

John Lewis Properties PLC (Company number: 00303301) –

Section 172(1) Statement and Statement on engagement with suppliers, customers and others

This section acts as the Company's Section 172(1) statement. In accordance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), this section also constitutes the Company's statement on engagement with, and having due regard to the interest of our Partners (employees) and other key stakeholders.

The Company's ultimate parent company is John Lewis Partnership plc ('the Partnership'), which is owned in Trust for the benefit of its members, the Partners employed in the Partnership. Whilst being Directors of John Lewis Properties plc, and having acted in a way they consider is most likely to promote the success of the Company, the Directors on the Board are also members of the Partnership's Senior Leadership Team which manages the Partnership's business as part of the Partnership's governance structure. In carrying out their duties, the Directors had in mind the Principles of the Partnership set out in the Partnership's Constitution (available online at www.johnlewispartnership.co.uk).

These Principles are consistent with the requirements of Section 172(1) in that they say how the Partnership - including the Company - should operate and how it should conduct its relationships with Partners (both as the Company's members and as employees of John Lewis plc assigned to work for the Company), customers, suppliers and other stakeholders and the communities in which it operates. Further information on decision-making and engagement with stakeholders in the Partnership can be found in the Partnership's Annual Report and Accounts available at www.johnlewispartnership.co.uk

The purpose of the Partnership is set out in Principle 1 of the Constitution: "The Partnership's ultimate purpose is the happiness of all its members, through their worthwhile and satisfying employment in a successful business". Principle 3 of the Constitution says that "the Partnership aims to make sufficient profit from its trading operations to sustain its commercial vitality, to finance its continued development, to distribute a share of those profits each year to its members, and to enable it to undertake other activities consistent with its ultimate purpose". These two Principles are the core fundamentals that underpin the Company's strategic direction. In setting the strategic direction of the Company, Directors also take into account the principal risks facing the business.

Decision making at the Board

All matters which under the Company's governance arrangements are reserved for decision by the Directors are presented at Board meetings. Directors are briefed on the background and reasons for any proposal and the associated costs, benefits and risks, as well as any potential impacts and risks for our customers, Partners and other stakeholders - including our suppliers, the community and environment - and how they are to be managed. The Directors take these factors into account before making a final decision which together they believe is in the best interests of the Company and its members - our Partners.

Stakeholders

Our key stakeholders are our Partners, who are at the heart of our purpose and work in service of our customers. Our direct customers are other companies in the Partnership but, like them, we are focused on responding to the needs of, and building long-term relationships with, retail customers. Other key stakeholders are the other landowners with whom we transact, and the communities and environments in which we operate.

Long-term sustainability

We aim to make sufficient profit to sustain the Company's commercial vitality. This is balanced against the needs of our customers, Partners and other stakeholders and the community to ensure we are conducting all our business relationships with integrity. The long-term sustainability of the Partnership is at the forefront of decision-making, particularly in response to the challenging conditions in retail over the past three years and those facing the Company and its stakeholders as a result of the Covid-19 pandemic.

Partners

The Directors engage with Partners in many different ways, including regular dialogue, summaries of Partner opinion prepared by the independent Democratic Vitality team, vlogs, podcast and email updates, the Partnership's intranet and through the independent Gazette, and the effective and innovative use of opinion tools. Further information on the engagement methods in the Partnership, which are used by the Company's Directors are in the Partnership's Annual Report available at www.johnlewispartnership.co.uk.

Customers

The Partnership's customer research team is the voice of the customer, understanding how customers and potential customers think and feel. They gather their experiences and expectations through surveys, face-to-face research, customer feedback to Partners and contact centres and external data sources. Regular customer reports are produced for management and are regularly shared with Directors, and provide insight into the future property needs of the Partnership companies.

Producers and suppliers

We work closely with other landholders, developers, and a range of legal and professional service providers. The Company has taken measures to prevent modern slavery and human trafficking in its business and supply chains. Further information is available at www.johnlewispartnership.co.uk/csr.

Financial stakeholders

The Company seeks to make information available to financial stakeholders as part of information provided about and by the Partnership. This includes contact details should stakeholders wish to discuss anything directly. Directors regularly participate in financial updates and announcements made by the Partnership, which gives stakeholders an opportunity to engage directly with them.

Community and environment

The Partnership's Constitution requires Directors to take all reasonable steps to minimise any detrimental impact the Company's operations may have on the environment. We have set ambitious targets to reduce the environmental impact of our buildings. Full detail of performance against these targets and of activities designed to help Partners and communities thrive, such as The Golden Jubilee Trust, is available in the Partnership's Annual Report and at www.johnlewispartnership.co.uk/csr.

Business Conduct

The Company aims to conduct all its business relationships with integrity and courtesy, and scrupulously to honour every business agreement.

Acting fairly as between the Company's owners

The Company forms part of a group which is held in Trust for the benefit of both its current and future Partners, and their interests are at the forefront of Board decision-making.