeking Portfolio.

There were no new investments within the private equity and private credit portfolios. The advisers of these portfolios, Hamilton Lane and Aksia, were instructed in September 2022 to suspend all new investments in order to improve the liquidity of the Scheme. The Scheme's property manager PGIM continued to make new property investments throughout the year.

Three additional funds were sold during the year to raise liquidity. These were: Orchard Taiga Special Opportunities (private credit), CD&R (private equity) and Meridiam Infrastructure North America Fund II.

Trustee's report for the year ended 31 March 2023 (continued)

Investment management (continued)

The following terms are used in the investment management section and throughout the Annual Report and have the meanings set out below:

- Listed equities: investments in publicly traded companies, listed on global stock exchanges
- Private equity: investments in companies that are not listed on a public stock exchange

Investment policy - Defined contribution section

Partners joining the Scheme under auto-enrolment are entered into the default investment fund which was implemented in November 2015. The default fund, administered by Legal & General Assurance Society (LGAS) is called JLP Lifecycle. It initially invests in global equities through the JLP Global Equity Fund during the Growth phase for a Partner's membership of the Scheme. From 15 years prior to the member's Target Retirement Age (TRA), in what is now the Consolidation phase, it starts to switch into the JLP Diversified Growth Fund (DG), so that at 10 years before TRA, 40% is in global equities and 60% in DG. This allocation is held for a further three years at which point the fund enters the Pre-retirement phase, where it starts to switch into the JLP Cash Fund, so that the member has 100% in this fund at their TRA.

Members can opt to have their contributions invested in seven self-select funds, which cater for different risk appetites and ethical preferences.

A formal statutory review was conducted in 2022, which resulted in no modifications to the strategy. The next review is expected in the first quarter of 2024.

Employer-related investments

There were no employer-related investments for the year ended 31 March 2023 (2022: £nil).

Corporate governance for investments

The Trustee has adopted the following corporate governance policy:
Corporate governance monitoring is an integral part of the investment process and is judged to be best carried out by the fund managers in their day-to-day management of their respective mandates. The Scheme's fund managers are advised by way of general guidance that the Trustee supports the published corporate governance codes of practice. However, they are at the same time reminded of the overriding duty of the Trustee to act in the best financial interests of the members. With this guidance, decisions in relation to individual cases are delegated by the Trustee to the fund managers. The fund managers are further instructed to exercise proxy voting rights attached to the Scheme's shareholdings wherever this is practical. More information on this can be found in the Implementation Statements from page 102 onwards.

The Trustee believes that social, environmental and ethical decisions can affect the performance of portfolios and, in the long-run, good corporate governance will result in better financial performance and a stronger society. To further these ends, the Trustee became a signatory to the Principles of Responsible Investment (PRI) in 2018 and continues to enhance its governance and monitoring of the Scheme's investment managers, who are expected to take account of such issues, to the extent that it is reasonably practicable.

Performance assessment

Fund managers are selected following a thorough review of their past performance, process and investment style. The Trustee monitors the performance of fund managers against the Scheme's investment objectives and the risks it has identified on a quarterly basis. The measurement of performance is carried out by the custodian and the investment adviser.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme's investments and considers them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the financial statements.

Trustee's report for the year ended 31 March 2023 (continued)

Investment management (continued)

Custody of assets

Prior to disinvesting during the Scheme year, directly-held investments in global shares and multi asset credit that were managed by State Street Global Advisors, Macquarie and Western Asset Management were held in both client-designated segregated accounts and omnibus accounts at the Scheme's custodian, JPMorgan Chase Bank NA. Other investments through pooled vehicles have separate custody arrangements.

The Trustee receives reports each month covering the assets held by the custodian and transactions in the month. These are monitored by the Trustee quarterly and measure the following operational areas:

- late settlements and outstanding trades;
- late income and outstanding income balances;
- tax reclaims;
- voting activity;
- foreign exchange rates; and
- interest rates on cash balances.

The custodian is independent of the fund managers and provides a check on the recording of these Scheme assets.

An external provider,Apex Amaces, provides a measurement service which analyses the above information against other clients of the same custodian and other Schemes of a similar size. These reports are provided on a monthly basis and reviewed at service meetings held with the custodian.

Title deeds to the Scheme's commercial properties are held by law firm, Osborne Clarke or in the case of properties in Scotland, Brodies LLP. Residential ground leases are also held by Osborne Clarke. All of these arrangements are managed by the Scheme's property manager, PGIM.

Investment performance

Market performance

Total market index returns (in Sterling) for the year to 31 March 2023 were as follows:

	Index	Index returns %
UK equities	FTSE All-Share	2.9
Global equities	FSTE All World	(0.9)
European excl UK equities	MSCI Europe ex UK	9.5
US equities	S&P 500	(1.7)
Japanese equities	Nikkei	0.0
Pacific excl Japan equities	MSCI Asia Pacific ex Japan	(2.4)
Emerging market equities	MSCI Emerging Markets	(4.9)
UK fixed-interest gilts	FTSE All Gilt	(16.3)
UK index-linked gilts	FTSE UK Over 5 yr ILG	(29.5)
UK property	IPD UK Property	(14.9)

Trustee's report for the year ended 31 March 2023 (continued)

Investment management (continued)
Custody of assets (continued)

In 2022, concerns surrounding the Russian invasion of Ukraine exacerbated inflationary pressures. Central banks around the world have had to balance the pressure of inflation with an already slowing growth rate, maintaining a hawkish stance throughout the year. This weighed on the returns of equity markets. 2023 started with a strong January rally for equities. Fixed income markets also reacted positively to the decline in inflation and the prospect of easier monetary policy. In February, equity and fixed income markets were weighed down by strong economic data, which together with sticky core inflation forced investors to reassess their interest rate expectations and price in higher-for-longer interest rates. In March, the collapse of Silicon Valley Bank and broader concerns around the financial sector hit bank shares hard, while government bonds rallied. The fall in bond yields also led to a rally in growth stocks, whilst the hit to bank shares weighed on the performance of value stocks.

From a regional perspective, UK equities have been more resilient than many other world markets, supported by strong growth in energy stocks, coupled with augmented currency gains. A large proportion of FTSE 100 companies conduct their trade in U.S. dollars; being the preferred currency of international commodity markets and international banking, the run in the U.S. currency has been a further transitional boost to their sterling earnings, creating even more financial headroom for these companies to return cash to their shareholders, aiding the UK stock market. The story for UK gilts was starkly different. The UK government in September 2022, announced an unfunded plan to cut taxes and increase government borrowing, causing sterling to fall to a record low against the US dollar and gilt yields to rise exponentially, as investors lost confidence in the UK government. This resulted in very weak returns for the asset class.

The US was among one of the worst performing regions in 2022, with the Federal Reserve comments throughout the year inferring that interest rates would climb to help alleviate inflation concerns. Interest rates were raised seven times, ending the year at 4.25-4.5%. Consequently, many of the big US companies fell heavily, eroding billions of dollars as the six "mega-cap" companies accounted for about half of the decline in the S&P 500. Only energy stocks held up, supported by high energy prices. US equities bounced back in the first quarter of 2023, underpinned by strong technology stock performance, although still ended the financial year in negative territory.

After difficult second and third quarters in 2022, European equities performed strongly in the last quarter that continued into the first quarter of 2023. Despite rapidly rising interest rates and the turmoil in the banking sector in March, economic activity also surprised on the upside throughout the quarter on the back of falling energy prices and the resilience of services activity. This strong momentum was almost entirely driven by the service sector, with the two main growth engines being Germany and France. European stocks significantly outperformed other regions over the quarter and consequently over the financial year.

Emerging markets remained volatile with a high degree of dispersion between countries. In sterling terms, Mexico returned +15.5% while Brazil lost -13.5%. China contributed positively, returning +1.4% following the surprise abandonment of its zero-COVID policy at the end of 2022 that led to a strong rebound in its economy since the beginning of the 2023, while inflation has so far remained surprisingly low, allowing the People's Bank of China (PBOC) to maintain an easy monetary policy.

UK real estate had a strong start to 2022 and performance was positive, with all property reporting a total return of 7.8% over the first six months of the year according to the MSCI Quarterly Index. However, high inflation, rising interest rates and a higher cost of capital all negatively impacted UK real estate in the second half of 2022, leading to a sharp decline in values, with the industrials sector in particular falling -26%.

Trustee's report for the year ended 31 March 2023 (continued)

Investment management (continued)

The funding position of the defined benefit section has to an extent benefitted from rising long-term interest rates, as well as the stability of some of its private market assets. The DC section was more adversely affected by falling equity and bond markets.

Scheme performance (net of fees)

For the year ended 31 March 2023, the Scheme returned -33.9% net of fees. Global equities, measured by the FTSE All World equity index in sterling, returned -0.9%. The listed equity composite in the Scheme underperformed the index, returning -4.6%, with underlying funds underperforming their respective benchmarks. Emerging market equities and small cap equities underperformed developed market equities and so the Scheme's separate allocations to emerging markets and small caps further reduced the overall composite return. Sterling continued its weakness and fell a further -6.1% versus the US dollar over the financial year. Therefore, returns in sterling were stronger than in local currencies.

The Private Equity composite was down -1.3% over the year (although performance figures are lagged by three months).

Within the diversified growth assets, the Liquid Alternatives composite had very strong performance, returning +13.3%, while Liquid Credit lagged significantly, returning -7.7%. Private Credit returns were muted, returning -0.5% (although the performance figures are lagged by three months), while Real Assets (infrastructure and property) lost -2.9%.

The Return Seeking assets in total were down -5%. The Liability Matching composite, which uses leverage, was down -71.2% and broadly tracked the reduction in the Scheme's liability value.

The Scheme's investment objective, set as the return provided by Over 10-year Index-linked Gilts ("ILG") +1.8% (ILG +2% between March and September) was -33.6%. The Scheme therefore underperformed its investment objective by -0.3%.

Defined benefit section performance (net of fees)

JPMorgan Chase Bank NA measures investment performance. The annualised results (in nominal terms and net of fees) are as follows:

	1 year to 31.03.23 % p.a.	**3 years to 31.03.23 % p.a.**	**5 years to 31.03.23 % p.a.**
Fund return	(33.9)	(7.9)	(2.5)
Fund benchmark return*	(33.6)	(9.2)	(3.3)
Outperformance to benchmark	(0.3)	1.3	0.8

* This is FTSE A Over 10 Years Index-Linked Gilts + 1.6% p.a. to September 2020, and FTSE A Over 10 Years Index-Linked Gilts + 2.1% p.a. from October 2020 to December 2021 and FTSE A Over 10 Years Index-Linked Gilts +2.0% p.a. to September 2022 and FTSE A Over 10 Years Index-Linked Gilts + 1.8% p.a. thereafter.

The benchmark that has been set acts as a proxy for the liabilities. Variances from the benchmark performance as shown above arise because a proportion of the underlying investments are not linked to those liabilities.

Trustee's report for the year ended 31 March 2023 (continued)

Investment management (continued)
Defined contribution section performance

	1 year to 31.03.23 % p.a.	3 years to 31.03.23 % p.a.	5 years to 31.03.23 % p.a.	10 years to 31.03.23 % p.a.
JLP Global Equity Fund*	(7.0)	13.7	7.5	-
- Fund benchmark return	*(6.4)*	*14.6*	*8.0*	-
JLP Diversified Growth Fund*	(8.2)	4.7	2.7	-
- Fund benchmark return	*6.8*	*5.2*	*5.4*	-
JLP Cautious Diversified Growth Fund	(9.0)	1.9	0.4	-
- Fund benchmark return	*6.2*	*4.5*	*4.4*	-
JLP Ethical Equity Fund	(4.1)	16.5	11.9	-
- Fund benchmark return	*(3.9)*	*16.9*	*12.2*	-
JLP Shariah Equity Fund	(5.8)	15.7	14.8	-
- Fund benchmark return	*(5.8)*	*16.2*	*15.2*	-
JLP Annuity Protection Fund	(19.8)	(8.5)	(3.2)	-
- Fund benchmark return	*(19.2)*	*(10.1)*	*(2.6)*	-
JLP Cash Fund*	2.2	0.8	0.8	-
- Fund benchmark return	*2.2*	*0.8*	*0.7*	-
Prudential With-Profits investment fund**	5.1	n/a	5.5	6.3

* Included in JLP Lifecycle, the default fund

** The performance figures quoted are the annual bonus yields as provided by Prudential. 3 year returns are not provided.

The JLP Diversified Growth Fund has a UK Cash plus benchmark and as such there can be wide dispersion between the benchmark and the results over the short-term.

The Benchmark for the JLP Cautious Diversified Growth Fund is based on the Sterling Overnight Index Average ("SONIA") and as such there can be a wide dispersion between the benchmark and the results

Mini-budget

On 23 September 2022, the Chancellor of the Exchequer announced a set of economic policies widely referred to in the media as a "mini-budget". Events following the mini-budget were unprecedented, in particular in the gilt market which saw sudden sharp increases in yields. The most significant impact of the sharp increase in gilt yields was on defined-benefit (DB) Schemes running liability driven investment (LDI) strategies as they faced large collateral calls.

The Scheme was also required to post significant collateral. As a result, in the days following the mini-budget it sold its liquid assets in equities and bonds to support the LDI strategy and to ensure cash liquidity for operational cash requirements. Following the sales, the remaining return-seeking portfolio of the Scheme was predominantly in illiquid assets. The Trustee intends to rebalance the investment portfolio in due course as illiquid assets are realised.

Directly held equity and bond mandates as well as pooled equity and pooled bond mandates in the DB section have been fully redeemed as a result of the above.

Statement regarding DC Governance

The Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by The Occupational Pension Schemes (Charges and Governance) Regulations 2015, (together "the Administration Regulations") require the Trustee to include an annual statement regarding DC governance in the Annual Report. This statement is shown as an Appendix to the Annual Report and Financial Statements and forms part of this report.

Trustee's report for the year ended 31 March 2023 (continued)

Statement of Trustee's responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK ("FRS 102"), are the responsibility of the Trustee. Pension Scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of employers and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Further information

If members would like any more information about the Scheme or their entitlement to benefits they should contact the Head of Trustee Services or Pension Operations at 171 Victoria Street, London, SW1E 5NN, or by email at: pension.operations@johnlewis.co.uk.

Approval

The Trustee's Report was approved by the Trustee and signed on their behalf by:

DocuSigned by:
Shalabh Baijal
A3941FC95544FA...
Shalabh Baijal
Trustee Dirctor
John Lewis Partnership Pensions Trust
Date: 31-10-2023 | 08:01 GMT

DocuSigned by:
Andrew Ingram
9BE0E865A832440...
Andrew Ingram
Trustee Director
John Lewis Partnership Pensions Trust
Date: 31-10-2023 | 09:06 GMT

Independent auditor's report to the Trustee of the John Lewis Partnership Trust for Pensions

Opinion

We have audited the financial statements of the John Lewis Partnership Trust for Pensions for the year ended 31 March 2023 which comprise the Fund Account, the Statement of Net Assets available for benefits and the related notes 1 to 31, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice)

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of twelve months from when the Scheme's financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern.

Independent auditor's report to the Trustee of the John Lewis Partnership Trust for Pensions (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements, our auditor's report thereon and our auditor's statement about contributions. The Trustee is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 20, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with the Trustee.

Independent auditor's report to the Trustee of the John Lewis Partnership Trust for Pensions (continued)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant related to pensions legislation and the financial reporting framework. These are the Pensions Act 1995 and 2004 (and regulations made thereunder), FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice (Financial Reports of Pension Schemes). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- We understood how the Scheme is complying with these legal and regulatory frameworks by making enquiries of the Trustee. We corroborated our enquiries through our review of the Trustee's meeting minutes.
- We assessed the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Scheme has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. In our assessment, we considered the risk of management override of controls. Our audit procedures included verifying cash balances and investment balances to independent confirmations, testing manual journals on a sample basis and also those journals where there is an increased risk of override, and an assessment of segregation of duties. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the Trustee for its awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of Trustee's minutes.
- The Scheme is required to comply with UK pensions regulations. As such, we have considered the experience and expertise of the engagement team including the use of specialists where appropriate, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Scheme with these regulations as part of our audit procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Ernst & Young LLP
Statutory Auditor
Reading
Date: 31 OCTOBER 2023

Fund account
for the year ended 31 March 2023

	Note	2023			2022		
		DB	**DC**	**Total**	DB	DC	Total
		£m	**£m**	**£m**	£m	£m	£m
Employer contributions		**24.7**	**178.6**	**203.3**	22.9	176.0	198.9
Member contributions		**-**	**17.9**	**17.9**	-	21.8	21.8
Total contributions	4	**24.7**	**196.5**	**221.2**	22.9	197.8	220.7
Transfers in	5	**-**	**4.4**	**4.4**	-	3.0	3.0
Other income	6	**6.0**	**-**	**6.0**	3.3	-	3.3
		30.7	**200.9**	**231.6**	26.2	200.8	227.0
Benefits paid or payable	7	**(188.0)**	**(40.6)**	**(228.6)**	(178.2)	(39.4)	(217.6)
Payments to and on account of leavers	8	**(15.5)**	**(8.9)**	**(24.4)**	(13.4)	(7.1)	(20.5)
Administrative expenses	9	**(13.9)**	**-**	**(13.9)**	(9.8)	-	(9.8)
		(217.4)	**(49.5)**	**(266.9)**	(201.4)	(46.5)	(247.9)
Net additions / (withdrawals) from dealings with members		**(186.7)**	**151.4**	**(35.3)**	(175.2)	154.3	(20.9)
Net returns on investments							
Investment income	10	**104.8**	**-**	**104.8**	80.2	-	80.2
Change in market value of investments	11	**(2,405.2)**	**(24.2)**	**(2,429.4)**	445.0	65.5	510.5
Investment management expenses	12	**(4.8)**	**-**	**(4.8)**	(3.4)	-	(3.4)
Taxes on investment income	13	**(0.1)**	**-**	**(0.1)**	(0.3)	-	(0.3)
		(2,305.3)	**(24.2)**	**(2,329.5)**	521.5	65.5	587.0
Net increase/ (decrease) in the fund		**(2,492.0)**	**127.2**	**(2,364.9)**	346.3	219.8	566.1
Opening net assets of the Scheme		**6,933.9**	**1,363.0**	**8,296.9**	6,576.8	1,154.0	7,730.8
Transfers between sections	14	**11.6**	**(11.6)**	**-**	10.8	(10.8)	-
Closing net assets of the Scheme		**4,453.5**	**1,478.6**	**5,932.1**	6,933.9	1,363.0	8,296.9

The notes on pages 26 to 51 form part of these financial statements.

Statement of net assets available for benefits
As at 31 March 2023

	Note	2023			2022		
		DB £m	**DC £m**	**Total £m**	DB £m	DC £m	Total £m
Investment assets							
Equities	11	**0.2**	**-**	**0.2**	395.4	-	395.4
Bonds	11	**0.0**	**-**	**0.0**	475.3	-	475.3
Property	15	**453.8**	**-**	**453.8**	519.2	-	519.2
Pooled investment vehicles	16	**3,364.4**	**1,125.6**	**4,490.0**	5,318.0	1,029.6	6,347.6
Derivatives	17	**0.8**	**-**	**0.8**	28.4	-	28.4
Property backed partnership	18	**70.1**	**-**	**70.1**	64.5	-	64.5
Insurance policies	19	**-**	**335.8**	**335.8**	-	315.8	315.8
Cash	20	**404.2**	**4.6**	**408.8**	196.1	6.9	203.0
Other investment balances	20	**170.4**	**-**	**170.4**	17.9	-	17.9
		4,463.9	**1,466.0**	**5,929.9**	7,014.8	1,352.3	8,367.1
Investment liabilities							
Derivatives	17	**(1.0)**	**-**	**(1.0)**	(69.5)	-	(69.5)
Other investment balances	20	**(7.7)**	**-**	**(7.7)**	(12.5)	-	(12.5)
		(8.7)	**-**	**(8.7)**	(82.0)	-	(82.0)
Total net investments	11	**4,455.2**	**1,466.0**	**5,921.2**	6,932.8	1,352.3	8,285.1
Current assets	27	**7.9**	**16.0**	**23.9**	6.9	15.5	22.4
Current liabilities	28	**(9.6)**	**(3.4)**	**(13.0)**	(5.8)	(4.8)	(10.6)
Total net assets available for benefits		**4,453.5**	**1,478.6**	**5,932.1**	6,933.9	1,363.0	8,296.9

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which considers such obligations for the defined benefit section, is dealt with in the report on actuarial liabilities in the Trustee's Report on pages 11 and 12 and these financial statements should be read in conjunction with this report.

The notes on pages 26 to 51 form part of these financial statements.

These financial statements were approved by the Trustee and signed on their behalf by:

DocuSigned by:
Shalabh Baijal
439415FC9E544EA...

Shalabh Baijal
Trustee Director
John Lewis Partnership Pensions Trust
Date: 31-10-2023 | 08:01 GMT

DocuSigned by:
Andrew Ingram
9BE0E865A832440...

Andrew Ingram
Trustee Director
John Lewis Partnership Pensions Trust
Date: 31-10-2023 | 09:06 GMT

Notes to the financial statements for the year ended 31 March 2023

1 General information

The John Lewis Partnership Trust for Pensions ("the Scheme") is an occupational pension scheme established under Trust in the United Kingdom under English law.

The Scheme was established to provide retirement benefits for its members and their dependants.

The Scheme is a Registered pension Scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and members are normally eligible for tax relief and income and capital gains earned by the Scheme receive preferential tax treatment.

The address for enquiries to the Scheme is on page 20 in the Trustee's Report.

2 Statement of compliance

The individual financial statements of the Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

3 Summary of significant accounting policies

The financial statements have been prepared on the going concern basis. In assessing the appropriateness of the going concern basis of accounting, the Trustee considered a period of 12 months from the date that the financial statements are signed. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Treatment of subsidiary undertakings

In accordance with FRS 102, the Trustee is not required to prepare consolidated financial statements and has chosen not to do so.

Subsidiary undertakings are included at fair value within investment assets and a summary of the undertakings' net assets is provided within note 15 of the financial statements.

(b) Currency

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

(c) Contributions

Normal contributions, both from members and employers, are generally accounted for on an accruals basis in the period to which they relate. In the case of member contributions this is when deducted from pay.

Contributions in respect of members in the first 30 days following auto-enrolment are accounted for when deducted from pay. If a member exercises their right to opt-out, contributions are reduced by that amount.

Employer's deficit funding contributions are accounted for on the due dates set out in the schedule of contributions or the agreement under which they are paid, or on receipt if earlier, with the agreement of the Employer and the Trustee.

Employers' augmentation contributions are accounted for in accordance with the agreement under which they are paid, or in the absence of such an agreement, when received.

Other contributions made by the Employer to reimburse costs and levies payable by the Trustee are accounted for on the same basis as the corresponding expense.

(d) Transfers from and to other Schemes

Transfer values represent the capital sums either receivable in respect of members' pension entitlements from their previous employers' pension arrangements or personal pension plans or payable to the pension Schemes of their new employers or to personal pension plans for members who have left the Scheme. Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged, which is normally when the transfer amount is paid or received.

(e) Other income

Other income relating to the reimbursement of expenses by the Employer is accounted for on an accruals basis.

(f) Benefits and payments to and on account of leavers

Pensions in payment are accounted for in the period to which they relate.

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Scheme as appropriate. Refunds are accounted for when the Trustee is notified of the member's decision to leave the Scheme.

Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in the members' benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within Benefits.

Benefits that are covered by annuity income are included within pensions in payment.

(g) Administrative and other expenses

Administrative expenses are accounted for on an accruals basis.

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

(h) Investment income and expenditure

Income from equities and any pooled investment vehicles which distribute income is accounted for on the date stocks are quoted ex-dividend or declared.

Income from bonds, cash and short-term deposits is accounted for on an accruals basis.

Rental income is accounted for as earned under the terms of the lease.

Investment income includes withholding taxes. Withholding tax is accrued on the same basis as investment income. Withholding tax which is not recoverable is shown as a separate expense within net returns on investments.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, the change in market value also includes income, net of withholding tax, which is reinvested in the fund.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees.

Other investment management expenses are accounted for on an accruals basis and shown separately within net returns on investments. Irrecoverable VAT is included within the cost to which it applies.

(i) Valuation and classification of investments

Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used.

Where quoted or other unit prices are not available, the Trustee adopts valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the notes to the financial statements where used.

The methods of determining fair value for the principal classes of investments are:

- Equities, bonds and certain pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.
- Unitised pooled investment vehicles which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the year end.
- The value of other equities, bonds and pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustment is made.
- Properties are valued by independent valuers who have recent experience of the locations and types of properties held by the Scheme, taking account, amongst other things, of the current estimate of rental values and market yields.
- The fair value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

(i) Valuation and classification of investments (continued)

- Fair values of futures contracts are determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid or offer market quoted price of the contract. Amounts due from the broker represent the amounts outstanding in respect of the initial margin (representing collateral on the contracts) and any variation margin which is due to or from the broker. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts. Interest payable on margin monies for futures contracts may be payable to or from the Scheme within amounts due to or from the broker.
- Changes in fair values of derivative contracts are included in change in market value where the economic purpose of the contracts relates to assets. Where the economic purpose relates to income the change in fair value is included in investment income.
- The investment in the JLP Scottish Limited Partnership ("SLP") arrangement, which is designed to produce cash flows which may vary with future events, is included at the present value of expected cash flows determined using a Monte Carlo simulation of a range of possible outcomes.
- With profits insurance policies are reported at the policy value provided by the insurer provided based on cumulative revisionary bonuses declared and the current terminal bonuses.
- Unitised insurance policies are valued on the same basis as pooled investment vehicles with similar characteristics.

Accrued interest is excluded from the market value of bonds, and is included in investment income receivable.

The Trustee holds annuity policies that secure pensions payable to specified beneficiaries. These policies remain assets of the Trustee but, as the value of these policies is not material, the Trustee has decided not to include a valuation for these policies in the Statement of Net Assets.

(j) Other investment arrangements

Stock lending has been carried out during the year and the securities 'loaned' have been included in the net assets statement to reflect the Scheme's continuing ownership of those securities.

(k) Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

- Critical judgements in applying the accounting policies

Assessing whether the Scheme controls the SLP requires judgement. The Trustee has taken advice that the investment in SLP is structured in such a way that the Trustee does not control the SLP. The agreement does not permit the Trustee to set the annual budget and financial plan, appoint and remove senior executives or set operating procedures and responsibilities. As such, the partnership interest has been included in these financial statements as a financial asset and has not been consolidated.

- Key accounting estimates and assumptions

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within (i) above and within notes 15, 16 and 18.

Notes to the financial statements for the year ended 31 March 2023 (continued)

4 Contributions

	2023			2022		
	DB	**DC**	**Total**	DB	DC	Total
	£m	**£m**	**£m**	£m	£m	£m
Employer contributions						
- Normal	**-**	**178.6**	**178.6**	-	176.0	176.0
- Deficit	**10.0**	**-**	**10.0**	10.0	-	10.0
- Other	**5.6**	**-**	**5.6**	5.6	-	5.6
- Augmentations	**-**	**-**	**-**	0.1	-	0.1
- PPF Levy	**9.1**	**-**	**9.1**	7.2	-	7.2
	24.7	**178.6**	**203.3**	22.9	176.0	198.9
Member contributions						
- Normal	**-**	**17.9**	**17.9**	-	21.8	21.8
Total	**24.7**	**196.5**	**221.2**	22.9	197.8	220.7

During the year deficit contributions of £10.0m (2022: £10.0m) were received in order to improve the funding position of the Scheme.

Further deficit contributions of £4.2m are due until 31 August 2023. The Trust was in surplus on the technical provision basis as at 31 March 2022 and so no recovery plan is required. The Trustee and Employer agreed to cease deficit contributions with effect from 31 August 2023; as contributions are paid in arrears the deficit contribution in respect of August 2023 was paid in September 2023, with no further contributions falling due afterwards.

The Employer uses a salary sacrifice arrangement, Smart Pensions, which allows eligible members to sacrifice part of their salary in return for ceasing their contributions to the DC section of the Scheme. Salary sacrificed contributions totalling £65.1m (2022: £62.8m) were paid to the Scheme by the Employer and are classified as normal employer contributions to the DC section of the Scheme.

Other Employer contributions are in respect of the cost of providing employees' death in service benefits.

5 Transfers in

	2023			2022		
	DB	**DC**	**Total**	DB	DC	Total
	£m	**£m**	**£m**	£m	£m	£m
Individual transfers in from other schemes	**-**	**4.4**	**4.4**	-	3.0	3.0

Transfers in also include funds received or reallocated in respect of pension sharing orders.

6 Other income

	2023			2022		
	DB	**DC**	**Total**	DB	DC	Total
	£m	**£m**	**£m**	£m	£m	£m
Other income	**6.0**	**-**	**6.0**	3.3	-	3.3

Other income relates to reimbursement of certain administration and investment management expenses by the Employer.

Notes to the financial statements for the year ended 31 March 2023 (continued)

7 Benefits paid or payable

	2023			2022		
	DB £m	**DC £m**	**Total £m**	DB £m	DC £m	Total £m
Pensions	**(156.7)**	**-**	**(156.7)**	(146.5)	-	(146.5)
Commutation and lump sum benefits	**(25.3)**	**(38.7)**	**(64.0)**	(25.1)	(37.5)	(62.6)
Lump sum death benefits	**(5.6)**	**(1.6)**	**(7.2)**	(5.8)	(1.2)	(7.0)
Taxation where lifetime or annual allowance exceeded	**(0.4)**	**(0.3)**	**(0.7)**	(0.8)	(0.7)	(1.5)
	(188.0)	**(40.6)**	**(228.6)**	(178.2)	(39.4)	(217.6)

“Taxation where lifetime or annual allowance exceeded” relates to taxation arising on benefits paid or payable in respect of members whose benefits have exceeded the lifetime or annual allowance and who elected to take lower benefits from the Scheme in exchange for the Scheme settling their tax liability.

8 Payments to and on account of leavers

	2023			2022		
	DB £m	**DC £m**	**Total £m**	DB £m	DC £m	Total £m
Individual transfers to other schemes	**(15.5)**	**(8.9)**	**(24.4)**	(13.4)	(7.1)	(20.5)

Transfers to other schemes also include funds paid or reallocated in respect of pension sharing orders.

9 Administrative expenses

	2023			2022		
	DB £m	**DC £m**	**Total £m**	DB £m	DC £m	Total £m
Actuarial fees	**(1.1)**	**-**	**(1.1)**	(0.5)	-	(0.5)
Audit fees	**(0.1)**	**-**	**(0.1)**	(0.1)	-	(0.1)
Directors' and Management Committee fees	**(0.3)**	**-**	**(0.3)**	(0.2)	-	(0.2)
Legal fees	**(1.1)**	**-**	**(1.1)**	(0.8)	-	(0.8)
Pension Protection Fund levy	**(9.1)**	**-**	**(9.1)**	(7.2)	-	(7.2)
Other professional fees	**(2.2)**	**-**	**(2.2)**	(1.0)	-	(1.0)
	(13.9)	**-**	**(13.9)**	(9.8)	-	(9.8)

The Principal Employer provides administration and management services to the Scheme, for which no charge is made. In accordance with the Schedule of Contributions, the Employer reimburses the Scheme for the annual PPF levy. The reimbursement is treated as contribution income in note 4. The Employer reimburses the Scheme for certain administration expenses. The reimbursement is treated as other income in note 6. All DC section expenses are borne by the DB section or by members as an annual management charge.

Notes to the financial statements for the year ended 31 March 2023 (continued)

10 Investment income

	2023			2022		
	DB	**DC**	**Total**	DB	DC	Total
	£m	**£m**	**£m**	£m	£m	£m
Dividends from equities	**4.5**	**-**	**4.5**	10.1	-	10.1
Income from bonds	**14.4**	**-**	**14.4**	23.1	-	23.1
Income from pooled investment vehicles	**59.6**	**-**	**59.6**	26.8	-	26.8
Distributions from property backed partnershi	**2.9**	**-**	**2.9**	3.3	-	3.3
Net rents from properties	**16.2**	**-**	**16.2**	16.7	-	16.7
Stock lending income	**0.1**	**-**	**0.1**	0.1	-	0.1
Interest on cash deposits	**7.1**	**-**	**7.1**	-	-	-
Annuity income	**0.8**	**-**	**0.8**	0.8	-	0.8
Other	**(0.8)**	**-**	**(0.8)**	(0.7)	-	(0.7)
	104.8	**-**	**104.8**	80.2	-	80.2

Net rents from properties are stated after deducting £15.2m (2022: £7.8m) of property related expenses.

11 Reconciliation of net investments

Defined benefit section	**Value as at 1 April 2022 £m**	**Purchases at cost & derivative payments £m**	**Sales proceeds & derivative receipts £m**	**Change in market value £m**	**Value as at 31 March 2023 £m**
Equities	395.4	96.0	(467.2)	(24.0)	**0.2**
Bonds	475.3	57.1	(526.5)	(5.9)	**0.0**
Property	519.2	37.4	(40.1)	(62.7)	**453.8**
Pooled investment vehicles	5,318.0	1827.2	(1,633.6)	(2,147.2)	**3,364.4**
Derivative contracts	(41.1)	440.2	(226.4)	(172.9)	**(0.2)**
Property backed partnership	64.5	0.0	-	5.6	**70.1**
	6,731.3	2,457.9	(2,893.8)	(2,407.1)	**3,888.3**
Cash	196.1			1.9	**404.2**
Other investment balances	5.4				**162.7**
Total DB net investments	6,932.8			(2,405.2)	**4,455.2**
		DC Section Only			
Defined contribution section					
Pooled investment vehicles	1,029.6	194.5	(29.7)	(68.8)	**1,125.6**
Insurance policies	315.8	6.0	(30.6)	44.6	**335.8**
		200.5	(60.3)	(24.2)	
Cash	6.9				**4.6**
Total DC net investments	1,352.3				**1,466.0**

Transaction costs are included in the cost of purchases and deducted from the sales proceeds in the Reconciliation of net investments.

Notes to the financial statements for the year ended 31 March 2023 (continued)

11 Reconciliation of net investments (continued)

Direct transaction costs are analysed as follows:

Transaction costs

	Equities £m	Pooled Vehicles £m	Property £m	2023 Total £m	2022 Total £m
Fees	-	-	0.0	0.0	0.2
Commissions	0.1	0.8	-	0.9	0.7
Taxes	0.0	-	1.7	1.7	0.6
2023 total	**0.1**	**0.8**	**1.7**	**2.6**	
2022 total	0.1	-	1.4		1.5

In addition to the direct transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. For indirect transaction costs on pooled investment vehicles where the Scheme is the sole investor, details have been provided in note 16. Information is not available to enable the Trustee to quantify indirect transaction costs within other pooled investment vehicles.

12 Investment management expenses

	2023			2022		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Administration, management and custody	**(3.7)**	-	**(3.7)**	(3.0)	-	(3.0)
Investment advisors and performance measurement fees	**(1.1)**	-	**(1.1)**	(0.4)	-	(0.4)
	(4.8)	-	**(4.8)**	(3.4)	-	(3.4)

PGIM is paid for managing the property portfolio based on a percentage of the value of any transactions, together with an annual investment management fee based on the value of the assets. For a small portion of assets, PGIM may also earn a performance fee if a minimum target return is achieved over the life of the investments. Hamilton Lane is paid a quarterly fee for managing the private equity portfolio based on a fixed annual fee. Aksia is paid a quarterly fee for advising on private credit investments based on a fixed annual fee. The securities investment managers are paid fees related to the market value of the portfolios that they manage except for Blackstone Alternative Asset Management, who are remunerated by a combination of market value related and performance fees. The private equity and infrastructure fund managers are paid a fee related to the investment commitment made. A performance fee may be charged throughout the life of the investment or on termination of the investment vehicle.

Administration, management and custody is stated after deducting £1.0m (2022: £3.0m) of investment management rebates.

The Employer reimburses the Scheme for certain investment management expenses. The reimbursement is treated as other income in note 6.

Notes to the financial statements for the year ended 31 March 2023 (continued)

13 Taxes on investment income

	2023			2022		
	DB £m	**DC £m**	**Total £m**	DB £m	DC £m	Total £m
Irrecoverable withholding tax	**(0.1)**	**-**	**(0.1)**	(0.3)	-	(0.3)

The taxation charge within net returns on investments represents irrecoverable withholding tax arising on certain classes of investment income.

14 Transfers between sections

	2023			2022		
	DB £m	**DC £m**	**Total £m**	DB £m	DC £m	Total £m
Self annuitisation	**11.6**	**(11.6)**	**-**	10.8	(10.8)	-

Self-annuitisation is a transfer of assets from the DC section to the DB section when a member retiring with DC benefit entitlements elects to use some of their DC benefit entitlement to buy additional DB benefits via the Scheme at conversion rates set by the Trustee, rather than requesting an annuity under the open market option.

15 Property

	2023			2022		
	DB £m	**DC £m**	**Total £m**	DB £m	DC £m	Total £m
UK freehold properties	**441.8**	**-**	**441.8**	507.2	-	507.2
UK ground lease investments*	**2.9**	**-**	**2.9**	2.9	-	2.9
UK land site investments	**9.1**	**-**	**9.1**	9.1	-	9.1
	453.8	**-**	**453.8**	519.2	-	519.2

*This relates to a 100% deposit to purchase the Freehold and Head Leasehold reversionary interests in two (2022: two) residential schemes comprising of 302 ground leases (2022: 302). On completion of all of the residential scheme developments, ownership will transfer to the Scheme.

The freehold properties are stated at fair value as determined by CBRE Ltd, who are Royal Institution of Chartered Surveyors (RICS) Registered Valuers. CBRE Ltd is regulated by the RICS and is independent of the Trustee and the Employer. Valuations included in the financial statements are valued as at 31 March each year in accordance with the current edition of the RICS Valuation – Professional Standards Global and UK, and Financial Reporting Standard 102. The valuer's opinion of fair value was primarily derived using comparable recent market transactions on arm's length terms, and reflects the rental income from current tenants, the remaining term of current leases, and market rents for the locations in which the properties were based.

As at 31 March 2023 there were no capital commitments for purchases of property, (2022: £nil) and no sales of properties contracted but not completed (2022: £nil).

Direct properties can be realised on a short to mid-term basis provided a suitable buyer can be found.

Notes to the financial statements for the year ended 31 March 2023 (continued)

Investments held through subsidiaries

The investment in UK land sites is held through one (2022: one) wholly owned UK company which was acquired in December 2014 (JLPPT Holdco 7 Ltd). The fair value of this subsidiary, represented by the company's net assets, as at 31 March 2023 is £9.1m (2022: £9.1m).

16 Pooled investment vehicles

	2023			2022		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Equities	-	903.3	903.3	538.4	845.4	1,383.8
Bonds	0.0	-	0.0	326.9	-	326.9
Liability driven investments	1,972.9	-	1,972.9	2,633.1	-	2,633.1
Private equities	472.9	-	472.9	516.0	-	516.0
Private debt	350.1	-	350.1	395.6	-	395.6
Hedge funds	205.8	-	205.8	391.5	-	391.5
Infrastructure funds	249.8	-	249.8	362.0	-	362.0
Insurance linked	1.6	-	1.6	78.1	-	78.1
Property	111.3	-	111.3	76.4	-	76.4
Diversified growth	-	127.3	127.3	-	107.8	107.8
Cash	-	95.0	95.0	-	76.4	76.4
	3,364.4	**1,125.6**	**4,490.0**	**5,318.0**	**1,029.6**	**6,347.6**

Investments held in pooled vehicles can include contract terms which restrict realisation. This includes hedge funds that have an agreed notice period to exit. Additionally, some specialist investment managers require an initial period where new funds invested cannot be withdrawn, with liquidity thereafter being available only on specific monthly, quarterly or annual dates.

Private equity commitments are made at the outset for a ten year period and although a secondary market does exist for private equity investments, it cannot be relied upon to provide liquidity.

Commitments to private credit can range from a five to ten year period at the outset and for infrastructure funds can be as long as twenty five years. Similarly to private equity, a secondary market does exist for these types of investments but it cannot be relied upon to provide liquidity.

Sole investor pooled arrangements

Liability driven investments (LDI) is a bespoke fund with Legal & General Investment Management. The LDI's objective is to hedge interest rate and inflation risks of funded liabilities using a liability proxy, with the speed depending on market conditions. The hedging is implemented by leveraging the physical gilts portfolio, using instruments such as repurchase agreements and swaps to gain exposure to conventional and index-linked gilts. At 31 March 2023 the LDI was hedging 100% of Scheme liabilities (2022: 102%).

The bespoke fund consisted of the following underlying assets and liabilities at the year end. There were no transaction costs incurred during the year (2022: £nil).

Notes to the financial statements for the year ended 31 March 2023 (continued)

16 Pooled investment vehicles (continued)

Sole investor pooled arrangements (continued)

LGIM	2023 £m	2022 £m
Liability Driven Investments		
Fixed interest securities	**446.0**	290.5
Index linked securities	**2,035.9**	3,506.4
Swaps	**(34.4)**	(5.6)
Repurchase agreements	**(155.3)**	(1,259.4)
Cash and other liquid (liabilities) / assets	**(319.3)**	101.2
	1,972.9	2,633.1

Included within Hedge funds is an investment through Blackstone Alternative Asset Management in two strategies that the Scheme is the sole investor.

The “JL Alternatives Fund Ltd - Equity Long-Short Fund of Hedge Funds” seeks to generate a beta-adjusted return of MSCI World +4% per annum over a market cycle, with a maximum volatility of 8% per annum. This strategy has been redeemed and only residual holdings remain. As at 31 March 2023 the value of this fund was £0.3m (2022: £0.8m). There were no transaction costs incurred during the year (2022: £nil).

The “JL Alternatives Fund Ltd – Multi-Strategy Fund of Hedge Funds” seeks to generate a return of US LIBOR +5% per annum over a market cycle, with a volatility target of 7%. The strategy seeks to have an average correlation of 25% to the equity and bond markets, with the objective of limiting the drawdowns during periods of negative market returns, but capturing more of the upside when markets are positive. It targets 20-25 diverse hedge fund strategies, with a range of 15-35, invested across Equity Market Neutral, Global Macro, Credit, Distressed Credit, Mortgages, Commodities and Special Situations. As at 31 March 2023 the value of this fund was £206.1m after significant divestment during the year (2022: £390.7m). There were no transaction costs incurred during the year (2022: £nil).

Included within Infrastructure funds is an investment through Ancala Partners LLP that the Scheme is the sole investor. The “Ancala UK Infrastructure Platform A LP” is focused on the mid-market infrastructure sector within the UK. Target investment sectors include electricity, gas, water utilities, pipelines, transportation, energy generation, storage, district heating, telecoms and media infrastructure, and social infrastructure. Ancala employs an origination strategy leveraging its UK network and experience across the full spectrum of infrastructure sectors. Ancala makes investments where it can exercise significant influence on business strategy and management teams to add value by leveraging the experience of its industry partners. As at 31 March 2023 the value of this fund was £114.9m (2022: £114.4m). There were no transaction costs incurred during the year (2022: £nil).

17 Derivatives

DB section only	**2023**			2022		
	Assets £m	**Liabilities £m**	**Total £m**	Assets £m	Liabilities £m	Total £m
Exchange traded						
Futures contracts	**-**	**-**	**-**	0.5	(7.1)	(6.6)
Over-the-counter contracts						
Forward foreign currency contracts	**0.8**	**(1.0)**	**(0.2)**	27.9	(62.4)	(34.5)
	0.8	**(1.0)**	**(0.2)**	28.4	(69.5)	(41.1)

Notes to the financial statements for the year ended 31 March 2023 (continued)

17 Derivatives (continued)

Derivatives contracts are held to decrease the risk in the portfolio by entering into predominantly forward foreign currency contracts and futures positions to match assets held in the portfolio. Liabilities for outstanding futures contracts must not at any time exceed cash held on deposit. At the year end, the fair value of contracts held was net liabilities of £0.2m (2022: net liabilities of £41.1m).

Futures

Type of contract (All exchange traded)	Notional Value £m	Expiration	2023 Assets £m	2023 Liabilities £m	2022 Assets £m	2022 Liabilities £m
Long futures						
EMINI S&P 500	3.9	17-Jun-22	-	-	0.3	-
EURO STOXX 50	1.4	17-Jun-22	-	-	0.1	-
SFE SPI 200	0.2	16-Jun-22	-	-	0.0	-
TSE TOPIX	0.8	09-Jun-22	-	-	0.0	-
S&P/TSX 60 IX	0.3	16-Jun-22	-	-	0.0	-
US 5 Year Treasury Notes	12.8	30-Jun-22	-	-	-	(0.3)
FTSE 100	0.2	17-Jun-22	-	-	0.0	-
US Long Bond CBT	4.8	21-Jun-22	-	-	-	(0.1)
EMINI RUSS 2000	1.1	17-Jun-22	-	-	0.1	-
90DAY EURO$ FUTR INTEREST RATE	68.8	18-Dec-23	-	-	-	(1.7)
90DAY EURO$ FUTR INTEREST RATE	154.7	19-Dec-22	-	-		(2.7)
US 10 Year Treasury Notes	68.4	21-Jun-22	-	-	-	(1.8)
US Ultra Bond CBT	0.8	21-Jun-22	-	-	-	(0.1)
AUST 3YR BOND FUT BOND	25.8	15-Jun-22	-	-		(0.4)
US 2YR NOTE CBT BOND	2.1	30-Jun-22	-	-	-	(0.0)
Short futures				-		
EURO-BUND	(1.4)	08-Jun-22	-	-	0.0	-
			-	-	0.5	(7.1)

Forward Foreign Currency contracts

Settlement date	2023 Assets £m	2023 Liabilities £m	2023 Total £m	2022 Assets £m	2022 Liabilities £m	2022 Total £m
Up to 1 week	**-**	**-**	**-**	-	-	-
Between 1 week and 6 months	**0.8**	**(1.0)**	**(0.2)**	27.9	(62.4)	(34.5)
	0.8	**(1.0)**	**(0.2)**	27.9	(62.4)	(34.5)

Currency	Currency bought during the year £m	Currency sold during the year £m	2023 Asset value £m	2023 Liability value £m
United States Dollar	24.2	(87.6)	**0.8**	**(1.0)**
			0.8	**(1.0)**

Notes to the financial statements for the year ended 31 March 2023 (continued)

18 Property backed partnership

The investment in the property backed partnership relates entirely to the Scheme's holding in the JLP Scottish Limited Partnership. As a partner, the Scheme is entitled to an annual share of the profits of the JLP Scottish Limited Partnership each year for a total of 21 years from January 2010. At the end of this period, the value attributable to the partnership capital allocated to the Scheme will be reassessed, in accordance with the Partnership Agreement, depending on the funding position of the Scheme at that time, with a potential value in the range of £0.5m to £99.5m. At that point, the Employer may be required to transfer this amount in cash to the Scheme. This investment is therefore highly illiquid.

Mercer Limited has performed a valuation for financial statements purposes of the partnership interest as at 31 March 2023. The valuation is based on the net present value of the coupon receipts and potential final receipt, discounted as for bonds of similar standing. A stochastic model is used to project the coupon receipts in each year and the likely final receipt. This allows for probabilities of different deficits at each point in time and in nine years' time using the Scheme funding assumptions. The cashflows are then discounted using a discount rate specified as a risk premium over a risk-free curve, to replicate bonds of similar standing to the SLP.

The Scheme's interest in the JLP Scottish Limited Partnership has been valued at £70.1m (2022: £64.5m). The general partner is John Lewis plc which is a participating Employer to the Scheme.

The Trustee has taken advice that the investment is structured in such a way that it does not constitute an employer-related investment. However, the involvement of the Employer in the partnership results in the Partnership being classed as a related party. The interest in the JLP Scottish Limited Partnership is an arrangement between the Scheme and the Employer.

19 Insurance policies

Included within insurance policies is the Prudential with-profits fund. A significant proportion of the fund is invested in shares and property, which can be expected to produce attractive long-term returns, but the return on these assets can be volatile and so the fund is actively managed by Prudential to optimise the returns whilst controlling risk. Prudential are the valuers of the fund.

Notes to the financial statements for the year ended 31 March 2023 (continued)

20 Cash and other net investment balances

	2023			2022		
	DB	**DC**	**Total**	DB	DC	Total
	£m	**£m**	**£m**	£m	£m	£m
Cash - sterling	**194.9**	**4.6**	**199.5**	50.6	6.9	57.5
Cash - foreign currency	**209.3**	**-**	**209.3**	145.5	-	145.5
Total cash	**404.2**	**4.6**	**408.8**	196.1	6.9	203.0
Amounts due from brokers and fund managers	**161.4**	**-**	**161.4**	5.4	-	5.4
Accrued investment income	**1.9**	**-**	**1.9**	9.4	-	9.4
Rent and service charge receivable	**7.1**	**-**	**7.1**	3.1	-	3.1
Total other investment assets	**170.4**	**-**	**170.4**	17.9	-	17.9
Monies due to brokers	**-**	**-**	**-**	(6.5)	-	(6.5)
Rents received in advance	**(3.3)**	**-**	**(3.3)**	(2.6)	-	(2.6)
VAT due to HMRC	**(0.4)**	**-**	**(0.4)**	(0.4)	-	(0.4)
Service charge and other tenant liabilities	**(4.0)**	**-**	**(4.0)**	(3.0)	-	(3.0)
Total other investment liabilities	**(7.7)**	**-**	**(7.7)**	(12.5)	-	(12.5)
	566.9	**4.6**	**571.5**	201.5	6.9	208.4

Amounts due from brokers and fund managers relates to agreed Private Equity sales at 31st March 2023.

All DC cash balances are allocated to members.

21 Stock lending

The Scheme had a stock lending agreement with its custodian JPMorgan Chase Bank NA during the year. As at 31 March 2023 the Scheme did not have any listed equity or bond holdings and therefore the arrangements were as follows:

	2023	2022
Stock Lent	**£m**	£m
Bonds	**0.0**	62.4
Equities	**0.0**	26.0
	0.0	88.4

	2023	2022
Collateral Held	**£m**	£m
Bonds	**0.0**	73.6
Cash	**0.0**	17.9
	0.0	91.5

22 Defined contribution section assets

Defined contribution assets are not part of a common pool of assets available to meet defined benefit liabilities. Defined contribution section investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment managers hold the investment units on a pooled basis for the Trustee. The Scheme administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Scheme that relate to members leaving the Scheme prior to vesting.

As at 31 March 2023 and 31 March 2022, all defined contribution section investment assets were designated to members.

Notes to the financial statements for the year ended 31 March 2023 (continued)

23 Fair value of investments

The fair value of investments has been determined using the following hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Level	1 £m	2 £m	3 £m	2023 Total £m
Defined benefit section				
Investment assets				
Equities	-	-	0.2	**0.2**
Bonds	-	-	-	**-**
Property	-	-	453.8	**453.8**
Pooled investment vehicles	-	1,972.9	1,391.5	**3,364.4**
Derivative contracts	-	0.8	-	**0.8**
Property backed partnership	-	-	70.1	**70.1**
Cash	404.2	-	-	**404.2**
Other investment balances	170.4	-	-	**170.4**
	574.6	1,973.7	1,915.6	**4,463.9**
Investment liabilities				
Derivatives	-	(1.0)	-	**(1.0)**
Other investment balances	(7.7)	-	-	**(7.7)**
	(7.7)	(1.0)	-	**(8.7)**
Total DB section	**566.9**	**1,972.7**	**1,915.6**	**4,455.2**
Defined contribution section				
Investment assets				
Pooled investment vehicles	-	1,125.6	-	**1,125.6**
Insurance policies	-	-	335.8	**335.8**
Cash	4.6	-	-	**4.6**
Other investment balances	-	-	-	**-**
Total DC section	**4.6**	**1,125.6**	**335.8**	**1,466.0**
Total investments	**571.5**	**3,098.3**	**2,251.4**	**5,921.2**

For assumptions behind the direct property valuation, please see the accounting policy in Note 3. Other level 3 investments, principally pooled investment vehicles and insurance policies are based on valuations as assessed and provided by the investment managers. The property backed partnership is valued by Mercer Limited as described in Note 18.

Notes to the financial statements for the year ended 31 March 2023 (continued)

23 Fair value of investments (continued)

Analysis for the prior year end is as follows:

Level	1 £m	2 £m	3 £m	2022 Total £m
Defined benefit section				
Investment assets				
Equities	395.2	-	0.2	**395.4**
Bonds	-	475.3	-	**475.3**
Property	-	-	519.2	**519.2**
Pooled investment vehicles	-	3,498.4	1,819.6	**5,318.0**
Derivative contracts	0.5	27.9	-	**28.4**
Property backed partnership	-	-	64.5	**64.5**
Cash	196.1	-	-	**196.1**
Other investment balances	17.9	-	-	**17.9**
	609.7	4,001.6	2,403.5	**7,014.8**
Investment liabilities				
Derivatives	(7.1)	(62.4)	-	**(69.5)**
Other investment balances	(12.5)	-	-	**(12.5)**
	(19.6)	(62.4)	-	**(82.0)**
Total DB section	**590.1**	**3,939.2**	**2,403.5**	**6,932.8**
Defined contribution section				
Investment assets				
Pooled investment vehicles	-	1,029.6	-	**1,029.6**
Insurance policies	-	-	315.8	**315.8**
Cash	6.9	-	-	**6.9**
Total DC section	**6.9**	**1,029.6**	**315.8**	**1,352.3**
Total investments	**597.0**	**4,968.8**	**2,719.3**	**8,285.1**

24 Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks.

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk:

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

Notes to the financial statements for the year ended 31 March 2023 (continued)

24 Investment risks (continued)

- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

The following table summarises the extent to which the various classes of investments are affected by financial risks:

	Credit risk	Market risk			2023	2022
Defined benefit section		Currency	Interest	Other price	£m	£m
Equities	○	◑	○	●	**0.2**	395.4
Bonds	●	◑	●	●	**0.0**	475.3
Property	◑	○	◑	◑	**453.8**	519.2
Pooled investment vehicles					**3,364.4**	5,318.0
Direct	●	○	○	○		
Sole investor funds	◑	◑	●	●	**2,294.3**	3,139.1
Indirect	◑	◑	◑	◑	**1,070.1**	2,179.0
Derivative contracts	◑	●	○	○	**(0.2)**	(41.1)
Property backed partnership	◑	○	◑	◑	**70.1**	64.5
Cash and other investment balances	●	◑	○	○	**566.9**	201.5
Total DB section investments					**4,455.2**	6,932.8
Defined contribution section						
Pooled investment vehicles	◑	◑	◑	●	**1,125.6**	1,029.6
insurance policies	◑	◑	◑	●	**335.8**	315.8
Cash and other investment balances	●	○	○	○	**4.6**	6.9
Total DC section investments					**1,466.0**	1,352.3

In the above table, the risk noted affects the asset class as follows:

● Significantly
◑ Partially
○ Hardly / not at all

Further information on the Trustee's approach to risk management, credit and market risk is set out below.

Defined benefit section

Investment strategy

The investment objective of the Trustee for the DB Section is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the DB Section payable under the trust deed and rules as they fall due.

The Trustee sets the investment strategy for the DB Section considering factors such as the strength of the employer covenant, the long-term liabilities of the DB Section and the funding agreed with the Employer. The investment strategy is set out in its Statement of Investment Principles (the "Statement").

Notes to the financial statements for the year ended 31 March 2023 (continued)

24 Investment risks (continued)

The target allocation at 31 March 2023 is:

- 68% in return-seeking investments comprising global equities, investment property, credit and loans, real assets, hedge funds, private equity and other alternative investments.
- Up to 100% (including leverage) in liability matching investments that move in line with the long-term liabilities of the Scheme. The investment comprises UK government bonds, inflation-linked bonds, repurchase agreements, interest rate and inflation swaps and UK ground leases, the purpose of which is to hedge against the impact of interest rate and inflation rate movements on long-term liabilities.
- The Trustee's currency hedging policy was to retain 50% of GBP exposure in the return-seeking portfolio. To achieve this, the Scheme invested in a number of funds with GBP hedged share classes and a currency hedging strategy using forward foreign currency contracts. In October 2022 the Trustee terminated the policy based on investment advice and only maintained a hedge with an equivalent value of half the expected USD and EUR proceeds from secondary sales.

Since the last Statement in September 2020, the Scheme has de-risked its investment strategy, in line with its de-risking framework, as a result of improvements in the level of funding. The de-risking activity took place after a de-risking trigger was reached in May 2021 and again after a further trigger was reached in November 2021. The target for growth assets reduced from 68% in September 2020 to 55.4% after the two stages of de-risking. Within growth assets, Equities was reduced from 30% to 19% and Credit was reduced from 17.6% to 16%.

On 23 September 2022, the Chancellor of the Exchequer announced a set of economic policies widely referred to in the media as a "mini-budget". Events following the mini-budget were unprecedented, in particular in the gilt market which saw sudden sharp increases in yields. The most significant impact of the sharp increase in gilt yields was on defined-benefit (DB) schemes running liability driven investment (LDI) strategies as they faced large collateral calls.

The Scheme was also required to post significant collateral. As a result, in the days following the mini-budget it sold its liquid assets in equities and bonds to support the LDI strategy and to ensure cash liquidity for operational cash requirements. Following the sales, the remaining return-seeking portfolio of the Scheme was predominantly in illiquid assets. The Trustee intends to rebalance the investment portfolio in due course as illiquid assets are realised.

Directly held equity and bond mandates as well as pooled equity and pooled bond mandates in the DB section have been fully redeemed as a result of the above.

Credit risk

The Scheme is subject to credit risk because it invests in forward foreign currency contracts, has cash balances and was directly invested in bonds and undertook stock lending activities. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Scheme is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

Credit risk arising on bonds held directly was managed by investing in a diversified portfolio of bonds and bank loans of various credit qualities including investment grade. Credit risk arising on other investments is limited by investment mandates requiring corporate counterparties to be at least investment grade credit rated.

Notes to the financial statements for the year ended 31 March 2023 (continued)

24 Investment risks (continued)

Credit risk (continued)

Based on the credit risk allocation, a summary of exposures to direct credit risk is given in the following table.

	2023				2022			
Defined benefit section	**Investment grade £m**	**Non - investment grade £m**	**Unrated £m**	**Total £m**	Investment grade £m	Non - investment grade £m	Unrated £m	Total £m
Bonds	-	-	-	-	226.5	248.3	0.5	475.3
Property	-	-	**226.7**	**226.7**	-	-	259.6	259.6
Pooled investment vehicles	-	-	**1,868.6**	**1,868.6**	141.4	-	2,663.3	2,804.7
Derivative contracts	**(0.1)**	-	-	**(0.1)**	(20.5)	-	-	(20.5)
Property backed partnership	-	-	**34.8**	**34.8**	-	-	32.3	32.3
Cash and other investment balances	**566.9**	-	-	**566.9**	201.5	-	-	201.5
Total	**566.8**	-	**2,130.1**	**2,696.9**	548.9	248.3	2,955.7	3,752.9

Credit risk also arises on forward foreign currency contracts. There are no collateral arrangements for these contracts but all counterparties are required to be at least investment grade.

Cash is held within financial institutions which are at least investment grade credit rated.

The Trustee managed the credit risk arising from stock lending activities by restricting the amount of overall stock that may be lent, only lending to approved borrowers who are major banks or finance houses, limiting the amount that can be lent to any one borrower and putting in place collateral arrangements. As at 31 March 2023 the Scheme did not have any listed equity or bond holdings and therefore there was no stock on loan. This is summarised in note 21.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an on-going basis monitors any changes to the operating environment of the pooled manager.

A summary of pooled investment vehicles by type of arrangement is as follows:

	2023 £m	2022 £m
Unit linked insurance contracts	**1,972.8**	2,948.0
Open ended investment companies	**205.8**	867.9
Shares of limited liability partnerships	**1,062.9**	1,324.9
Other arrangements	**122.9**	177.2
	3,364.4	5,318.0

Indirect credit risk arises in relation to underlying investments held in pooled investment vehicles where investment strategies are exposed to counterparty credit risk. This risk is limited by investing in funds which hold investment grade credit rated investments.

The Scheme is also exposed to direct credit risk through its sole investor fund with LGIM which is an LDI fund primarily invested in government bonds and repurchase agreements (details are shown in note 16). This risk is mitigated as described above and by diversification of counterparty exposure. The Scheme has two other sole investor funds which invest in funds of hedge funds (details are shown in note 16), some of which are exposed to credit risk in pursuing their investment strategies. This risk is mitigated by a well-diversified portfolio of underlying investments, comprising 32 funds in total across both strategies (2022: 45 funds).

Notes to the financial statements for the year ended 31 March 2023 (continued)

24 Investment risks (continued)

Credit risk (continued)

The information about exposures to and mitigation of credit risk above applied at both the current and previous year-end. The Scheme also has a sole investor fund with Ancala Partners LLP which is invested in infrastructure companies (details are shown in note 16). Credit risk is limited in this fund due to the nature of the fund's investment strategy.

As at 31 March 2023 £2,697.4m (2022: £3,752.9m) of total DB net investments were exposed to credit risk.

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure). The Trustee has a currency hedging policy, utilising forward foreign currency contracts (see note 17). The net currency exposure is set out below:

	Direct exposure £m	Indirect exposure £m	Hedging £m	2023 Net exposure after hedging £m	2022 Net exposure after hedging £m
Pounds sterling (GBP)	959.8	2,262.5	63.3	3,285.6	4,812.0
US dollars (USD)	205.3	929.9	(63.3)	1,071.9	1,295.9
Euros (EUR)	16.1	67.1	-	83.2	205.9
Japanese yen (JPY)	0.1	0.0		0.1	50.7
Other currencies	0.1	14.4		14.6	568.3
Total	1,181.4	3,273.9	-	4,455.3	6,932.8
Unhedged foreign currency exposure				26.3%	30.6%

The LDI and infrastructure sole investor funds have no currency risks as all the underlying investments are in sterling.

The two sole investor strategies with Blackstone invest in funds of hedge funds, which are exposed indirectly to currency risks. These two strategies are being liquidated and hence the risk is diminishing as capital is returned.

Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds and interest rate swaps and cash. Since Q2 2021 the interest rate and inflation hedge ratio had been at 100% of assets. Following positive progress over most of 2022, the pension scheme was affected by extreme market volatility in September and October following the UK government's 'mini budget', which created significant instability in the economy and financial markets. In order to preserve suitable liquidity within the Scheme's assets, the hedge (designed to protect against movements in interest rates and inflation) was reduced from 100% to 75% of assets. The Trustee completed the process of increasing this back to the 100% target in March 2023. Under the LDI investment portfolio, if interest rates fall, the value of liability matching portfolio will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the liability matching portfolio will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

Notes to the financial statements for the year ended 31 March 2023 (continued)

24 Investment risks (continued)

Interest rate risk (continued)

In March 2023, the LDI hedge target was changed from 100% of assets to 78% of Low Dependency liabilities with a gilts + 0.5% discount rate. As at 31 March 2023, the liability matching portfolio represented 102.9% of assets (2022: 102.1%) of the total investment portfolio.

The commentary above includes the exposure of the LGIM sole investor fund.

As at 31 March 2023 £2,886.4m (2022: £4,602.0m) of total DB net investments were exposed to interest rate risk.

Other price risk

Other price risk arises principally in relation to the Scheme's return-seeking portfolio which includes – both directly held (investment property) and indirectly via pooled investment – global equities, credit and loans, real assets, hedge funds, private equity and other alternative investments. The Scheme has set a target asset allocation of 68% of investments being held in return-seeking investments, although this has been de-risked as described in the Investment Strategy above.

As at 31 March 2023, the return-seeking portfolio represented 55.5% (2022: 61.9%) of the total investment portfolio.

The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets. The above commentary includes the exposure to other price risk of the Blackstone and Ancala sole investor funds.

As at 31 March 2023 £2,389.4m (2022: £4,794.5m) of total DB net investments were exposed to other price risk.

Defined contribution section

The Trustee's aim is to design a default investment strategy to be the best option for the majority of members and to potentially maximise the value of members' pension savings while carefully managing investment risks. The Trustee also provides 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 strategy does not meet their appetite for risk. The SIP outlines the investment objectives and strategy for the DC assets of the Scheme.

The investment funds offered to members are made available through Legal & General's investment platform. These funds have been specifically created for the Scheme which are invested in other funds available through the platform. Funds are available in asset classes as follows:

- Equity
- Annuity Protection
- Cash
- Diversified Growth

The Trustee has an investment management agreement in place with Legal & General Assurance Society Limited ("LGAS") that sets out guidelines for the underlying investments held by the funds. The day-to-day administration of the underlying investments of the funds is the responsibility of LGAS, including the direct management of credit and market risks.

Notes to the financial statements for the year ended 31 March 2023 (continued)

24 Investment risks (continued)

Defined contribution section (continued)

Certain legacy DC members are invested in the Prudential With-Profits Fund managed by The Prudential Assurance Company Limited ("Prudential"). The fund has a Diversified Growth strategy that invests in a diversified portfolio of UK and overseas equities, bonds, property and cash which aims to achieve long-term real returns. Investment returns are passed to policyholders through bonuses which smooth the peaks and troughs of equity markets.

The Trustee monitors the underlying investment return and risk on a quarterly basis.

The risks disclosed here relate to the DC Section's investments as a whole. Members are able to choose their own investments from the range of funds offered by the Trustee and therefore may face a different profile of risks from their individual choices compared with the Section as a whole.

Credit risk

The DC Section is subject to direct credit risk in relation to both LGAS and Prudential through holdings in funds provided by both LGAS and Prudential. Both LGAS and Prudential are regulated by the Financial Conduct Authority and maintain separate funds for their policy holders. The Trustee monitors the creditworthiness of LGAS and Prudential by reviewing published credit ratings.

Exposures to direct credit risk within the DC section for both pooled investment vehicle and insurance policies are all unrated.

The DC Section is also subject to indirect credit and market risk arising from the underlying investments held in the investment funds. Member level risk exposures will be dependent on the funds invested in by members.

Annuity Protection, Cash and Diversified Growth funds were exposed to underlying credit risk.

The legal nature of the DC funds held are all unit linked insurance contracts except for Prudential which is a With-profits fund.

Market risk

The Scheme's DC Section is subject to indirect foreign exchange, interest rate and other price risk arising from the underlying financial instruments held in the funds managed by both LGAS and Prudential.

		2023			2022		
Fund	**Exposed to:**	**Currency risk**	**Interest rate risk**	**Other price risk**	Currency risk	Interest rate risk	Other price risk
Equity funds		✔	-	✔	✔	-	✔
Annuity protection funds		-	✔	-	-	✔	-
Cash funds		-	✔	-	-	✔	-
Diversified growth funds		✔	✔	✔	✔	✔	✔

For values of DC funds please see notes 11 and 16.

Notes to the financial statements for the year ended 31 March 2023 (continued)

25 Concentration of investments

Investments accounting for more than 5% of the net assets of the Scheme were:

	2023		2022	
	Value £m	**%**	Value £m	%
Defined benefit investments				
Legal & General Investment Management - JLPTP Bespoke Fund	**1,972.9**	**33.3%**	2,633.1	31.7%
Defined contribution investments				
L&G Global Equity Fund	**897.6**	**15.1%**	840.7	10.1%
Prudential With-profits policy	**335.3**	**5.7%**	314.8	3.8%

Within the Legal & General Investment Management – JLPTP Bespoke Fund, there was one underlying holding which was over 5% as at 31 March 2023. This was the United Kingdom Government 0.625% I/L GILT 22/03/40 GBP - £439.4m (7.4%) (2022: £251.2m (3.0%)). As at 31 March 2022 another underlying holding was over 5%. This was the United Kingdom Government 3.5% GILT 22/07/68 GBP - £428.5m (5.2%). At 31 March 2023 this holding was below 5%.

There were no other underlying assets which exceeded 5% of the net assets of the Scheme.

26 Employer related investments

There were no employer related investments as at 31 March 2023 (2022: £nil). The Scheme's investments comply with any restrictions prescribed by regulations made under section 40(2) of the 1995 Act.

27 Current assets

	2023			2022		
	DB £m	**DC £m**	**Total £m**	DB £m	DC £m	Total £m
Bank balances	**3.0**	**-**	**3.0**	3.4	-	3.4
Contributions due from employer	**1.3**	**16.0**	**17.3**	1.3	15.5	16.8
Other debtors	**3.6**	**-**	**3.6**	2.2	-	2.2
	7.9	**16.0**	**23.9**	6.9	15.5	22.4

All contributions due to the Scheme at 31 March 2023 relate to March 2023 and were paid in full to the Scheme in accordance with the Schedule of Contributions.

28 Current liabilities

	2023			2022		
	DB £m	**DC £m**	**Total £m**	DB £m	DC £m	Total £m
Unpaid benefits	**(1.8)**	**(3.4)**	**(5.2)**	(2.1)	(4.8)	(6.9)
Accrued expenses	**(5.7)**	**-**	**(5.7)**	(1.8)	-	(1.8)
Tax payable	**(2.0)**	**(0.0)**	**(2.0)**	(1.9)	(0.0)	(1.9)
Other creditors	**(0.1)**	**-**	**(0.1)**	(0.0)	-	(0.0)
	(9.6)	**(3.4)**	**(13.0)**	(5.8)	(4.8)	(10.6)

Notes to the financial statements for the year ended 31 March 2023 (continued)

29 Related party transactions

Related party transactions and balances comprise:

Key management personnel

- Contributions (note 4) includes amounts in respect of 7 Trustee Directors (2022: 7 Trustee Directors); contributions due from employer (note 27) include amounts in respect of 6 Trustee Directors (2022: 6 Trustee Directors). None of the Trustee Directors are in receipt of a pension.
- In addition, contributions were received in respect of 1 Pension Member committee (PMC) member (2022: 2) and 7 Scheme officers (2022: 9). A pension was paid in respect of 1 PMC member (2022: 1).
- Fees and expenses of £0.3m (2022: £0.2m) were paid to certain Trustee Directors who were not in current employment of the Partnership.

Employer and other related parties

- The Principal Employer provides administration and management services to the Scheme, for which no charge is made.
- The Scheme has an interest in and received income from JLP Scottish Limited Partnership. The general partner is John Lewis plc which is the sponsoring Employer to the Scheme. See notes 10 and 18 of the financial statements.

Entities over which the Scheme has control

- JLPPT Holdco 7 Ltd is a wholly owned subsidiary of the Scheme. The Scheme loaned funds to the company to enable the purchase of properties. See note 15 of the financial statements. The company pays interest at market rates to the Scheme in respect of its loan and these are included in note 10.

Notes to the financial statements for the year ended 31 March 2023 (continued)

30 Contingent liabilities and contractual commitments

At 31 March 2023 there are commitments to invest in funds as follows:

Fund	As at 31 March 2023						
	Original currency	Total Commitment		Drawn to date		Outstanding	
		Foreign m	GBP £m	Foreign m	GBP £m	Foreign m	GBP £m
Antin Mid Cap	EUR	11.5	10.1	4.1	3.6	7.4	6.5
Audax	USD	55.0	44.5	51.3	41.5	3.7	3.0
Bridgepoint	EUR	17.5	15.4	0.0	0.0	17.5	15.4
Carlyle	USD	25.0	20.2	22.3	18.1	2.7	2.2
Center Rock	USD	20.0	16.2	14.6	11.8	5.4	4.4
Clearlake	USD	20.8	16.8	10.7	8.6	10.1	8.2
Coller Investment Management Limited	USD	130.0	105.1	104.6	84.6	25.4	20.5
Deerfield	USD	25.0	20.2	21.3	17.2	3.7	3.0
DPE Deutscheland	EUR	11.5	10.1	10.9	9.6	0.6	0.5
Dunes	USD	20.0	16.2	14.5	11.8	5.5	4.4
EMK	GBP	-	15.0	-	13.8	-	1.2
EMK II	EUR	25.0	22.0	12.9	11.3	12.1	10.6
Golden Gate	USD	25.0	20.2	21.3	17.2	3.7	3.0
Hamilton Lane	USD	13.2	10.7	7.9	6.4	5.3	4.3
Harbour	USD	25.0	20.2	22.5	18.2	2.5	2.0
Insight	USD	21.2	17.1	14.7	11.9	6.5	5.2
L Catterton	USD	50.0	40.4	38.4	31.1	11.6	9.4
Lone Star	USD	60.0	48.5	49.5	40.1	10.5	8.5
Oak Hill	USD	30.0	24.3	27.7	22.4	2.3	1.9
Pantheon Ventures (UK) LLP	EUR	73.0	64.1	68.9	60.5	4.1	3.6
Pantheon Ventures (UK) LLP	USD	93.0	75.2	87.1	70.5	5.9	4.7
Phoenix	USD	25.0	20.2	23.4	18.9	1.6	1.3
Riverside	USD	30.4	24.6	27.3	22.1	3.0	2.4
Roark	USD	30.0	24.3	23.0	18.6	7.0	5.7
Thomas H Lee	USD	38.3	31.0	11.7	9.5	26.6	21.6
Tiger IX	USD	18.8	15.2	18.4	14.9	0.4	0.3
TOTAL PRIVATE EQUITY			**747.8**		**594.0**		**153.8**
Ancala	GBP	-	100.0	-	92.0	-	8.0
TOTAL INFRASTRUCTURE			**100.0**		**92.0**		**8.0**
Alcentra	USD	50.0	40.5	36.1	29.2	13.9	11.2
Balbec	USD	105.5	85.4	95.7	77.4	9.8	7.9
Calmwater	USD	125.0	101.1	85.8	69.5	39.2	31.7
Fortress	USD	50.0	40.4	34.7	28.1	15.3	12.3
SVP	USD	50.0	40.4	47.5	38.4	2.5	2.0
Whitehorse	USD	150.0	121.3	95.1	76.9	54.9	44.5
TOTAL PRIVATE DEBT			**429.1**		**319.5**		**109.6**
GRAND TOTAL			**1276.9**		**1005.5**		**271.4**

As at 31 March 2023, the total outstanding commitments had a sterling value of £271.4m (2022: £428.6m).

The Scheme had no other commitments and contingent liabilities at 31 March 2023 (2022: None).

31 Subsequent events

There were no subsequent events requiring disclosure in the financial statements.

Independent auditor's statement about contributions to the Trustee of the John Lewis Partnership Trust for Pensions

We have examined the summary of contributions to the John Lewis Partnership Trust for Pensions for the Scheme year ended 31 March 2023 which is set out on the following page.

In our opinion contributions for the Scheme year ended 31 March 2023 as reported in the summary of contributions and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the Scheme actuary on 13 May 2020.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions on the following page have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the schedule of contributions.

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions.

It is our responsibility to provide a Statement about Contributions paid under the schedule of contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Scheme's Trustee, as a body, in accordance with regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our work, for this statement, or the opinions we have formed.

Ernst & Young LLP

Ernst & Young LLP
Statutory Auditor
Reading
Date: 31 October 2023

Summary of contributions for the year ended 31 March 2023

During the year, the contributions payable to the Scheme were as follows:

	DB			DC		
	Member £m	Employer £m	**Total £m**	Member £m	Employer £m	**Total £m**
Required by the schedule of contributions						
Normal contributions	-	-	**-**	17.9	178.6	**196.5**
Deficit contributions	-	10.0	**10.0**	-	-	**-**
Other contributions	-	5.6	**5.6**	-	-	**-**
PPF levy contributions	-	9.1	**9.1**	-	-	**-**
Total (as per Fund Account and note 4)	-	24.7	**24.7**	17.9	178.6	**196.5**
Other contributions						
Augmentations of individual members' benefits	-	-	**-**	-	-	**-**
Total (as per Fund Account and note 4)	-	24.7	**24.7**	17.9	178.6	**196.5**

Approved by the Trustee and signed on their behalf by:

DocuSigned by:
Shalabh Baijal
439415FC9E544EA...

Shalabh Baijal
Trustee Director
John Lewis Partnership Pensions Trust
Date: 31-10-2023 | 08:01 GMT

DocuSigned by:
Andrew Ingram
9BE0E865A832440...

Andrew Ingram
Trustee Director
John Lewis Partnership Pensions Trust
Date: 31-10-2023 | 09:06 GMT

Certificate of Schedule of Contributions

Adequacy of rates of contributions

1. I hereby certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 31 March 2022 to be met by the end of the period specified in the recovery plan.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 29 September 2023.

   The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signed (Matt Smith) **29 September 2023**

Matt Smith, FIA
Fellow of the Institute and Faculty of Actuaries

Mercer Limited,
Tower Place West
London
EC3R 5BU

APPENDICES

Statement regarding Defined Contribution (“DC”) Governance for the period 1 April 2022 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.

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.

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.

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.

Venetia Trayhurn Date: 12 October 20223

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

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.

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.

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

32

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).

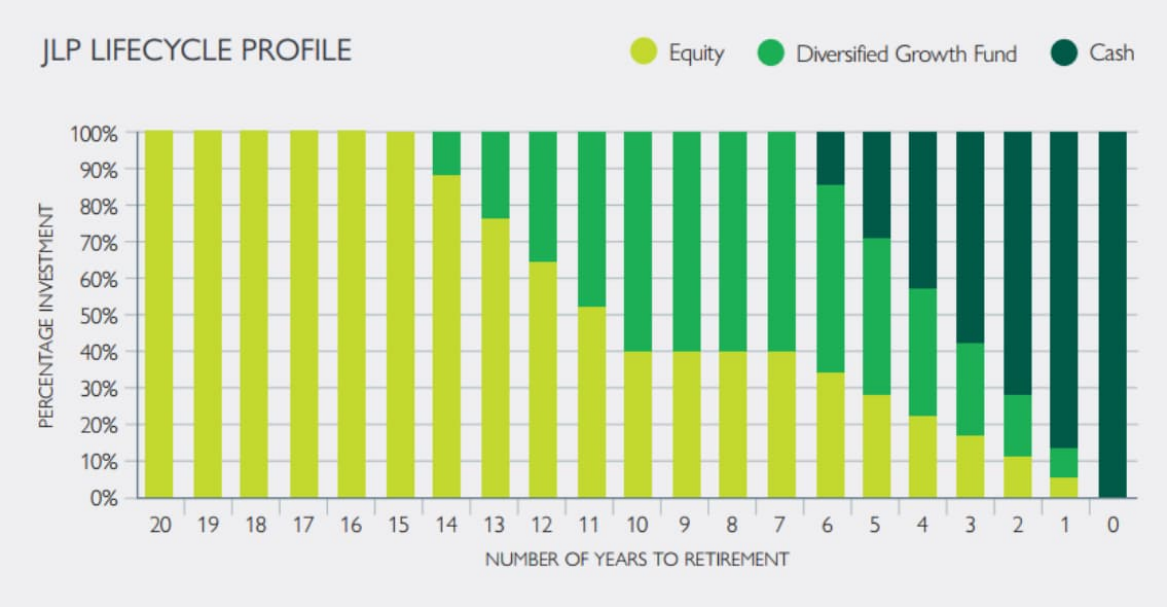
Transaction costs are deducted before the funds' unit prices are calculated. This means that transaction costs are not readily visible, but these costs will be reflected in a fund's investment performance.

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.
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.

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.

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.

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.

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 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.

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.

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.

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.

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.

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

White Label Fund Name	Benchmark	Objective
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 Markets Index (Unhedged); 10% MSCI World Small Cap ex Selected Securities Index (Unhedged)	• Aims to provide long-term investment growth by passively tracking the performance of a blend of global equity indices
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:

- 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.

- 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 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:

Name: Anthony Moriarty

Date: 28 September 2023

Authorised for and on behalf of the Trustee of the Trust

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).

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
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:

- 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.

John Lewis Partnership Pensions Trust ("the Trust") – Defined Benefit ("DB") Section

Annual Implementation Statement – Year ending 31 March 2023

1. Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustee has been followed during the year to 31 March 2023. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, as amended, and the Department of Work and Pensions' statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The Trust has both a DB Section and a Defined Contribution ("DC") Section. This statement covers only the DB Section and provides more detail than is currently required by regulation, for DB schemes, to align our report with the requirements for the DC Section. This approach was considered beneficial, both for the Trustee in assessing how its policies under the SIP have been followed more broadly for the DB Section, and to show consistent levels of information for members who may have an interest in the management of both sections of the Trust. A separate statement has been prepared for the DC section.

The table later in the document sets out how, and the extent to which, the policies in the DB Section of the SIP have been followed.

2. Trust Governance

2.1. The Trustee Board

During the course of the year, there were some changes to the membership of the Trustee Board. Andrew Ingram was appointed by the Partnership as trustee from December 2022, to replace Rebecca Law who resigned as an appointed trustee in October 2022.

The Trustee Board has Sub-Committees in place with each Sub-Committee given a particular area of focus (for example Defined Benefit or Defined Contribution matters). Terms of reference are in place for each Sub-Committee.

The Trustee Board is supported in its activities by the in-house Trustee Services team at John Lewis.

2.2. Trustee knowledge and understanding

The Trustee received training on long-term investment strategy considerations, the security of assets and the legal duties of trustees during the Trust's year.

2.3. Holding advisers and managers to account

The Trustee recognises the need to hold investment managers and advisers to account.

In December 2019, the Trustee put in place investment objectives for its Investment Consultant, Mercer, and investment advisers, Aksia and Hamilton Lane. Their performances are reviewed on a regular basis. The objectives may be revised at any time but will be reviewed at least every three years and after any significant change to the Trust's investment strategy and objectives.

These objectives are in place to ensure the Trustee is receiving the support and advice it needs to meet its investment objectives. The objectives set covered both short and long-term objectives across strategy, monitoring, compliance and regulation, client servicing and relationship management, and member engagement and communications.

3. Statement of Investment Principles

3.1. Investment Objectives of the Trust

The Trustee aims to invest the assets of the Trust prudently with the objective of ensuring that the benefits promised to members are provided. The funding plan is predicated on an investment return over and above the return from government bonds. Beyond

this, the Trustee aims to target full funding on a low dependency basis (also based on a return above government bonds) by 2044. The Trustee will pursue an investment strategy which aims to generate an investment return in excess of these returns, with a risk level commensurate with the strength of the covenant.

The Trustee has also established a de-risking framework to help determine the appropriate allocation to the Return-Seeking portfolio based on the Trust's funding level at a given point in time.

3.2. Review of the SIP

The statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Trust Year, which is dated September 2020. An updated SIP is currently in the process of being agreed which will be in place for the next Trust year. The Trustee consulted with the sponsoring company in finalising the SIP.

The latest SIP is publicly available and can be accessed via this link:

https://www.johnlewispartnership.co.uk/meta/jlp-trust-for-pensions.html.

3.3. Assessment of how the policies in the SIP have been followed for the year to 31 March 2023

The information provided in the following section highlights the work undertaken by the Trustee during the Trust year to 31 March 2023 and sets out how this work followed the Trustee's policies in the SIP.

In summary, it is the Trustee's view that the policies in the SIP have been followed during the Trust year to 31 March 2023.

Strategic Asset Allocation

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2023
1	**Kind of investments to be held**	Sections 7 – 12	There have been a number of changes during the Trust's year to the kinds of investments held by the Trust, to assist with the Trust's overall objectives (see point 6 below). The balance of investments (and the investment managers managing the investments) has changed over the course of the year in line with the Trustee's views on the investment managers, the changing funding levels of the Trust and collateral requirements for the Trust's Liability Matching Portfolio. The arrangements in place are consistent with the policies in the SIP. Over the year to 31 March 2023 the level of protection against interest rates and inflation has varied in line with collateral requirements for the Liability Matching Portfolio. As at 31 March 2023 the level of protection against interest rates and inflation was 78% of the Trust's Gilts+0.5% liabilities.
2	**The balance between different kinds of investments**		
3	**Risks, including the ways in which risks are to be measured and managed**	Sections 26 - 30	As detailed in the risk section of the SIP, the Trustee considers both quantitative and qualitative measures of risk when deciding investment policies, strategic asset allocation, the choice of investment managers, their funds and respective asset classes. The Trustee reviewed the measurement of a number of these risks on a quarterly basis during the year as part of their regular investment performance, risk and funding monitoring. Wider, more strategic risks were also considered by the Trustee during investment strategy discussions that took place in Q4 2022. The Trustee also received ad-hoc updates from its Investment Consultant and the Pensions Investment Manager as and when required over the course of the year.
4	**Expected Return on Investments**	Sections 6, 26 and 30	The investment performance was reviewed by the Trustee on a quarterly basis – this included the risk and return characteristics of the investment manager strategies used by the Trust.

			Individual managers were specifically monitored against their respective aims and objectives as well as being compared to peer group risk and return metrics. The Trustee also monitored the expected return of the Trust versus those required under the Trust's de-risking framework on a quarterly basis.

Investment Mandates

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2022
5	**Securing compliance with the legal requirements about choosing investments**	Sections 2,3, 4	The Trust's Investment Consultant attended all DB sub-Committee ("DBC") meetings during the year and provided updates on fund performance and, where required, the appropriateness of the investments used by the Trust. The DBC has responsibility for the ongoing monitoring of fund performance for the DB section. The Trustee received investment advice in relation to the changes made during the year and did not make any new investments during the year.
6	**Realisation of Investments**	Section 11	The Trust holds investments in a number of investment manager strategies which are deemed to be liquid. In general, the investment managers have discretion in the timing of realisations of investments within those strategies and in considerations relating to the liquidity of those investments within the mandate guidelines agreed. During the year the Trust sold liquid return-seeking assets to provide collateral for the Trust's Liability Matching Portfolio. In addition, the Trustee sold a proportion of the Trust's illiquid assets on the secondary market to generate liquidity for the Liability Matching Portfolio. The Trustee maintains a minimum cash threshold to cover the cash requirements of the Trust. In response to the reduction in the Trust's liquid assets the Trustee implemented an additional cash buffer to ensure monies are available to pay member benefits. This buffer remains in

			place. The threshold was monitored and maintained by the Pensions Investment Manager with the Trustee receiving quarterly updates on the cash balance during DBC meetings throughout the Trust year.
7	**Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments**	Sections 19 and 30	The Trustee views the key investment risks identified in Paragraph 30 of the SIP to be financially material. A number of the key investment risks identified in the SIP were measured and managed, as part of discussions at DBC meetings. These included, but were not limited to interest rate and inflation risk, currency hedging risk and liquidity risk. In addition, more strategically-focused assessments of the investment risks took place during de-risking and wider investment strategy discussions during the year. As noted in 3 above, the Trustee also reviewed the measurement of a number of these risks on a quarterly basis during the year as part of its regular investment performance monitoring. These reviews were provided by the Trust's Investment Consultant. The Trustee monitors investment managers' absolute and relative performance against appropriate benchmarks on a quarterly basis; this assessment evaluates both short-term and long-term performance. Section 19 of the SIP sets out the Trustee's belief that ESG and climate change can affect the long-term performance and sustainability of the Trust's investments and therefore, that the management of ESG risks can assist the Trustee in fulfilling its investment duties. The Trustee proposes to increase the scope of their ESG assessments of the investment managers and will also consider detailed analysis of climate-related risks and metrics in future in line with upcoming TCFD requirements. The Trustee formed a Climate Change Working group and has established appropriate TCFD governance arrangements. As part of the quarterly reporting process, the Trustee monitors the extent to which each underlying fund integrates ESG considerations into its investment decision making process by reviewing the ESG rating assigned to each fund by our investment advisors.

	The Trustee believes that active ownership can enhance the value of the Trust's underlying portfolio and help manage risks. In September 2018, the Trustee became a signatory to the PRI. The Trustee reviews its stewardship policy to ensure that it continues to hold its investment managers to account on voting and engagement. The latest review was carried out in September 2021, with the Trustee and Pensions Investment Manager assessing the corporate engagement and voting policies of the Trust's managers. The Trustee uses the results of the review to engage with the Trust's managers. The Trust's first Task Force on Climate related Financial Disclosures ("TCFD") report, as at 31 March 2022, was published during the Trust year. In this report the Trustee considered how climate related risks and opportunities are measured, monitored and managed in the Trust. The full report can be found here: https://www.johnlewispartnership.co.uk/content/dam/cws/pdfs/Juniper/Pensions/JLPPT-TCFD-Climate-change-report.pdf In line with the Statement of Investment Principles, non-financial matters have not been taken into consideration in respect of the DB Section's investments during the Trust year.

Monitoring the Investment Managers

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2023
8	**Incentivising investment managers to align their investment strategy and decisions with the Trustee's policies**	Section 21	In the year to 31 March 2023, the Trustee discussed the continued appointment of the Trust's investment managers. Please refer to points 12 and 13 for further detail on some specific discussions that took place. The Trustee is happy that the contractual arrangements in place with the Trust's investment managers continue to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance. When reviewing and monitoring the Trust's investment managers, the Trustee takes into consideration the Investment Consultant's research ratings. The Trustee is also assisted by the Pensions Investment Manager, through quantitative analysis and interactions with the Trust's investment managers, in the assessment of the continued appointment of the Trust's investment managers.
9	**Incentivising the asset manager 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**	Section 22	The Trustee monitored the performance of the Plan's investments throughout the year. Where a manager is deemed to be underperforming the Trustee will ask the Pensions Investment Manager to carry out a detailed assessment of the rationale for the investment manager's performance. The Trustee may also request a formal review from the Investment Manager. If following review it is deemed that the investment manager no longer warrants a place within the Trust's portfolio, the Trustee will look to replace the investment manager. During the course of the year the Trustee terminated a number of manager appointments. The termination of the appointments was not based on performance, but rather on de-risking decisions and liquidity requirements for the Trust.

10	**Aligning the evaluation of the investment managers' performance and the remuneration for investment management services with the Trustee's policies**	Section 23	When considering investment performance, the Trustee primarily focuses on long-term performance. Shorter-term performance will however also be taken into consideration. The Trustee continues to monitor the performance of the Trust's investment managers. The Trustee is satisfied that investment managers' short-term performance incentives will not impact long-term goals. In particular, none of the funds have short-dated performance fees in place, which could encourage managers to make short-term investment decisions to hit their short -term profit targets at the expense of longer-term performance.
11	**Monitoring portfolio turnover costs incurred by the investment managers**	Section 24	Over the year covered by this statement, the Trustee collected data on the portfolio transaction costs resulting from portfolio turnover, but did not monitor or query these in detail for each of the Trust's investment managers. The Trustee instead focussed on net of fees outcomes from the managers, which captures the impact of portfolio turnover costs through the performance generated. The Trustee may choose explicitly to monitor portfolio turnover costs in the future. However, the Pensions Investment Manager will use the portfolio turnover cost data provided by the managers when carrying out regular review meetings with the Trust's investment managers as part of wider due diligence. The Trustee recognises that where the Trust invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustee does not have an overall portfolio turnover target for the Trust.
12	**The duration of the arrangement with the investment manager**	Section 25	In general, the Trustee has a policy of being a long-term investor who will not look to make frequent changes to the investment arrangements. The Trust's investment managers are however aware that their continued appointment is based on their success in delivering the mandate they have been appointed to manage.

	As noted in 9 above, the Trust terminated a number of mandates as a result of de-risking decisions and liquidity requirements during the year. There remains no set durations for the investment manager funds used by the Trust. The Trustee, in conjunction with the Pensions Investment Manager and Investment Consultant, ensured that the reduction in exposure to the Trust's investment managers was managed appropriately during the year.

ESG, Stewardship and Climate Change

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2023
13	**Undertaking engagement activities in respect of the investments** (including the methods by which, and the circumstances under which, trustee would monitor and engage with relevant persons about relevant matters)	Section 19	The Trustee incorporates into the SIP details on responsible investment, which covered ESG factors, stewardship, climate change and sustainable investing. The Trustee keeps the policies under regular review with the SIP subject to review at least annually. The Trustee increasingly considers how ESG, climate change and stewardship are integrated within investment processes in monitoring existing managers. During the year to 31 March 2023, the Trust's investment performance report, produced by the Trust's Investment Consultant, was reviewed by the Trustee on a quarterly basis – this included ratings (both general and ESG-specific) from the Investment Consultant, as well as detail on how investment managers were delivering against their specific mandate. The Trustee's policy is that a change in ESG rating (or lack of ESG rating) does not mean that the investment manager will be removed automatically. Where managers may not be rated or highly rated from an ESG perspective the Trustee has discussed the reasons with the Investment Consultant. Managers are expected to provide a summary of their ESG and stewardship policies and to comment on these issues as part of any meeting with the Trustee or its in-house team or advisers. The Trustee recognises that where the Trust invests in pooled funds it is the investment manager which will engage with investee companies on behalf of the pooled fund.

Voting Disclosures

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2023
14	**The exercise of the rights (including voting rights) attaching to the investments**	Section 22	As set out in the SIP, appointed investment managers have full discretion in evaluating ESG factors, including climate change considerations, exercising voting rights and meeting the stewardship obligations attached to the Trust's investments in accordance with their own corporate governance policies, and current best practice, including the UK Stewardship Code. The Trustee believes that responsible share ownership and seeking the best long-term value for investment in shares requires active exercise of voting rights. The Trustee has delegated its voting rights to the investment managers. Where applicable, the Trustee expects the Trust's investment managers, unless impracticable, to exercise all voting rights attaching to shares or securities and take account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The managers are authorised to exercise discretion to vote as they think fit, but in doing so reflect the best interests of the Trust (or, where the Trustee invests through a pooled fund, the best interests of investors in the pooled fund, including the Trust). The Trustee does not use the direct services of a proxy voter, although the investment managers may employ the services of proxy voters in exercising their voting rights on behalf of the Trustee. Voting activity information from each fund and manager (where provided) is summarised in the sections below. The Trustee is satisfied on the basis of reporting that the managers' approach to voting activity and engagement was aligned with the Trustee's policies during the period.

Voting and Engagement Activity

Sections 19 and 22 of the SIP sets out the Trustee's policies on ESG factors, stewardship and climate change. These policies set out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship.

Following the DWP's requirements, which came into force on 1 October 2019, the Trustee reviewed the SIP, setting out how they take account of financially material considerations, including Environmental, Social and Governance (ESG) considerations, and explicitly climate change. In addition, in line with the requirements, the SIP also includes the approach to the stewardship of the investments and how the Trustee takes account (if at all) of member views on 'non-financial matters'.

The Trust's Stewardship Priorities

Following the DWP's consultation response and outcome regarding reporting on stewardship and other topics on 17 June 2022, updated Statutory Guidance was produced which is effective for all plan year ends on or after 1 October 2022.

The updated Guidance requires trustees to include a description of what they believe to be a significant vote within the Implementation Statement. The voting information is also expected to include details explaining why each vote was categorised as most significant, what the vote was, and why the manager voted in the way it did.

Voting rights are delegated to the investment managers and the Trustee expects their investment managers to engage with the investee companies on their behalf. However, the Trustee has also considered what the Trust's stewardship priorities should be as a result of the new requirements introduced last year. The Trustee plans to undertake further work in this area in the coming Trust year but at this stage the Trustee decided the following ESG factors should have most focus when disclosing 'significant votes':

- **Environmental**: Climate change - low-carbon transition and physical damages resilience
- **Social**: Human rights - modern slavery, pay & safety in workforce and supply chains, and abuses in conflict zones
- **Governance**: Diversity, Equity and Inclusion (DEI) - inclusive & diverse decision making

To ensure the disclosures are manageable and meaningful, the Trustee has agreed to apply a filter based on size when disclosing significant votes. The Trustee has chosen to focus specifically on stocks that represent the largest holdings in a particular portfolio, to ensure that the votes being classified as significant represent a meaningful portion of the relevant portfolio.

Given the de-risking and termination of a number of the Trust's mandates during the Trust year the significant votes in this statement relate to the State Street Global Equity and State Street Smart Beta mandates.

Voting Activity during the Trust year

The Trustee has delegated its voting rights to the investment managers. The SIP states "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".

It is the Trustee's view that the policy has been followed during the Trust year.

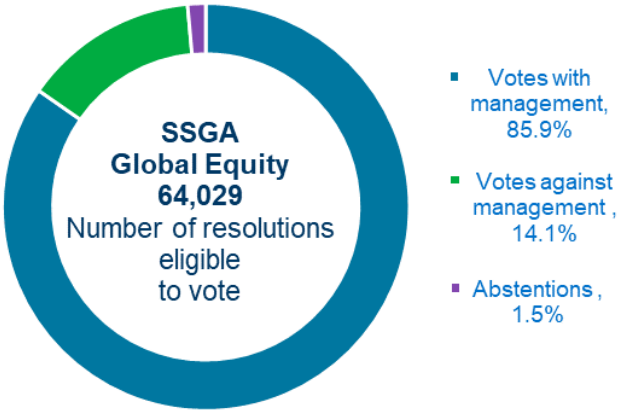
The majority of voting activity will arise in public equity funds. However, voting opportunities may arise in other asset classes such as certain bonds, property, private equity and multi-asset funds. However, the Trustee has only considered information relating to listed equity funds this year. The Voting and Engagement policies and activities are therefore included for the Trust's following managers: SSGA.

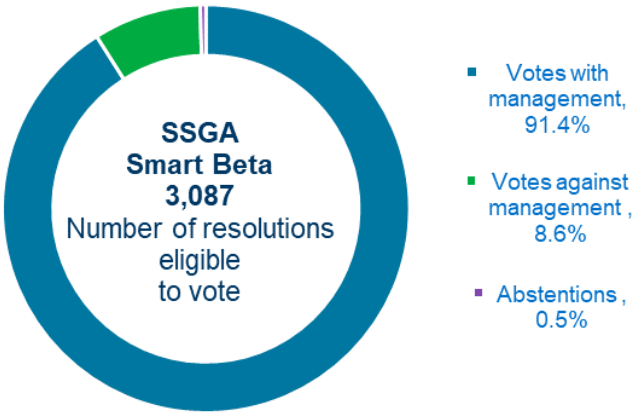
Overview of voting activity, on behalf of the Trustee, for the listed equity funds for the 12 months to 31 March 2023

All of the Trust's listed equity managers utilise a third-party proxy voting service, Institutional Shareholder Services ("ISS"), to manage the proxy voting process or provide advice on each vote.

Voting activity information from each of the underlying investment managers (where provided) over the prior 12 months to 31 March 2023 is summarised in the charts below.

Please note Votes of Abstain can be counted both as a vote of abstain but also as a Vote Against Management and hence Vote with management, vote against management and abstain from voting may add up to more than 100%. Note that votes may add up to more than 100% as abstentions are deemed as votes against management in their voting data.





Overview of Trust's underlying investment managers' approaches to voting and engagement

SSGA's process for deciding how to vote

All voting decisions are exercised in accordance with SSGA's in-house guidelines or specific client instructions.

In order to facilitate SSGA's proxy voting process, SSGA retains ISS. SSGA utilises ISS's services in three ways. First, as SSGA's proxy voting agent, ISS provides SSGA with vote execution and administration services. Second, ISS applies SSGA's Proxy Voting Guidelines where appropriate. Lastly, ISS provides the highest level of research and analysis related to general corporate governance issues and specific proxy items.

The SSGA Stewardship team reviews its Proxy Voting Guidelines with ISS on an annual basis or on a case-by-case basis as needed. ISS affects the proxy votes in accordance with SSGA's Proxy Voting Guidelines. Voting matters that are nuanced or that require additional analysis are referred to and reviewed by members of the Stewardship team. Members of the Stewardship team evaluate the proxy solicitation to determine how to vote based on facts and circumstances consistent with SSGA's Proxy Voting Guidelines, which seek to maximize the value of client accounts.

As an extra precaution, the Stewardship team will refer significant issues to the Proxy Review Committee ("PRC") for a determination of the proxy vote. In addition, other measures are put in place in terms of when and whether or not to refer a proxy vote to the PRC. For instance, the Stewardship team takes seriously whether a material conflict of interest exists between our client and those of SSGA or its affiliates. If such a case occurs, there are detailed guidelines for how to address this concern.

SSGA votes in all markets where it is feasible. However, when SSGA deems appropriate, it could refrain from voting meetings in cases as listed below:

1. Where power of attorney documentation is required,
2. Voting will have a material impact on their ability to trade the security,
3. Voting is not permissible due to sanctions affecting a company or individual, or
4. Issuer-specific special documentation is required or various market or issuer certifications are required.
5. SSGA is unable to vote proxies when certain custodians, used by SSGA's clients, do not offer proxy voting in a jurisdiction or when they charge a meeting specific fee in excess of the typical custody service agreement.

SSGA's Vote Prioritization Process:

SSGA votes at over 22,500 meetings on an annual basis and prioritizes companies for review based on factors including the size of their holdings, past engagement, corporate performance, and voting items identified as areas of potential concern. Based on this assessment, SSGA will not only allocate appropriate time and resources to shareholder meetings, but will also assign specific ballot items of interest to ensure maximization of value for their clients.

All voting decisions are exercised exclusively in accordance with SSGA's in-house policies and/or specific client instructions. SSGA has established robust controls and auditing procedures to ensure that votes cast are executed in accordance with SSGA instructions. Transparency on these key issues is vital at SSGA. In this regard, SSGA publishes a record of its global voting activity on the Asset Stewardship section of the website.

Proxy voting services

As per above, SSGA utilise a third-party proxy voting service, ISS, to manage the proxy voting process and provide advice on each vote.

Processes for determining the most significant votes

SSGA identifies "significant votes" for the purposes of Shareholder Rights Directive II as follows:

a. All votes on environmental related shareholder proposals.

b. All votes on compensation proposals where the vote was against the company management's recommendation.

c. All against votes on the re-election of board members due to poor ESG performance of their companies (as measured by their R-Factor ESG score). Note R-Factor is an ESG metric devised by SSGA.

d. All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies (as measured by their R-Factor CorpGov score).

e. All against votes on the re-election of board members due to a lack of gender diversity on board.

SSGA's engagement process

Each year, as part of its strategic review process, the Asset Stewardship team develops an annual engagement strategy, and it identifies a target list of companies that it intends to engage with during the year. Factors considered in developing the target list include:

• Companies identified for engagement based on their in-house governance, compensation and sustainability screens

• Thematic environmental, social, and governance (ESG) issues that the team identifies as potential risks facing investee companies

• In-depth sector specific engagements across their global holdings

• Companies with lagging long-term financial performance within their sector

• Companies at which follow-up engagement is needed based on past discussions

The intensity and type of engagement with a company is determined by SSGA's relative and absolute holdings in that company. In addition, geographic diversity is factored into engagement efforts to reflect the level of economic exposure to various markets. Finally, SSGA considers the engagement culture in a market or geographic region when developing the engagement target list and approach. SSGA meets with companies through in-person meetings and conference calls. Its preferred method for update meetings is via conference calls as this is cost effective for clients and investee companies. This also helps reduce the company's global carbon footprint.

Source: SSGA

Sample of signficant votes

Where relevant, the managers have provided detailed information on their voting for the year to 31 March 2023. The Trustee has considered this information and disclosed the votes that they deem to be most significant. The Trustee has selected the most significant votes according with their stewardship priorities related to environmental, social and governance issues and size as set out earlier in this Statement.

The information in this section has been provided directly from SSGA (please note, 'we' and 'our' represent SSGA's views in the table below).

The final outcome column below represents the result of the Resolution after all the votes: Passed (✓) or Not-Passed (×).

Company	Approx. Size of Holding (% of fund)	Date	How the manager voted	Summary of the Resolution	Criteria for assessing as significant	Rationale for the Manager vote	Final outcome
Microsoft Corporation.	3.3	13/12/2022	Against	Report on Climate Damage	Environmental	This proposal does not merit support as the company's disclosure and/or practices related to climate change are reasonable.	☒
Amazon.com, Inc.	1.7	25/05/2022	Abstain	Facility Safety	Social	SSGA is abstaining on the proposal as the company's disclosure and/or practices related to facility safety are broadly in line with market standard but could be enhanced.	☒
Tesla, Inc.	1.4	04/08/2022	For	Community-Environment Impact	Social/Environmental	This proposal merits support as the company's environmental disclosure and/or practices can be improved.	☒
Alphabet Inc.	1.2	01/06/2022	Against	Establish environmental/social issue Board Committee	Social/Environmental	This item does not merit support due to concerns with the terms of the proposal.	☒
Meta platforms, Inc.	0.7	25/05/2022	Against	Advisory Vote to Ratify Named Executive Officers' Compensation	Governance	This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.	☑
Exxon Mobil Corporation	0.7	25/05/2022	Abstain	Report on Climate Change	Governance/Environmental	SSGA is abstaining on the proposal as the company's disclosure and/or practices related to climate change are broadly in line	☑

						with market standard but could be enhanced.	
Berkshire Hathaway Inc.	0.6	30/04/2022	For	Report on Climate Change	Governance/Environmental	This proposal merits support as the company's disclosure and/or practices related to climate change can be improved.	☒
JPMorgan Chase & Co.	0.6	17/05/2022	Against	Advisory Vote to Ratify Named Executive Officers' Compensation	Governance	This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.	☒
The Home Depot, Inc.	0.5	19/05/2022	For	Community -Environment Impact	Environmental	This proposal merits support as the company's environmental disclosure and/or practices can be improved.	☑
The Coca-Cola Company	0.5	26/04/2022	Against	Product Toxicity and Safety	Social	This proposal does not merit support as the company's disclosure and/or practices pertaining to the item are reasonable	☒

Source: SSGA

It has not been possible at this stage to provide consistent reporting on whether the intention to vote against management was communicated ahead of the vote and on the next steps after the vote (which are evolving), and it is intended to develop this further in future years.

John Lewis Partnership Pensions Trust ("the Trust") – Defined Contribution ("DC") Section

Annual Implementation Statement – Year ending 31 March 2023

4. Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustee has been followed during the year to 31 March 2023. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, as amended, and the Department of Work and Pensions' statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The Trust has both a Defined Benefit ("DB") Section and a Defined Contribution ("DC") Section. This statement covers only the DC section; a separate statement has been prepared for the DB section.

The table later in the document sets out how, and the extent to which, the policies in the DC Section of the SIP have been followed.

5. Trust Governance

5.1. The Trustee Board

During the course of the year, there were some changes to the membership of the Trustee Board. Andrew Ingram was appointed by the Partnership as a trustee from December 2022, to replace Rebecca Law who resigned as an appointed trustee in October 2022.

The Trustee Board has Sub-Committees in place with each Sub-Committee given a particular area of focus (for example Defined Benefit or Defined Contribution matters). Terms of reference are in place for each Sub-Committee.

The Trustee Board is supported in its activities by the in-house Trustee Services team at John Lewis.

5.2. Trustee knowledge and understanding

The Trustee received training on the security of assets and the legal duties of trustees during the Trust's year.

5.3. Holding advisers and managers to account

The Trustee recognises the need to hold investment managers and advisers to account.

The Trustee has in place investment objectives for its Investment Consultant, Mercer, and its performance is reviewed on a regular basis. The objectives were last reviewed and revised in December 2022.

These objectives are in place to ensure the Trustee is receiving the support and advice it needs to meet its investment objectives. The objectives set covered both short and long term objectives across strategy, monitoring, compliance and regulation, client servicing and relationship management and member engagement and communications.

6. Statement of Investment Principles

6.1. Investment Objectives of the Trust

The Trustee believes it is important to consider the policies in place in the context of the investment objectives it has set. The objectives of the Trust included in the latest DC Section SIP are as follows:

- *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 of their DC pension savings while carefully managing the costs and investment risks.*

- *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 strategy does not meet their requirements and/or appetite for risk.*

3.2 Review of the SIP

The statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Trust Year, which is dated September 2020. The Trustee consulted with the sponsoring company in finalising the SIP. An updated SIP is currently in the process of being agreed and is expected to be put in place during the next Trust year.

The latest SIP is publicly available and can be accessed via this link: https://www.johnlewispartnership.co.uk/meta/jlp-trust-for-pensions.html.

3.3 Assessment of how the policies in the SIP have been followed for the year to 31 March 2023

The information provided in the following section highlights the work undertaken by the Trustee during the Trust year to 31 March 2023 and sets out how this work followed the Trustee's policies in the SIP.

In summary, it is the Trustee's view that the policies in the SIP have been followed during the Trust year to 31 March 2023.

Strategic Asset Allocation

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2023
1	**Kind of investments to be held**	Sections 17-19	On 23 November 2022, the LGIM Global Developed Small Cap Index Fund was introduced as an underlying fund of the JLP Global Equity Fund, which is used in the default investment option, with an asset allocation of 10% of this fund. This new fund replaces an existing allocation that was previously managed by Macquarie within the JLP Global Equity Fund. The reference to the types of investments used in the fund and the Trust will be reflected in the updated SIP currently being agreed. The default investment option and wider fund range were subject to a formal triennial review in March/April 2021. The investments (fund type, management style, fund range, at retirement target and asset allocations) used in the Trust were reviewed as part of the exercise. The next formal triennial review is due to be undertaken in early 2024.
2	**The balance between different kinds of investments**		
3	**Risks, including the ways in which risks are to be measured and managed**	Sections 29-32	As detailed in the risk section in the SIP, the Trustee considers both quantitative and qualitative measures for risks when deciding investment policies, strategic asset allocation, the choice of investment managers, their funds and respective asset classes. The Trustee reviewed the measurement of a number of these risks on a quarterly basis during the year as part of its regular investment performance monitoring. Wider, more strategic risks are considered as part of formal investment reviews, the latest being completed in March/April 2021. The Trustee also received ad hoc updates from both their Investment Consultant and the Pensions Investment Manager as and when required over the course of the year
4	**Expected Return on Investments**	Sections 14 and 17-19	The investment performance is reviewed by the Trustee on a quarterly basis – this includes the risk and return characteristics of the investment manager strategies used by the Trust.

	Individual funds are specifically monitored against their respective aims and objectives as well as being compared to peer group risk and return metrics.

Investment Mandates

	Policy	Location in SIP	How the policy has been met over the year to 31 March 20233
5	**Securing compliance with the legal requirements about choosing investments**	Section 3	The Trust's Investment Consultant attended all DC Committee ("DCC") meetings during the year and provided updates on fund performance and, where required, appropriateness of the investments used by the Trust. On 23 November 2022, the LGIM Global Developed Small Cap Index Fund was introduced as an underlying fund of the JLP Global Equity Fund, which is used in the default investment option, with an asset allocation of 10% of this fund. Appropriate investment advice was received from the Trust's Investment Consultant ahead of the fund being added for members. No other new investments were implemented over the reporting period covered by this Statement.
6	**Realisation of Investments**	Section 16	Assets are invested in daily priced and daily traded pooled funds which hold liquid assets. The pooled funds are commingled investment vehicles which are managed by various investment managers. The selection, retention and realisation of assets within the pooled funds are managed by the respective investment managers. The funds are accessed via an Investment Platform and are held through a long-term insurance policy issued by Legal & General Assurance Society ("LGAS"). There were no liquidity issues with the funds used by the Trust during the Trust year.

7	**Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments**	Sections 22 and 30	The Trustee views the key investment risks identified in Paragraph 30 of the SIP to be financially material. The Trustee believes the appropriate time horizon within which to assess these considerations should be viewed by the Trustee at a member level. This will be dependent on the member's age and their selected retirement age. The majority of these risks are monitored on a quarterly basis by the DCC through the quarterly performance reporting - this includes the risk and return characteristics of the investment manager funds used by the Trust. All of the risks identified are also considered as part of the formal strategic review process undertaken by the Trustee at least every three years with the latest review having been undertaken in March/April 2021. Section 22 of the SIP sets out the Trustee's belief that ESG and climate change can affect the long-term performance and sustainability of the Trust's investments and therefore, that the management of ESG risks can assist the Trustee in fulfilling its investment duties. As part of the quarterly reporting process, the Trustee monitors the extent to which each underlying fund integrates ESG considerations into its investment decision making process by reviewing the ESG rating assigned to each fund by our investment advisors. The Trustee incorporates a more extensive review of how ESG is considered for the Scheme's DC Section as part of the triennial investment review process. The Trustee believes that active ownership can enhance the value of the Trust's underlying portfolio and help manage risks. In September 2018, the Trustee became a signatory to the PRI. The Trustee reviews its stewardship policy to ensure that it continues to hold its investment managers to account on voting and engagement. The latest review was carried out in September 2021, with the Trustee and Pensions Investment Manager assessing the corporate engagement and voting policies of the Trust's managers. The Trustee uses the results of the review to engage with the Trust's managers. The Trust's first Task Force on Climate related Financial Disclosures ("TCFD") report, as at 31 March 2022, was published during the Trust year. In this report the Trustee considered how climate-related risks and opportunities were measured, monitored and managed in the Trust. The full report can be found here: https://www.johnlewispartnership.co.uk/content/dam/cws/pdfs/Juniper/Pensions/JLPPT-TCFD-Climate-change-report.pdf year. As noted in the Statement of Investment Principles, the Trustee does not take into account non-financial factors in relation to the default fund. The JLP Ethical Equity Fund tracks the FTSE4Good Global Equity Index so that it does take into account certain non-financial factors, but the Trustee has

	not otherwise taken into account non-financial factors in its decisions during the year. The Trustee will consider whether to take into account member views at the next full review of the DC investment options, due to take place in 2024.

Monitoring the Investment Managers

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2023
8	**Incentivising investment managers to align their investment strategies and decisions with the Trustees' policies**	Section 24	In the year to 31 March 2023, the Trustee discussed the continued appointment of the Trust's investment managers. The Trustee has selected appropriate investment mandates to align with its overall investment strategy. When reviewing and monitoring the Trust's investment managers, the Trustee takes into consideration the Investment Consultant's research ratings. The Trustee is also assisted by the Pensions Investment Manager, via their quantitative analysis and interactions with the Trust's investment managers, in the assessment of the continued appointment of the Trust's investment managers. The above was taken into consideration when selecting the LGIM Global Developed Small Cap Index Fund as an underlying fund of the JLP Global Equity Fund.
9	**Incentivising the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity**	Section 25	The Trustee monitors the performance of the Trust's investments throughout the year. The ongoing monitoring the Trustee undertakes during the year to gauge how their investment managers consider ESG risks and opportunities is set out under item 7.
10	**Evaluation of the investment manager's performance and the remuneration for asset management services**	Section 26	When considering investment performance, the Trustee focuses on long-term performance. Shorter-term performance will however also be taken into consideration. During the year, the Trustee reviewed the measurement of a number of these risks on a quarterly basis as part of their regular investment performance monitoring.

			As part of the annual Value for Members ("VfM") assessment, the Trustee reviews member borne fees, which include investment manager fees. A VfM assessment was produced in August 2022 (for year to 31 March 2022) and the Trustee concluded that, overall, the Trust provided good value for members. A further VfM assessment covering the year to 31 March 2023 is currently being prepared.
11	**Monitoring portfolio turnover costs**	Section 27	Over the year covered by this statement, the Trustee considered the levels of transaction costs as part of their annual Value for Members assessment and by publishing this information as part of the costs and charges disclosures mandated by regulations governing the Chair's Statement. While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the Trust invests in, there is not as yet any "industry standard" benchmark or universe to compare these to. The Trustee will continue to monitor transaction costs on an annual basis and to monitor developments on assessing these costs for value.
12	**The duration of the arrangement with the investment manager**	Section 28	There remains no set durations for the funds used by the Trust. Investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage.

ESG Stewardship and Climate Change

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2023
13	**Undertaking engagement activities in respect of the investments** (including the methods by which, and the circumstances under which, trustee would monitor and engage with relevant persons about relevant matters)	Section 22	The Trustee incorporates into the SIP details on responsible investment, which cover ESG factors, stewardship, climate change and sustainable investing. The Trustee keeps the policies under regular review with the SIP subject to review at least annually. The Trustee recognises that where the Trust invests in pooled funds, it is the investment fund manager which will engage with investee companies on behalf of the pooled fund. Managers are expected to provide a summary of their ESG and stewardship policies and to comment on these issues as part of any meeting with the Trustee.

Voting Disclosures

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2023
14	**The exercise of the rights (including voting rights) attaching to the investments**	Section 25	The Trustee invests through pooled funds in which the voting rights are exercised by the investment fund managers. Where applicable, the Trustee expects the Trust's investment managers, unless impracticable, to exercise all voting rights attaching to shares or securities and take account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The managers are authorised to exercise discretion to vote as they think fit, but in doing so reflect the best interests of the pooled fund's investors including the Trust. The Trustee does not use the direct services of a proxy voter, although the investment managers may employ the services of proxy voters in exercising their voting rights on behalf of the Trustee. Voting activity information from each fund and manager (where provided) is summarised in the Appendix. Over the period covered by this Statement, the Trustee has not directly challenged managers on voting activity but is satisfied on the basis of reporting that the managers' approach to voting activity and engagement was aligned with the Trustee's policies during the period.

Voting and Engagement Activity

Sections 22 and 25 of the SIP sets out the Trustee's policies on ESG factors, stewardship and climate change. These policies set out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship.

The Trust's Stewardship Priorities

Following the DWP's consultation response and outcome regarding reporting on stewardship and other topics on 17 June 2022, updated Statutory Guidance was produced which is effective for all plan year-ends on or after 1 October 2022.

The updated Guidance requires trustees to include a description of what they believe to be a significant vote within the Implementation Statement. The voting information is also expected to include details explaining why each vote was categorised as most significant, what the vote was, and why the manager voted in the way it did.

The DC Section of the Trust invests solely in pooled funds. As such, voting rights are delegated to the investment managers and the Trustee expects their investment managers to engage with the investee companies on their behalf. However, the Trustee has also considered what the Trust's stewardship priorities should be as a result of the new requirements introduced last year. The Trustee plans to undertake further work in this area in the coming Trust year but, at the time of finalizing this statement, the Trustee decided the following ESG factors should have most focus when disclosing 'significant votes':

- **Environmental**: Climate change - low-carbon transition and physical damages resilience
- **Social**: Human rights - modern slavery, pay & safety in workforce and supply chains, and abuses in conflict zones
- **Governance**: Diversity, Equity and Inclusion (DEI) - inclusive & diverse decision making

To ensure the disclosures are manageable and meaningful, the Trustee has agreed to apply a filter based on size when disclosing significant votes. The Trustee has chosen to focus on the underlying funds in the Trust that hold 10% or more of DC Section assets and on the top 10 company holdings in those funds from the voting information provided by the manager. This means the significant votes relating to the LGIM World Equity Index Fund and the Macquarie Global Multi-Strategy True Index Fund are disclosed later in this Statement.

Voting Activity during the Trust year

The voting rights in relation to the assets held within the pooled funds is exercised by the investment managers. The SIP states "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".

It is the Trustee's view that the policy has been followed during the Trust year.

The majority of voting activity will arise in public equity funds. However, voting opportunities may arise in other asset classes such as certain bonds, property, private equity and multi-asset funds. However, the Trustee has only received information relating to public equity funds this year. The Voting and Engagement policies and activities are therefore included for the Trust's following managers: Legal & General Investment Management ('LGIM'), Macquarie, BlackRock and HSBC.

Engagement Processes

The table below sets out the engagement process for each of the managers holding public equity.

Manager	Engagement Processes and Engagement Examples
LGIM	**Engagement Processes:** LGIM engagement strategy is focused on both the ESG scores and long-term themes: health, income inequality, climate change, privacy, data security and transparency. Within this strategy, LGIM priorities for engagement are chosen mainly to reflect LGIM overall exposures, in terms of country, sector and companies. The companies where LGIM have the biggest holdings pose the greatest risks and opportunities to market performance. At the same time, where LGIM hold large stakes, they have a stronger influence. LGIM's focus on larger companies can have a cascading impact on other companies within the countries and sectors by helping to establish best practices. LGIM set clear timeframes for the engagement activity and consider in advance any escalation which may be required if key requests are not met. LGIM prefer to set a measurable outcome, either at market or company level. In addition to this, LGIM carry out regular engagement with investee companies on other important investment issues such as mergers and acquisitions, capital allocation and market-wide issues that LGIM believe threaten the long- term health of the companies that LGIM is invested in. LGIM also engage with regulators and other policy makers to improve market standards. **Engagement Examples:** In 2022, LGIM pledged to increase pressure on companies that fail to put suitably ambitious and credible transition plans to a shareholder vote, by filing shareholder resolutions. In light of their ongoing concerns at Glencore, LGIM are putting their commitment into effect by co-filing a shareholder resolution at Glencore's 2023 AGM, requesting that the company disclose how its thermal coal production is aligned with the Paris Agreement objective of limiting the increase in global temperature to 1.5°C. As one of the world's largest diversified mining companies, with strong exposure to metals needed to decarbonise the global economy, they believe Glencore has a key role to play in the energy transition. LGIM have been engaging with the company for a number of years under their Climate Impact Pledge, and this escalation reflects their unabated concerns about the company's trajectory to net zero. Filing a resolution puts pressure on companies and encourages them to discuss and resolve issues with LGIM. Where LGIM have filed or collaborated on select

Manager	Engagement Processes and Engagement Examples
	proposals in this way in the past, they have found that they have been an effective means of escalation – both at the individual company level and for market-wide change more broadly.
BlackRock	**Engagement Processes:** The BlackRock Investment Stewardship team engages companies to provide feedback on their practices and inform BlackRock's voting. BlackRock focus on a range of issues that fall within each of the ESG categories where they assess there is potential for material long-term financial impact on a company's performance. BlackRock state that engagement is core to their stewardship programme as it helps them assess a company's approach to governance, including the management of relevant environmental and social factors. To that end, BlackRock conduct approximately 3,600 engagements a year on a range of ESG issues likely to impact their clients' long-term economic interests. BlackRock meet with executives and board directors, communicate with the company's advisors, and engage with other shareholders where appropriate. **Engagement Examples:** BlackRock Investment Stewardship has engaged with Alphabet to report on metrics and efforts to reduce water-related risk. BlackRock appreciates when companies disclose their policies on water, waste, and materials, including their approach to identifying and managing water scarcity and pollution-related risks, as well as responsible waste disposal and recycling efforts as they relate to fresh water and oceans. BlackRock believes that water management is a material risk for Alphabet given the significant volumes of water used to cool data centers. However, the company does not explicitly disclose annual water use or other risk metrics by location; therefore, it is difficult for stakeholders to determine the company's regional approach, localised water stress trends and risks, as well as possible progress year-over-year.

Manager	Engagement Processes and Engagement Examples
Macquarie	**Engagement Processes:** Engagement on ESG-related issues for global portfolios is primarily undertaken through a combination of proxy voting and direct engagement with companies. The team does not seek to be an activist investor or to make its positions publicly available, unless it takes the view this is warranted to achieve a better outcome for investors. It believes that sound corporate governance principles contribute to superior financial performance which translates to long-term prosperity. Macquarie is able to potentially influence the corporate governance of companies via discussion with management or the board of directors and through exercising proxy votes. **Engagement Examples:** In February 2023, the Macquarie Investment Team engaged with a large Australian mining and metals company. The aim of the engagement was to understand what progress had been made in response to market feedback, with discussions covering areas that drive long-term shareholder value including corporate governance and workplace safety. Acknowledging that there is effort still required, the company outlined measures being taken in relation to the matters raised by the Macquarie Investment Team. The company representative shared a more inclusive company approach that aims to support workers, local communities and shareholders as part of its company operations. Positively, a renewed remuneration structure indicates the company's willingness to action feedback and commit to improvements in sustainability outcomes. Change occurs over the long-term and therefore, the Macquarie Investment Team will continue to monitor progress and engage again in the future.

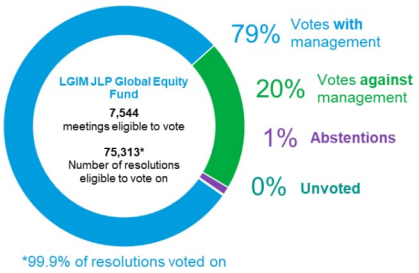
HSBC	**Engagement Processes:** HSBC meet the management of companies and other issuers regularly as part of their active investment process. This engagement is a key element in HSBC stewardship oversight of client assets. It may form part of their monitoring of companies and issuers or represent an escalation of concerns they have identified. HSBC challenge companies and issuers on their delivery of corporate strategy, financial and non-financial performance and risk, allocation of capital and management of environmental, social and governance issues. HSBC engage to understand the approach management is taking and test how far they are being good stewards. HSBC also encourage companies and other issuers held in client portfolios to establish and maintain high levels of transparency, particularly in their management of ESG issues and risks. HSBC raise ESG or other concerns with companies and other issuers where HSBC believe that to be in the interest of investors, identifying company specific or systemic risks. HSBC prioritise their engagement on the basis of scale of client holdings, salience of the issues concerned, and their overall exposure to these issues. In addition to executive directors and investor relations, HSBC engage with other executives as available, including divisional and regional heads, as well as ESG and strategy specialists. HSBC also engage with non-executive directors, either as part of their regular dialogue or to raise and escalate issues of concern. Engagement is undertaken through meetings, conference calls and correspondence. HSBC occasionally co-file shareholder resolutions and support or deliver statements at shareholder meetings to communicate publicly with companies and escalate their engagement. **Engagement Examples:** Chevron has an 'aspiration' to achieve net zero in upstream scope 1 and 2 emissions by 2050, but this leaves out approximately 20% of scope 1 and 2 emissions, lagging its peers. The company was named by Influence Map as one of the worst 3 companies for its lobbying activities. The aspiration does not cover scope 3 emissions and its 2028 targets are not ambitious. While the company discloses gender and racial breakdown of employees at different levels, it does not provide information how different groups are paid. Chevron appeared to be receptive to some of HSBC's comments including the negative perception its position against IEA's NZE scenario creates. The company was somewhat defensive on other points, particularly committing to reducing scope 3 emissions, which would require a fundamental change of its business model. Chevron told HSBC it does monitor gender pay gap through a third party and established that there is no gap between men and women within the same grade. HSBC will continue to press for a clearer alignment with the 1.5C scenario and also publication of gender pay gap data.

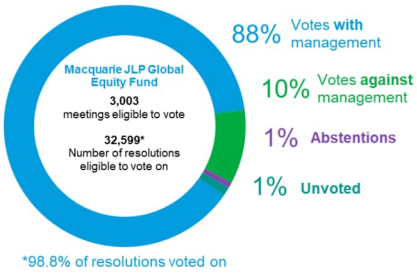
Source: Investment Managers

Overview of voting activity, on behalf of the Trustee, for the funds containing equity for the 12 months to 31 March 2023

JLP Global Equity Fund

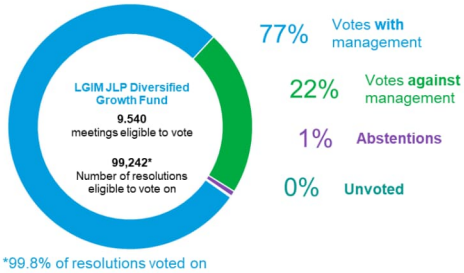
The JLP Global Equity Fund has underlying exposure to funds managed by LGIM and Macquarie. Below is a summary of the voting information provided by each manager in relation to their underlying fund.

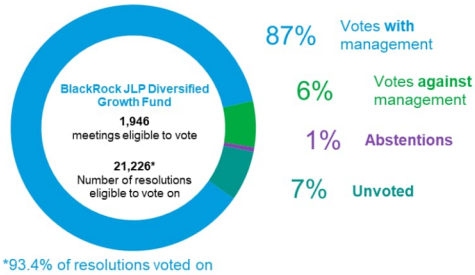




JLP Diversified Growth Fund

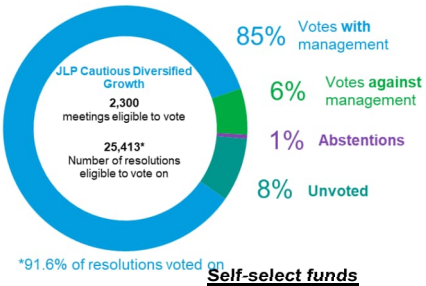
The JLP Diversified Growth Fund has underlying exposure to funds managed by LGIM and BlackRock. Below is a summary of the voting information provided by each manager in relation to their underlying fund.





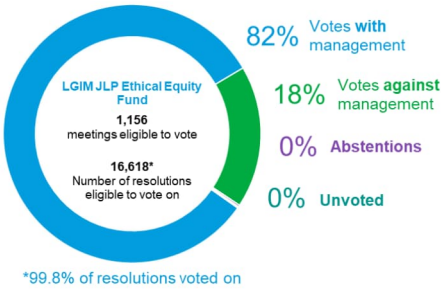
JLP Cautious Diversified Growth Fund

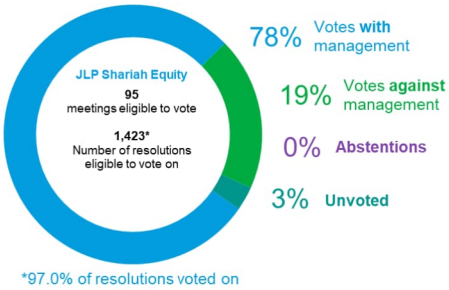
The underlying fund of the JLP Diversified Growth Fund is managed by BlackRock. Below is a summary of the voting information provided by BlackRock for the underlying fund.



Self-select funds

In addition to the funds already presented, two additional self-select funds have exposure to public equity, the JLP Ethical Equity Fund (managed by LGIM) and the JLP Shariah Equity Fund (managed by HSBC). Below is a summary of the voting information provided by each manager in relation to their underlying funds.





Source: Investment Managers. Totals may not sum to 100% due to rounding.

Use of Proxy Voting Services by the managers

The table below sets out the use of proxy voting for each of the managers holding public equity.

Manager	Use of proxy voting
LGIM	LGIM's Investment Stewardship team uses Institutional Shareholder Services' (ISS's) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services to supplement the research reports that LGIM receive from ISS for UK companies when making specific voting decisions To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice. LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows them to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.
BlackRock	BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team, which consists of three regional teams – Americas, Asia-Pacific, and Europe, Middle East and Africa. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines. BlackRock subscribes to research from the proxy advisory firms ISS and Glass Lewis, amongst many inputs into their vote analysis process, and BlackRock state they do not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesise corporate governance information

Manager	Use of proxy voting
	and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial; to manage client accounts in relation to voting and facilitate client reporting on voting. Other sources of information include the company's own reporting, engagement and voting history with the company, and the views of its active investors, public information and ESG research.
Macquarie	All voting decisions are exercised in accordance with Macquarie's voting policy. The Macquarie Systematic Investment team utilises third party researchers ISS and Ownership Matters for recommendations on proxy voting. Key considerations in the appointment and use of Ownership Matters and ISS as proxy service providers are the quality of their service and the alignment of their voting advice with the principles of Macquarie's voting policy. Due to the vast number of securities in the portfolio, all votes are lodged via proxy and Macquarie do not attend Annual General Meetings.
HSBC	HSBC use the voting research and platform provider ISS to assist with the global application of their voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene their guidelines. HSBC review voting policy recommendations according to the scale of their overall holdings. The bulk of holdings are voted in line with the recommendation based on their guidelines.

Source: Investment Managers

Most significant votes

Where relevant, the managers have provided detailed information on their voting for the year to 31 March 2023. The Trustee has considered this information and disclosed the votes that they deem to be most significant. The Trustee has selected the most significant votes in accordance with their stewardship priorities related to environmental, social and governance issues and size as set out earlier in this Statement.

The final outcome column below represents the result of the Resolution after all the votes: Passed (✓) or Not-Passed (×).

Fund	Company	Approx. Size of Holding at date of vote (% of fund)	Date	How the manager voted	Summary of the Resolution	Criteria for assessing as significant	Rationale for the Manager vote	Final outcome
JLP Global Equity Fund – LGIM All World Equity Index	Amazon.com, Inc.	1.14	2022-05-25	Against	Elect Director Daniel P. Huttenlocher	Social	A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	☑
	Alphabet Inc.	0.63	2022-06-01	For	Report on Physical Risks of Climate Change	Environmental	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	☒
				For	Commission Third Party Assessment of Company's Management of Misinformation and Disinformation Across Platforms	Social	A vote in favour is applied as LGIM supports such risk assessments as we consider human rights issues to be a material risk to companies.	☒

Fund	Company	Approx. Size of Holding at date of vote (% of fund)	Date	How the manager voted	Summary of the Resolution	Criteria for assessing as significant	Rationale for the Manager vote	Final outcome
JLP Global Equity Fund – LGIM All World Equity Index	NVIDIA Corporation	0.41	2022-06-02	Against	Elect Director Harvey C. Jones	Governance	A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. They are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue.	☑
JLP Global Equity Fund – Macquarie Global Multi-Strategy True Index	Alphabet Inc.	1.45	2022-06-01	For	Report on Physical Risks of Climate Change	Environmental	A vote FOR this proposal is warranted. Shareholders would benefit from increased disclosure regarding how the company is assessing and managing climate change risks.	☒
				For	Report on Climate Lobbying	Environmental	A vote FOR this proposal is warranted. The company and its shareholders are likely to benefit from a review of how the company's and its trade associations' lobbying positions align with Paris Agreement, in light of risks to the company caused by climate change and the company's public position.	☒
				For	Commission Third Party Assessment of Company's Management of Misinformation and Disinformation Across Platforms	Social	A vote FOR this proposal is warranted because an independent human rights assessment would help shareholders better evaluate the company's management of risks related to the human rights impacts of disinformation and misinformation.	☒

Source: Investment Managers

Note: It has not been possible at this stage to provide consistent reporting on whether the intention to vote against management was communicated ahead of the vote and on the next steps after the vote (which are evolving), and it is intended to develop this further in future years. However, in the case of LGIM, we note they publicly communicate their vote instructions on their website with the rationale for all votes against management.