ANNUAL REPORT & ACCOUNTS 2025

JOHN LEWIS PARTNERSHIP | JOHN LEWIS | WAITROSE

Find out more

For more information on the progress we are making against our Ethics and Sustainability strategy and to read our latest Modern Slavery Statement, visit www.johnlewispartnership.co.uk/csr.

More detailed non-financial performance information can also be found at www.johnlewispartnership.co.uk.

STRATEGIC REPORT

MESSAGE FROM THE CHAIRMAN

Welcome to the Annual Report and Accounts of the John Lewis Partnership for the 52 week period ending 25 January 2025.

The Partnership has made solid progress this year, with performance underpinned by remaining true to our values and striving to deliver quality products, value and service for our customers.

Our performance in 2024/25 reflects our confidence in delivering against the transformation plan, with profits tripling year-on-year, strong liquidity and the lowest level of borrowings since 2002.

I recognise that this effort could not have been achieved without the loyalty of our customers and the hard work, commitment and dedication of our Partners, suppliers and stakeholders. I would like to take the opportunity to thank them for their continued support and trust in the Partnership.

Looking forward, we still have a lot of work to do. Our focus remains on growing our Waitrose and John Lewis brands - supported by our complementary businesses in financial services and build to rent. We are enhancing the core elements of great retail and what makes our brands truly special for our customers. This year, our strong financial position means we are investing over £700m in our transformation, in particular our stores and supply chain estate, as well as in our Partners' pay.

Our distinct Partnership model stands out as a key competitive differentiator, enabling us to adopt a long-term perspective. I am confident that the transformation momentum in the Partnership and the headroom in both of our brands will drive further growth in the coming year and beyond - creating a Partnership that our customers and Partners are truly proud of.

Pages 3 to 42 comprise the Group Strategic Report, which was approved by the Partnership Board on 10 April 2025.

Jason Tarry

Jason Tarry
Partner and Chairman

OUR PURPOSE

Working in Partnership for a happier world

The John Lewis Partnership, the UK's largest employee-owned business with around 69,000 Partners, was established by John Spedan Lewis as a better way of doing business and to drive positive change in society. In good times and tough, that ethos remains the same.

Our Constitution preserves the values that underpin our business within a single document that can only be changed with the consent of both the Partnership Council and the Chairman. Within our Constitution, we have set out Principles and Rules which define the Partnership's role in society, as well as our responsibilities to Partners, customers, suppliers and the communities in which we operate. Crucially, it also states that we are required to make 'sufficient' not 'maximum' profit, the reason why we have always been focused on reinvesting our profits back into our Partners and the pursuit of our Purpose.

Our Purpose - Working in Partnership for a happier world - was updated in 2022 to define more clearly our ultimate aim as a business, and why we exist.

Happier people	Happier business	Happier world
Our happier business starts with happier Partners, enjoying worthwhile and satisfying work in a supportive environment we all help to create. We treat people with fairness, courtesy and respect, and we work with others who do the same.	We build happier businesses that are honest, fair and free to think and act for the long term. We aim to make sufficient profit to retain our financial independence, invest in our Partners and pursue our Purpose.	We champion the role our Partnership can play in advancing the happiness of the communities we work with and the wellbeing of society. We build trusted business relationships, acting with integrity and doing what's right. We take responsibility for our impact on the planet. We work tirelessly to protect and restore nature, creating a more sustainable future for generations to come.

THE PARTNERSHIP BUSINESS MODEL

The John Lewis Partnership functions unlike any other business. Our employees are Partners and custodians of our experiment in industrial democracy. The three governing authorities of the Partnership are the Partnership Council, the Partnership Board and the Chairman, who jointly aim to safeguard the Partnership's future, to enhance its prosperity and to ensure its integrity.

Partnership Council reflects the views of all our Partners, for whom the business is owned in trust. The Partnership's democratic network of an elected Council and Forums enables Partners of all levels and experience to participate in decision-making, challenge management on performance and have a say in how the business is run. We have 62 Forums, made up of 1,050 elected representatives, that influence, inform and support senior leaders in different parts of our business and gather Partner opinion for Council. As a business run on democratic principles, local leaders work with Partners to agree the best way to hear and respond to Partners' voices within their branch or department – we call this Local Voice.

We have 60 Partners who have been formally elected by their peers to form our Partnership Council. In addition, on behalf of Partners, Partnership Council has elected three Partners to the Partnership Board as Elected Directors, and three Partners as Trustees of the Constitution.

THE PARTNERSHIP PLAN

This is the second year of our multi-year transformation plan which was refreshed in 2023/24 to focus on providing a brilliant retail experience for our customers, inspired by our Partners. We are making steady progress with our Partnership Plan, seeing growth in sales, profit and cash generation, along with increased investment in our business.

With this year's improved performance, we are able to make significant investment in Waitrose and John Lewis with up to £600m of planned self-funded investment in our transformation, in particular our stores and supply chain. This will be targeted at further enhancing the customer experience, modernising our technology and simplifying how we work.

Waitrose will continue to differentiate itself through exceptional service and by introducing innovative new products that focus on quality, inspiration, and food provenance. This will be supported by investment in our Partners, including refreshed training, new Waitrose shops in underserved areas, and refurbishment of existing stores. Additionally, we will invest in transforming our food system by reducing food waste and supporting UK farmers in adopting regenerative agricultural practices.

In John Lewis, we continue to invest in our core propositions of Fashion, Beauty, Home and Technology across our omnichannel retail estate comprising stores, online, the John Lewis App and Click & Collect at over 16,000 locations. We will build on rising customer satisfaction scores by delivering an improved customer experience through investment in our stores, technology and supply chain. This will be underpinned by our brand promise, to be Never Knowingly Undersold on quality, service and price.

While our relentless focus is on investing to grow our retail brands, we also continue to create a family of complementary businesses over the long term with financial services and building and managing rental homes.

Our key priorities and progress against them over the last year is shown in the graphic below:

ENERGISE OUR UNIQUE CUSTOMER OFFER TO DRIVE GROWTH	INSPIRED SERVICE DELIVERED BY OUR PARTNERS	MODERNISING OUR RETAIL INFRASTRUCTURE	SIGNIFICANT INVESTMENT FUELLED BY PRODUCTIVITY
• Sales +3.0% • Tripling of profit	• Customer satisfaction and loyalty up in both brands - 4.6m members for My Waitrose and 3.7m for My John Lewis • Second year of significant investment in Partner pay of £114m	• Significant brand investment in Waitrose and John Lewis stores • Underpinned by infrastructure and tech investment	• £255m savings delivered • Up to £600m investment planned in our retail brands

OUR PERFORMANCE - HAPPIER BUSINESS

Transformation delivering solid progress

- Profit before tax and exceptional items[1] tripled from £42m to £126m;
- Profit before tax grew from £56m to £97m, up 73%;
- Sales[2] rose by 3% year-on-year, up from £12.4bn to £12.8bn. Revenue[3] was £11.1bn, up 3%;
- Operating profit margin[4] improved to 2.0%, up 0.9 percentage points year-on-year;
- Customer numbers grew by 2% over the year;
- Cash generated from operations[5] increased by £99m to £532m, up 23%;
- Repaid £300m bond from cash reserves resulting in the lowest borrowings since 2002;
- Strong balance sheet with total liquidity[6] of £1.5bn;
- Investing a further £114m in Partners' pay and up to £600m in business transformation; after careful consideration, we have prioritised this investment over sharing a Bonus this year.

The John Lewis Partnership, home to Waitrose and John Lewis, reports a significant improvement in financial performance for the full year 2024/25 as profit before tax and exceptional items tripled from £42m to £126m.

Our full year performance demonstrates solid progress on our multi-year transformation plan as we maintain our focus on 'Brilliant Retail'.

Profit before tax increased by 73% from £56m to £97m. Partnership sales were £12.8bn, up 3% year-on-year, while total revenue was up 3% to £11.1bn. Operating profit margin increased 0.9 percentage points to 2.0% as our sharp focus on productivity showed benefits. Cash generated from operations was £532m, up £99m (23%) year-on-year.

More customers shopped with our brands this year, up 2%, and we saw growth in our loyalty schemes: My Waitrose up 7% to 4.6 million active members and My John Lewis up 11% to 3.7 million.

We invested a third more in 2024/25 in our business than the prior year and intend to step up our transformation plan in the year ahead, backed by planned self-funded investment of up to £600m. We will continue to invest in improving the customer experience through store refurbishments and openings, technology upgrades and supply chain modernisation.

Our balance sheet remains strong. Total liquidity closed the year at £1.5bn and we have the lowest levels of borrowings since 2002 after repaying a £300m bond in January 2025. We made recurring productivity savings of £255m this year, while growing customer satisfaction, with total benefits of £667m realised since 2021, on track towards our £900m target by January 2026.

As employee-owners, we have a shared responsibility to ensure the Partnership is sustainable over the long term. We've consistently said that at this point in our transformation, this is best served by investing in our retail

[1] Profit before tax, Partnership Bonus and exceptional items (PBTBE). Additional detail is included in the Glossary. Partnership Bonus is £nil for 2024/25 and 2023/24 and exceptional items are described on page 93.

[2] All references to Partnership sales or sales are Total trading sales which includes VAT, sale or return, and other non-cash accounting adjustments.

[3] Revenue is Total trading sales, less VAT, sale or return and other non-cash accounting adjustments.

[4] Operating profit margin is operating profit before exceptional items and property profit/(loss) as a percentage of revenue. Additional detail is included in the Glossary.

[5] Net cash generated from operating activities before Partnership Bonus, bond finance costs and BonusSave plan. The BonusSave, a Share Incentive Plan, is explained further on page 79.

[6] Including undrawn credit facility of £420m.

businesses and in Partners' base pay. So after careful consideration, we do not believe it would be right to award a Partnership Bonus this year. We are increasing overall pay by £114m in 2025, building on the £116m increase in 2024.

Waitrose

Sales grew 4.4% to £8.0bn, revenue grew 4.7% to £7.5bn and volumes were up 2.6% as Waitrose continued its positive momentum. Investment in Waitrose's quality food proposition and lower prices - together with further improvements in technology and availability - helped drive this growth. Adjusted operating profit was £227m, up £122m as sales growth combined with productivity improvements delivered profit momentum. Operating margin doubled year-on-year to 3.0%.

Our focus on being the home for food lovers through innovation yielded strong results through:

- Investing in our ranges including the relaunch of Waitrose No.1 contributed to a 5.9% increase in sales of Waitrose own brand products. We also forged successful partnerships with exciting brands including Ottolenghi, WildFarmed and Gymkhana;
- Continuing our focus on lowering prices with £61m invested during the year, which means we have invested £150m since introducing New Lower Prices in 2023;
- Winning more Compassion in World Farming awards than any other supermarket and winning the best customer service award from The Grocer for the fourth year in a row;
- Opening the first Waitrose shop in six years with a convenience store in Hampton Hill, London, and revealing plans for a pipeline of new stores in the future;
- Refurbishing 14 Waitrose stores with new concepts as part of our store modernisation programme, delivering strong sales growth;
- Growing on-demand grocery sales by 110% in the year and entering a new partnership with Just Eat, adding to Uber Eats and Deliveroo. We are also reaching even more customers through expanded relationships with Welcome Break and Shell.

John Lewis

Sales and revenue were in line with last year, at £4.8bn and £3.6bn respectively, ahead of the market with momentum building across the year. Adjusted operating profit was £45m, down £16m. Overall, operating profit margin fell from 1.7% to 1.2%. This year has been pivotal for our business in what remains a challenging environment for the sector. We have taken steps to invest in the performance of John Lewis. Our focus has been on providing even better value through the return of the Never Knowingly Undersold promise, improved customer service and better product ranges.

The strategy has shown early success, with the business experiencing contrasting halves within the year. The first half saw a 3% decrease in sales and a £24m drop in adjusted operating profit due to investments in growth. Marked improvement in the second half led to a 3% increase in sales and £8m growth in adjusted operating profit, creating momentum for the future.

John Lewis made major strides forward in the year by:

- Relaunching Never Knowingly Undersold, with improvements seen across all key metrics - from driving incremental sales and attracting new customers, to a 6pts gain in the second half on our 'net promoter score' and better value for money perceptions;
- Good Christmas performance with 4.1% year-on-year sales growth over the eight weeks of peak, industry celebrated Christmas advertising campaigns and 'Brand Buzz', as measured by YouGov, at its highest for four years;
- Investing across our store estate, attracting customers to brand new Beauty Halls in Oxford Street, High Wycombe and Cheadle; new Tech concepts in computing and exciting branded shop fits across Home

and Fashion; as well as forging partnerships with brands including Waterstones, Jamie Oliver and Caffè Nero;
- Introducing new and in-demand brands, with more than 200 launches from the likes of Marc Jacobs and Sign of the Times in Fashion, Made and Ruggable in Home, the Oura Ring in Tech and Trinny London in Beauty;
- Capitalising on retail technology - including digital headsets, mobile payments and mobile ticket printing - which are improving customer service and efficiency;
- Enhancing omnichannel through 'deliver from store' fulfillment - where online orders can be shipped by our stores and not just our warehouses - which is improving availability and sales.

Building complementary businesses for the long term
John Lewis Money, our financial services business, launched new products and payment methods, generating additional revenue and enhancing our retail businesses. The Partnership Card customer base grew 6% in the year. We also advanced plans to optimise the value of our property estate by building new rental homes, receiving planning approval for our Bromley site, with two more sites in the planning process.

Outlook
While we expect the macroeconomic environment to continue to be challenging for our customers and our business, we are confident in our strategy. Our improved cash generation and strong liquidity allow us to invest significantly in the year ahead - a planned £600m - to enhance our customer proposition.

We are making solid progress and have much more to achieve. By relentlessly focusing on our customers' needs, delivered by our brilliant Partners, we will pursue the headroom for growth that exists in our retail brands. We expect to see a further increase in profitability in 2025/26.

BECOMING A MORE INCLUSIVE BUSINESS - HAPPIER PEOPLE

The Partnership continues to prioritise diversity and inclusion, and embed inclusion into its core operations to create a more successful business. We were proud to have three nominations at The British Diversity Awards, and to maintain the number one position on the FTSE Women's Leaders Index for the third year in a row.

During the year, we strengthened our plans through voluntary demographic data analysis of Partner experiences. This data and insight driven approach enables us to better identify and address the inclusion gaps, ensuring initiatives are impactful and aligned with the needs of Partners.

As a result we have created and delivered new programmes and events including the following:

- An internal progression programme, Elevate, for ethnically diverse mid to senior leaders;
- A Career Confidence Programme, led by Diversity in Retail for 80 ethnically diverse shop managers;
- An inaugural Inclusion Conference, attended by over 150 Partners;
- An Allyship Programme;
- Exhibited and presented on the BBC Creative stage at the UK Black Business show, attended by over 7,000 people.

We are pleased to see that the Partnership's gender pay gaps remain below the retail industry averages but we recognise there is more to do.

The mean gender pay gap has fallen significantly since 2020, largely attributed to gender representation across different job functions and premium pay for anti-social hours, which are included in the data. However, the median pay gap has widened this year due to changes in overall population numbers.

	Partnership 2024[7]	**Partnership 2023**	**Partnership 2022**	**Partnership 2021**	**Partnership 2020**	**UK AVE 2024**[8]	**RETAIL AVE 2024**[8]
MEDIAN PAY GAP	**5.7%**	4.4%	5.8%	6.4%	8.6%	13.1%	7.4%
MEAN PAY GAP	**7.1%**	7.0%	7.9%	9.0%	10.4%	13.8%	13.4%

To ensure we continue to close the gap in a meaningful way, we are working on a number of interventions that will help to support cultural shifts:

- We have partnered with Working Families, the UK's national charity for working parents and carers, to conduct a benchmarking analysis and now collect data on caring responsibilities, enabling us to better understand and address the needs of working parents, especially women;
- We continue to partner with LEAD Network, an organisation committed to attracting, retaining and advancing women in the consumer goods and retail sector, who provide mentoring opportunities;
- Our Partner Engagement Survey shows women score higher in growth, accomplishment and meaningful work and our data shows that, across a number of levels, there is an increased level of promotion for women.

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[7] Our Gender pay gap reporting is prepared in line with statutory guidance which uses a 'snapshot date'. The 2024 data was prepared using a 'snapshot date' of 5 April 2024.

[8] Source: Office for National Statistics provisional 2024 data from the Annual Survey of Hours and Earnings and based on full-time and part-time figures. Data taken from the reports in November 2024 www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/annualsurveyofhoursandearningsashegenderpaygaptables.

We are confident that our ongoing efforts in diversity and inclusion will continue to foster a culture where every individual feels valued, respected, and welcome, and will deliver sustainable progress toward our vision of becoming the UK's most inclusive business.

ETHICS AND SUSTAINABILITY STRATEGY - HAPPIER WORLD

Our Ethics and Sustainability (E&S) strategy sets the direction for us to become a more sustainable and ethical business. In service of our Partnership Purpose, 'Working in Partnership for a happier world', our aim is to create a kinder, fairer future for Partners, customers, suppliers and the communities in which we operate. Each area of our strategy is critical if we are to protect the planet and nature and respect and support the interests of all those touched by our business.

<table>
<tr><td colspan="3">Our Partnership Purpose
Working in Partnership for a happier world</td></tr>
<tr><td colspan="3">Our Ethics and Sustainability strategy</td></tr>
<tr><td>PEOPLE IN SUPPLY CHAINS
Protecting the rights of workers in our supply chains and championing the worker voice</td><td>CIRCULARITY AND WASTE
Designing with circularity in mind and eradicating waste</td><td>SOCIAL IMPACT
Connecting and giving back to communities and charitable causes</td></tr>
<tr><td>AGRICULTURE, AQUACULTURE, FISHERIES AND RAW MATERIAL SOURCING
Guaranteeing a fair deal for producers and supporting them to farm with nature</td><td>CLIMATE ACTION AND BIODIVERSITY
Reducing greenhouse gas emissions in our operations and supply chains, and protecting and enhancing nature through biodiversity</td><td>HEALTH, NUTRITION AND WELLBEING
Enabling customers, Partners and communities to lead healthy and happy lives</td></tr>
</table>

Our Plan for Nature, launched in October 2022, is a key part of our strategy and sets out five commitments reflecting our ambition to be bolder in protecting and restoring nature. Climate change is one of the leading causes of nature loss, and in 2023 we became the first retailer in the world to have science-based climate targets for forest, land and agriculture emissions validated by the Science Based Targets initiative (SBTi). We are developing our approach to climate transition planning to demonstrate how we intend to meet our science-based targets.

For more information on the Partnership's Ethics and Sustainability strategy and governance, including climate action, see our Ethics and Sustainability Report 2024/25, our Ethics & Sustainability Performance Data, the Ethics and Sustainability Committee report on pages 62 to 64 or https://www.johnlewispartnership.co.uk/csr/reporting/reports-policies-standards.html.

CLIMATE DISCLOSURES - HAPPIER WORLD

Introduction

The Partnership is committed to assessing the impacts of climate-related risks and opportunities across our operations, physical estate and supply chains. As part of our climate disclosures in this report we have outlined climate-related financial disclosures with reference to the Task Force on Climate-Related Financial Disclosures (TCFD) framework. We are developing our approach to climate transition planning, outlining the priority areas for action that the Partnership expects to take in the coming years. These actions will help us reach our SBTi validated science-based targets of net zero in our operations (Scope 1 and 2) by 2035 and across our entire value chain (Scope 3) by 2050. We will continue to build and develop our approach, which will further enhance our resilience to the changing climate and allow us to respond to the risks and opportunities that arise from the transition to a net zero, climate-resilient economy.

The full detail of our SBTi validated net zero science-based targets is available at: www.johnlewispartnership.co.uk/csr/our-strategy/climate-action.html.

Climate governance

Ethics and Sustainability Committee

In 2021, the Partnership Board established the Ethics and Sustainability Committee (ESC) as a Board-level committee. As defined by its Terms of Reference, the purpose of the ESC is to assist the Board in fulfilling its responsibilities for setting the E&S strategy in accordance with the Partnership's Purpose and values, as well as ensuring that the E&S strategy is embedded into the Partnership's operations.

The ESC is ultimately responsible for overseeing delivery of the Partnership's climate-related commitments, assessing performance and progress against plans at quarterly meetings. The Managing Director, New Businesses is accountable to the ESC for the Partnership's E&S strategy overall, and the Chief Financial Officer sponsors the Partnership's Climate Risk and Resilience programme. The ESC is supported in its duties by the Director, Ethics & Sustainability who updates the ESC at each quarterly meeting on the Partnership's progress in reducing our emissions, as well as our risk from climate change.

The ESC also monitors and reviews risks related to E&S, ensuring planned actions are aligned with risk appetite. Specifically, the ESC maintains on behalf of the Partnership Board (which retains overall responsibility for risk management) direct oversight of the Partnership's principal risk related to E&S as determined by the Partnership's Executive Team. In addition, the ESC provides input to the Audit and Risk Committee (ARC) on issues relevant to the duties of the ESC, particularly as they relate to matters of risk management and internal control, to inform the ARC's role to oversee the integrity of the Partnership's risk management and internal controls.

The ESC's membership includes two independent external members: Sarah Mukherjee MBE, Chief Executive Officer of the Institute of Environmental Management and Assessment; and John Morrison, Chief Executive of the Institute for Human Rights and Business. These members help to bring to the ESC best practice thinking and ongoing awareness of global developments in sustainability, which included an overview of expectations for COP29 Framework Convention on Climate Change and COP16 United Nations Convention on Biological Diversity at the ESC's November 2024 meeting.

For more detail on the work and role of the ESC, see pages 62 to 64. Full Terms of Reference can be found at www.johnlewispartnership.co.uk.

Climate Risk and Resilience working group

In 2021, we established a TCFD working group made up of Partners drawn from across the business, including specialists in climate change, data, finance, property and risk management, to assess our climate-related risks. In 2025, the remit of the working group was expanded to cover all aspects of climate risk and resilience, including identifying climate risks and opportunities as they arise, monitoring climate risk management across the business, helping to ensure our climate risk mitigation and adaptation strategies are fit for purpose and managing our climate-related disclosure.

For further information on Governance in the Partnership see the Governance Report on pages 43 to 81.

Climate risk management - approach

Climate change risks are managed within the Partnership's established risk management framework, as detailed on pages 30 to 37. The ESC directly oversees, monitors and challenges all E&S risks on behalf of the Board, including all climate-related risks. The Partnership Board has overall responsibility for risk management, and the

ARC is responsible on its behalf for reviewing and monitoring the effectiveness of the Partnership's risk management systems. Climate change impact, including risks and opportunities, is considered under the Partnership's principal risk 'Ethics and sustainability', and significant actions identified as part of our climate scenario analysis are recorded against this risk, and monitored in line with the Partnership's risk management processes. In addition climate change impact is also specifically considered by lines of business and key affected areas (e.g. E&S, Property) within their own risk management frameworks.

For more detail on the Partnership's risk management approach see pages 30 to 37.

Climate risk management - strategy
The Climate Risk and Resilience working group has responsibility for assessing our material climate risk and opportunity areas.

Time horizons
The Partnership recognises the importance of looking at short- (1-5 years), medium- (6-10 years), and long-term (11+ years) time horizons specifically for the purpose of assessing climate risks.

We have used long-term time horizons to assess physical risks: 2050 for all risk areas, and for property we have additionally used 2080. These dates broadly reflect the planning horizons of these departments, for example, when building a new property we consider up to a 60 year lifespan. We continued to use a 2030 time horizon for analysing transition risks, as we project the potential for significant impacts over this period if the goals of the Paris Agreement were to be met.

Material risk and opportunity areas
The table below identifies the highest-risk areas to the Partnership which remain unchanged from last year's report. These risks are reviewed on an annual basis.

Type of risk/ opportunity	Description	Potential impact to the Partnership	Relevant time horizons
Physical: acute and chronic climate change	Supply chain disruption	Increased severity of extreme weather events and variability of weather patterns will impact agricultural production, processing facilities and transportation in our supply chain.	Short, medium and long term, increasing in severity over time
Transition: policy and legal	Increased pricing of greenhouse gas (GHG) emissions	Implementation of a carbon price or tax on all emissions has the potential to increase the cost of products.	Short to medium term
Transition: market	Changing customer behaviour	Consumers making different product choices due to concerns about climate change represents both a risk to sales of some products, as well as an opportunity to meet consumer needs with increased focus on our existing lower impact products as well as new product types.	Medium to long term
Transition: market	Increased cost of raw materials	Increased prices of inputs such as energy and water would increase raw material prices and have a knock-on effect on the prices we pay for our products.	Short, medium and long term

Following this qualitative assessment, we identified those products and parts of our operations that would be particularly impacted by these risks, and identified three material issues for in-depth scenario analysis based on financial materiality:

1. Animal protein (physical risks to production, policy and legal risk, market risk and opportunity);
2. Distribution (physical risk, policy and legal risk);
3. Property (physical risk, policy and legal risk).

For the selected issues, we undertook scenario analysis to determine the potential financial impact of these risks on our business, if no mitigating actions were taken.

Climate scenarios analysed
We have used two climate scenarios for our analysis of climate-related financial impacts to the Partnership. The scenarios we have used are a high emission scenario and a low carbon transition scenario, and are intended to represent the outer limits of possible outcomes; climate scientists expect the most likely outcome is somewhere between the two. By looking at these two extremes, we are able to stress test our strategy against the range of possible outcomes.

Climate scenario	**Assumed level of warming**	**Context**	**Climate risks**
High emissions scenario	4°C of warming by 2100	Failure to limit emissions, limited policy changes, increases in emissions in some sectors, feedback loops may intensify warming. Consistent with the GHG concentration trajectory RCP[9] 8.5.	Primarily physical risks: Chronic climate change (changes in temperature and precipitation) and extreme weather events (floods, droughts, heatwaves and cold waves).
Low carbon transition scenario	1.5°C of warming by 2100	A rapid transformation of the global economy to drastically cut emissions. Consistent with the GHG concentration trajectory RCP 1.9.	Primarily transition risks: High taxes on carbon emissions and rapid changes in technology, policy and people's behaviour.

Results
The scenario analysis results indicated that the most material risk to the Partnership, before mitigating actions, relates to transition risks associated with animal protein. The most significant medium-term financial impact would be a carbon tax on the supply chain emissions of animal protein. A 1.5°C aligned carbon tax on animal products by 2030 could result in a potential £100-150m reduction in operating profit to the Partnership annually, before mitigation. To mitigate this risk, we have set a science-based target to reduce our supply chain (Scope 3) emissions, and are developing our climate transition plan to establish a framework for delivery. We are working with farmers and suppliers to reduce the climate footprint of our animal protein supply chain, while continuing to maintain and build our market-leading animal welfare standards and supporting consumers to access more plant-based protein, as well as having introduced a target to increase sales of fruits, vegetables and plant-based foods. More information on our animal welfare standards can be found at www.johnlewispartnership.co.uk/csr/animal-welfare.html.

The most material results of our scenario analysis (those with financial impacts>£10m) are shown below. The modelling of physical risks and the impacts they will have on our costs has greater uncertainty, and so these risks are shown with wider ranges of possible financial impacts than the transition risks.

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[9] RCP stands for Representative Concentration Pathway. There are five RCPs used by the Intergovernmental Panel on Climate Change (IPCC) to show plausible scenarios for future GHG emissions.

Modelling assumptions

The financial impacts calculated are based on the assumption that:

- The Partnership's business activities (operating model, emissions etc.) remain static and that the Partnership does not mitigate the impacts;
- All increases in costs are assumed to be fully absorbed by the Partnership and not passed onto consumers;
- The two scenarios constructed are mutually exclusive and no assessment has been conducted where both transition risks and physical risks take place at the same time;
- Land use related emissions and non-land use related emissions were assigned different carbon prices, due to the different costs expected for land-based and technological carbon removals;
- Animal protein emissions are based on sales volumes of all fresh meat (including poultry), fish, seafood, dairy and eggs;
- Flood risk damages are based on past flooding events. These have been used as a proxy for future damage across all properties. A sample of sites were analysed for future flood risk with sufficient representation of all flood risk ratings to extrapolate the financial impact across the estate.

Transition risks

Business area	**Risk**	**Relevance**	**Estimated potential annual financial impact**	**Mitigation**
Animal protein	Climate tax in 2030	A tax on the supply chain emissions of the animal protein that we sell would add significant cost to our business.	£100-150m reduction in operating profit (before mitigation)	• Working with farmers and suppliers to reduce the climate footprint of our animal protein supply chain in line with our Waitrose commitment that GHG emissions from our UK farms supply base will be net zero by 2035; • Supporting consumers with choices to eat more plant-based protein.
Animal protein	Dietary changes in 2030	If customers shift their consumption of animal protein to the levels recommended to limit global warming, our animal protein sales could decline.	Decline in animal protein sales: £50-75m reduction in operating profit (before mitigation) Increase in plant-based protein sales: Potential profit opportunity	• Meeting customer needs for plant-based protein; • Supporting our animal protein sales by being the best in the market for lower carbon and ethical animal products.
Property	Climate tax in 2030	A tax covering our Scope 1 and 2 (operational) emissions would add direct cost to our business.	£10-15m reduction in operating profit (before mitigation)	• Reducing our operational emissions significantly by 2030 in line with our science-based target, en route to meeting our commitment to net zero operations by 2035.

Physical risks

Business area	Risk	Relevance	Estimated potential annual financial impact	Mitigation
Property	Physical risks in 2050 and 2080	Of the possible physical climate impacts, increased flooding across all our sites was found to pose the greatest potential financial risk to our physical estate. Increased cooling requirements represent a smaller portion of the potential risk, and are largely offset by reduced heating requirements.	2080: £100-200m reduction in operating profit (before mitigation) 2050: £75-125m reduction in operating profit (before mitigation)	• Developing and implementing a flood resilience roadmap for high-risk properties; • Thorough flood risk assessments are carried out for all new sites.
Distribution	Physical risks in 2050	Of the possible physical climate impacts, sea level rise was found to pose the greatest risk to our distribution. A number of the ports that our products travel through are at risk of inundation under sea level rise scenarios.	£10-50m reduction in operating profit (before mitigation)	• Mitigation will involve working with our suppliers on climate resilience.
Animal protein	Physical risks in 2050	Long-term climatic changes and more extreme weather events could directly reduce livestock and feed yields.	£10-50m reduction in operating profit (before mitigation)	• Working with farmers and suppliers on increasing resilience, for example through breeding or flood protection.

Business resilience

The Partnership recognises the need to consider our resilience to the impacts of climate change, and is undergoing a process to ensure resilience to the impacts of climate change is included on all relevant risk registers. We have worked with experts within the business to identify situations where our supply chains or facilities have actively been affected by acute or chronic climate-related impact, including extreme weather impact on fresh produce supply, water scarcity in key sourcing regions, store flooding resilience, and agricultural supply chain wastage.

Further work to address business resilience to the effects of climate change is ongoing. We are in the process of developing our first climate transition plan which will assess the Partnership's ability to achieve our climate related ambitions, and its resilience to the effects of climate change. This assessment will enable higher risk areas of our business to be highlighted and potential effects mitigated.

A number of our highlighted material transition risks relate to the impact of taxation or regulation on carbon emissions that will add cost to the business. We are confident our carbon reduction plans in Scope 1, 2 and 3 will reduce the impact of this on our business. In respect of physical risks, we consider this an evolving space and will continue to work with property, commercial and supply chain teams to safeguard long-term security of supply and of our physical estate and logistics.

Approach to climate transition planning

Our climate risk scenario analysis work highlights a clear need and opportunity to further enhance our resilience to the changing climate and allows us to respond to the risks and opportunities that arise from the transition to a net zero, climate-resilient economy. In 2023, we became the first retailer in the world to set SBTi validated science-based targets on all GHG emissions originating from forests, land and agriculture (FLAG). Our net zero targets outline our required decarbonisation, based on three milestones:

1. A rapid reduction in emissions to meet our 1.5˚C near-term targets by 2030[10];
2. Achieving net zero in our operations (Scope 1 and 2) by 2035;
3. Achieving net zero across our entire value chain (Scope 3) by 2050.

For more detail on our full commitments, see www.johnlewispartnership.co.uk/csr/our-strategy/climate-action.html.

We have a number of existing key climate-related targets and metrics covered in the Climate performance - metrics and targets section on the following pages. These targets form part of our developing plan to meet our overarching net zero goals. We continue to refine our established plan for net zero in our operations (Scope 1 and 2) by 2035, and are developing Scope 3 plans, starting with our key hotspots and areas of influence.

We have reduced our Scope 1 and 2 energy and industrial emissions by 24.3%* since our baseline year of 2020/21, with more detail provided in the Climate performance - metrics and targets section on pages 17 to 21. To reduce these emissions by 60% by 2030/31, we have a number of plans and milestones, including:

- Our property estate:
    - We are targeting an absolute reduction of 25% in our energy consumption across our estate by 2028 (from a 2018 baseline). Further details of the energy efficiency measures we have implemented are included in the Climate performance - metrics and targets section (pages 17 to 21);
    - Our target is to electrify all our store heating systems by 2035. We are installing heat pumps, replacing gas heating systems, alongside our store upgrade and maintenance programme, as well as looking at other solutions such as infrared panels for heating;
    - We are upgrading our refrigeration systems with a water-cooled alternative to hydrofluorocarbon (HFC) so that all Waitrose core store refrigeration will be HFC free by 2028;
    - We have a target for 100% of our electricity to be certified as renewable by 2028, in 2024/25 92.9% of our electricity was certified as renewable. This is expected to be achieved via a number of methods, including Power Purchase Agreements, onsite renewables and purchasing electricity through a renewable tariff with the appropriate certificates.
- Our fleet:
    - We are committed to ending the use of fossil fuels in our transport operations by 2030 by converting our heavy trucks to biomethane by 2028 and electrifying our wider fleet;
    - To facilitate the decarbonisation of our fleet we have introduced biomethane refuelling stations and electric charging infrastructure; over 70% of our heavy trucks are now running on biomethane.
- To support our Scope 1 and 2 decarbonisation, we have embedded our net zero operations targets into our financial planning, decision-making frameworks and performance reporting to focus action on materiality and align with asset replacement cycles.

[10] Further detail on our near-term targets can be found at: www.johnlewispartnership.co.uk/csr/our-strategy/climate-action.html.

Our Scope 3 emissions baseline is 7.39 million tCO_2e (tonnes of carbon dioxide equivalent), with purchased goods and services making up the largest percentage of Scope 3 emissions - for more detail see the Scope 3 footprint section on page 20.

To meet our Scope 3 net zero targets, we must engage with our supply chain and customers. We have made key steps on this journey including: requesting key Waitrose suppliers set science-based targets; supporting our key suppliers to develop reduction roadmaps; sourcing 82.4% of the cotton used in own brand products from more sustainable or recycled sources; making 95.0% of John Lewis and 96.7% of Waitrose own brand primary product packaging widely recyclable, reusable or home compostable; and launching our PlantLiving and GoVeggie ranges. We collect supplier data through Manufacture 2030 and Worldly to support our suppliers to track and share their carbon data and plan reduction activities.

Climate performance - metrics and targets
The Partnership aims to reach net zero GHG emissions across its own operations by 2035 and across its entire supply chain by 2050. Our current key climate-related metrics relate to:

- Scope 1, 2 and 3;
- Renewable energy;
- Operational transport;
- Refrigeration.

Our targets and performance against our targets will drive the reduction of business risk to the effects of the outlined climate risks.

The Partnership's carbon emissions and energy consumption
This section discloses our operational energy consumption, carbon footprint, and energy efficiency initiatives from 28 January 2024 to 25 January 2025 in line with Streamlined Energy and Carbon Reporting (SECR) requirements.

We are committed to reducing the Partnership's GHG emissions and continue to make progress towards reaching our goal of net zero emissions in our operations by 2035. In 2024/25, the Partnership's Scope 1 and 2 energy and industrial market-based emissions were 111,039* tCO_2e, compared to 119,701 tCO_2e in 2023/24. This represents a reduction of 35,723 tCO_2e against our 2020/21 baseline, or -24.3%* reduction. In 2023, our carbon reduction targets were validated by the SBTi.

This year, KPMG LLP has issued an independent limited assurance opinion over the selected data highlighted in the table below with an asterisk (*) using the assurance standards ISAE (UK) 3000 and ISAE 3410. The assurance opinion and the Basis of Reporting can be found on www.johnlewispartnership.co.uk/csr/reporting/reports-policies-standards.html. KPMG LLP has previously issued an independent limited assurance over the selected data marked with a white diamond (◇) using the assurance standards ISAE (UK) 3000 and ISAE 3410. KPMG's conclusions for the current period does not cover this information. The previous period's assurance can be found in the 2023/24 E&S Report.

Climate performance metrics[11]				
Global GHG emissions data	**Performance rating against target[12]**	**2024/25**	**2023/24**	**2020/21 baseline**
Scope 1 and 2 energy and industrial market-based emissions change versus baseline (%)		-24.3%*	-18.4%◇	-
Scope 1 energy and industrial emissions (tCO2e)[13] Combustion of gas and fuel for transport purposes and refrigeration		92,592*	103,299◇	141,417
Scope 2 energy and industrial emissions (tCO2e)[14] Electricity purchased, and heat and steam generated for own use – Location-based – Market-based		106,555* 18,447*	106,707◇ 16,402◇	130,029 5,345
Selected Scope 3 emissions (tCO2e)[15] Subset of our total Scope 3 emissions, including: offsite water treatment, third party operations, business travel, waste, and transmission and distribution losses from purchased electricity	-	14,428*	14,876◇	33,157
Intensity metric (tCO2e per £m sales) – Location-based – Market-based	- -	16.7 9.8	18.1 10.8	24.7 14.6
UK only Scope 1 and 2 energy and industrial market-based emissions (tCO2e)	-	110,600	119,286	-
UK only intensity metric (tCO2e per £m sales)	-	9.9	10.9	-

[11] Performance figures in the table are based on the financial year. The exceptions to this are the baseline years for the Energy usage measures (see footnote 16 and 17) 'Diesel displaced by alternative fuels %' and 'Reduction in litres of fossil fuels %', which are based on the calendar year.

[12] Performance rating against target assesses the Partnership's confidence in meeting its target. Green is 'on track to meet target'. Amber is 'not currently on track to meet target, some improvement needed'. Red is 'not currently on track to meet target, significant improvement needed'.

[13] Scope 1: Emissions associated with our direct activities, such as heating our shops and offices and running our fleet of trucks, and company cars. These do not include any FLAG emissions or out of scope biogenic biomethane emissions. The biogenic origin of biomethane used in some of our vehicles results in total out of scope emissions of 43,329 tCO_2 for financial year 2024/25. These are emissions from biomethane production.

[14] Scope 2: Emissions from the electricity we purchase. 'Location-based' represents the average emissions factors for electricity grids, and 'market-based' represents supplier-specific emissions factors and considers renewable energy certificates.

[15] Selected scope 3: The categories presented in the table are a subset of, rather than our entire, Scope 3 footprint (see page 20), and are not included in the energy and industrial scope 1 and 2 science-based target. See our Basis of Reporting for the full list of data points included: www.johnlewispartnership.co.uk/csr/reporting/reports-policies-standards.html.

Energy usage	**Performance rating against target**	**2024/25**	**2023/24**	**2018 baseline**[16]
Partnership energy consumption (kWh) Total energy consumed (electricity, gas and transport) – Electricity – Gas – Transport	- - - -	1,092,060,534 507,159,402 174,234,452 410,666,680	1,128,248,164 508,554,378 188,787,273 430,906,513	1,280,410,028 639,096,177 284,809,768 356,504,083
UK only Partnership energy consumption (kWh)	-	1,083,738,182	1,119,937,353	-
Absolute energy reduction within the Partnership's physical estate (electricity and gas only) An absolute energy reduction within the Partnership's physical estate (electricity and gas only) of 25% by 2028 from a 2018 baseline		-26.2%	-24.5%	-
Partnership electricity renewable % All electricity procured by the Partnership to be 100% renewable certified by 2028 (Total electricity which is REGO backed)		92.9%	91.9%	-
Fuel, hydrofluorocarbon and refrigerant gas	**Performance rating against target**	**2024/25**	**2023/24**	**-**
Diesel displaced by alternative fuels % We will end the use of fossil fuels across the Partnership's transport fleet by 2030		49.4%*	44.4%◇	-
Reduction in litres of fossil fuels %[17] We will end the use of fossil fuels across the Partnership's transport fleet by 2030		-47.3%*	-42.7%◇	-
Heavy trucks converted to biomethane fuel % All heavy trucks to be converted to biomethane fuel by 2028		77.5%	72.5%	-
Waitrose stores HFC free %		75.0%	70.3%	-

[16] The Partnership's energy reduction target is against a 2018 calendar year baseline, rather than the updated financial year baseline for our validated science-based targets.

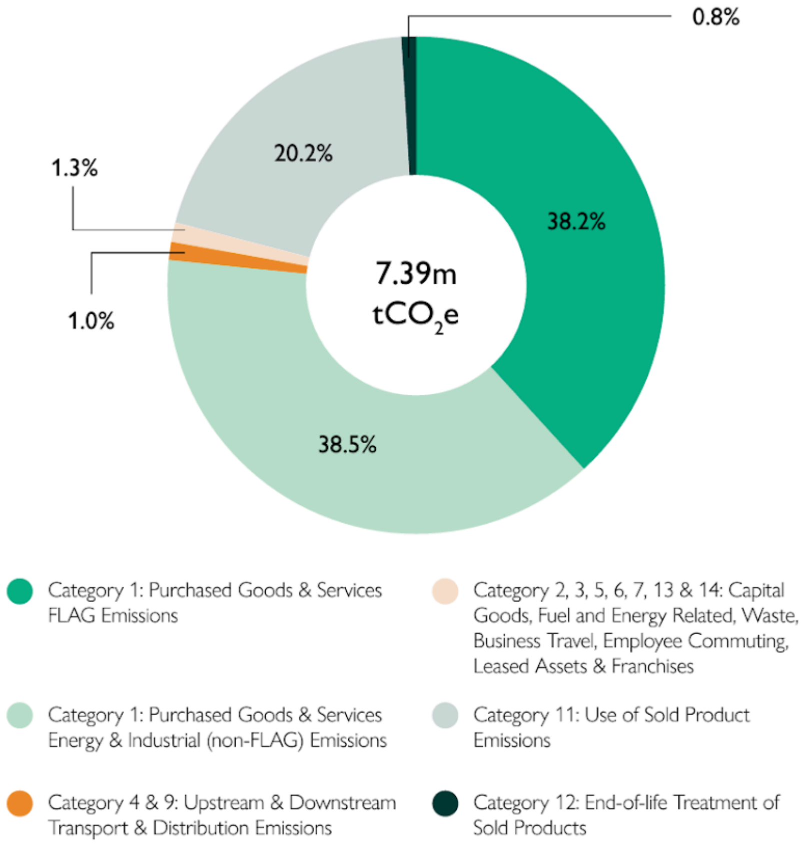
[17] The move to alternative fuels measured as a reduction in litres of fossil fuels for the calendar year 2024 is -47.3%* (18,378,962* litres vs the 2018 baseline of 34,855,311 litres, as specified in our £0.4bn Revolving Credit Facility).

All Waitrose core store refrigeration to be HFC free by 2028				
Refrigerant gas leakage rate % Waitrose to stay under a 7% refrigerant gas leakage rate		4.0%	5.2%	-

Scope 3 footprint

Our Scope 3 emissions baseline for 2020/21 is 7.39 million tCO_2e, with purchased goods and services making up the largest percentage of Scope 3 emissions.

Total Scope 3 Emissions 2020/21 Baseline



Methodology

The methodology used to calculate our Scope 1 and 2 GHG emissions and energy use is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), using the operational control approach.

The Scope 1 and 2 data has been calculated using Department for Energy Security and Net Zero 2024 emission factors for all sources of carbon emissions, with the exception of certain refrigerants, and market-based renewable electricity, which are taken from industrial and academic sources. All emissions and energy usage is UK based apart from a small percentage of GHG Scope 3 business travel. The intensity metric that the Partnership uses to normalise emissions for annual comparison is tCO_2e per £m Total trading sales (tCO_2e per £m sales).

Our Scope 3 GHG emission of the baseline calculation follows the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Land Sector and Removals Guidance (Draft) using an operational control approach.

Our kWh energy consumption data for gas and electricity is gathered from billing data which is based on meter readings.

For transport kWh, data is gathered from meter readings (for natural gas), and delivery invoices (for other fuels).

For distribution kWh, these are calculated from fuel invoices, telematics and fuel card reports. Where a gap is identified for a given site, consumption is estimated using average consumption based on the available data for the site.

Energy efficiency

We continue our commitment to reduce the Partnership's overall energy consumption across our physical estate, through the development and implementation of smarter energy saving technologies. This year, we reached a 26.2% absolute energy reduction within the Partnership's physical estate (electricity and gas consumption) against our 2018 baseline, exceeding our target of -25% by 2028. Progress in 2024/25 included:

- Continuing the roll out of heat pump technology to a further 18 stores, removing the need for gas and providing a more efficient form of electric heating. This brings us to a total of 39 stores with heat pump technology installed, we are on target to electrify all our store heating systems by 2035;
- Continuing to deploy the pioneering AirDoor™ technology which lessens hot and cold air infiltration into a building, thereby reducing the energy consumption required to regulate temperatures. We have installed a further 13 AirDoor™ across our John Lewis and Waitrose stores this year;
- An additional 14 Waitrose stores received a refrigeration upgrade. This involved a full replacement of conventional HFC based refrigeration systems with a low global warming potential water cooled alternative;
- Continuing to offer the energy awareness training module which is available to all Partners, and we have continued to promote the behaviour change campaign ('Switch off and save!') across the Partnership, with clear messaging and support on addressing energy efficiency opportunities;
- Continuing to review set points and time clocks to ensure we are using energy responsibly and to identify any opportunities for further reductions. For example, reviewing the temperatures in our buildings, and of fridges and freezers and the timing and configuration of lighting, all to make sure we are minimising energy consumption wherever possible;
- Destratification fans have been used in a number of shops where historic data shows that a shop is challenged with stratification. This is where the warm air provided by ventilation systems is held up at high level and does not benefit the occupied space. The destratification fans help to mix this air, thus improving conditions and saving energy due to occupied space. The controlling thermostats within these areas are warmer, and so the ventilation plant does not need to supply as much heat as previously;
- We have been working with Wirth Research and PureCold on a new solution for harvesting heat from the tops of our refrigerated cabinets and distributing this in the aisles of our shop. We have successfully proven this solution in the test labs and have recently installed this as a site trial into one of our branches so that we can evaluate the 'real world' results.

Renewable energy

This year, 92.9% of electricity purchased across our physical estate is backed by Renewable Energy Guarantees of Origin (REGO) certified renewable energy sources, and is considered in our Scope 2 market-based reporting, aligned with the GHG Protocol.

PROMOTING THE SUCCESS OF THE PARTNERSHIP - SECTION 172(1) STATEMENT

This section, along with all other pages referred to here, forms the Partnership's section 172(1) statement. The law requires the Directors to act in the way they consider would be most likely to promote the success of John Lewis Partnership plc (the Company) for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- The likely long-term consequences of decisions;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct;
- The need to act fairly as between the Company's members (the Partnership is owned in trust for the benefit of its members, otherwise known as Partners).

A description of how these duties have been discharged is the central purpose of this Strategic Report and is also contained within the Governance Report. The section on our risks and uncertainties on pages 32 to 37 includes, amongst other things, an assessment of the impact to the Partnership of volatility in the external environment and geopolitical risks, including how these affect our Partners, our customers, our supply chain and our operations.

The Partnership's Purpose, which is set out in our Constitution, states that 'Our Partnership is an ongoing experiment to find happier, more trusted ways of doing business, for the benefit of us all. We work together to create a successful business and a fairer, more sustainable future for Partners, customers, suppliers and communities'. We summarise this as 'Working in Partnership for a happier world'.

This Purpose is in many ways aligned to the matters to which the Directors must have regard under section 172(1) of the Companies Act 2006, listed above on this page. For example, the requirements to take account of the likely consequences of any decision in the long term, to have regard to the interests of the Company's employees, to foster business relationships with suppliers, customers and others, and to have regard to the impact of the Company's operations on the community and the environment, are consistent with the Purpose objective to create a more sustainable future for Partners, customers, suppliers and communities. The desirability of maintaining a reputation for high standards of business conduct and the need to act fairly between members of the Company align with the Purpose objectives of finding more trusted ways of doing business for the benefit of us all, and of working together to create a fairer future.

Decision-making at the Partnership Board

The Directors take a large range of factors into account before making a final decision which they believe is in the best interests of the Partnership, and both the Directors and those submitting papers for consideration are reminded through the Purpose of the section 172(1) obligations. The templates for papers submitted to the Board or Executive Team requesting a decision pose the question of how the matter advances the Purpose, and whether it would be at odds with any part of it. The Purpose is set out on the front cover of the document pack for Executive Team and Partnership Board meetings. The Board's minutes reflect how the Board has taken into account the Partnership's Purpose, in particular the ambition to create a successful business and a fairer, more sustainable future for Partners, customers, suppliers and communities, in relation to the matters considered and the decisions made at the meeting.

Long-term sustainability

The second Principle of the Constitution includes the objective of making 'sufficient profit to retain our financial independence, invest in our Partners and pursue our Purpose'. The shared aim of the Chairman, Partnership Council and the Partnership Board, our three governing authorities, is to safeguard the Partnership's future, enhance its prosperity and ensure its integrity.

The Partnership's key stakeholders, and community and environmental impact

When it is carrying forward that aim, the Partnership Board, aligned to our Purpose, keeps in mind the impact the Partnership has on different stakeholder groups. These stakeholders include: our customers, whose needs we respond to and with whom we aim to build long-term relationships; our producers and suppliers from whom we purchase goods and services; the communities and localities in which we operate; and our financial stakeholders, including the Partnership Pensions Trust, relationship banks, credit insurers and holders of John Lewis plc financial bonds. Alongside these, engagement with campaign groups and non-governmental organisations, particularly those working on ethics and sustainability, is key. Partners - who are more than employees and, under the Partnership's ownership model, are owners of the business - are fundamental to bringing the diverse group of stakeholders together to collectively deliver our Purpose.

On the following pages, we describe our key stakeholders, an overview of their interests, ways in which the Partnership Board engages and acts with regard to these groups when taking its key strategic decisions, and some key highlights of stakeholder engagement in the Partnership from the year under review.

Stakeholder	How do we engage?	Key highlights from 2024/25
Partners Our Purpose is clear that, as owners of the business, Partners are more than employees and share knowledge, power and profit. The Constitution empowers all Partners to shape the future of the Partnership. Hearing Partner opinion and ensuring this is taken into account in decision-making is intrinsic to our employee ownership model. See also: ● Becoming a more inclusive business, pages 9 to 10.	Three Partners are elected to directorships on the Partnership Board. All Directors are non-voting members of and regularly attend Partnership Council meetings. Forum is the first formal layer of democracy operating on a geographical or subject matter basis. Most Council meetings discuss a regular report about 'What's On Partners' Minds' which, amongst other things, ensures that Partners' opinions are passed up from the Forums. Partners receive updates about the Partnership from regular dialogue with leadership, email updates, podcasts, vlogs, the Partner Intranet, and through the weekly independent Gazette publication. The Partnership Board is also provided with opportunities to engage with Partners directly. For any change programmes with the potential to impact Partners, the Partnership Board ensures that those programmes meet appropriate consultation requirements and are also undertaken with a	During the year, the Directors received updates on Partner safety, specifically relating to incidents of violence and abuse. This included a visit to a Waitrose store to learn about our 'Safer Shops' initiative and to speak to Partners about their experiences. A visit to Herbert Parkinson - our Partner-owned textile factory in Darwen, Lancashire - was arranged for the Directors during the year. They were given the opportunity to work alongside and engage with Partners directly. When one Elected Director left the Partnership and the Partnership Board in August 2024, Partnership Council decided to accelerate the triennial elections for Elected Directors due to take place in early 2025 to November 2024 rather than hold a by-election. This led to the appointment of three new Elected Directors from the start of the next year. More details are provided in the Governance report on page 48. In 2024, for the second time, the FTSE Women Leaders Review (the UK's independent, business led framework aimed at increasing the representation of women on boards and in leadership teams of the UK's largest listed and private companies) included data submitted by the 50 largest privately held companies in the UK. In this cohort, the Partnership recorded both the highest proportion of women on its board and the highest proportion of women at executive and 'executive direct report' level, with representation significantly above the average for the cohort. Reflecting shifting views towards democracy, both within the Partnership and in the wider world, we commenced a review of how our democracy is structured. The starting point was engagement sessions with Partners, leaders and elected representatives.

	focus on the wellbeing of, and support for, Partners whose employment may be affected. During the year, we ran three all-Partner surveys to gain insights from our Partners. The results, themes and actions plans were shared with the Partnership Board.	Findings and recommendations were presented to Forums and Partnership Council. The aims of the review and the recommended changes, which are expected to be implemented during the next year, are to ensure: ● Partners feel included; ● Partners believe in the Partnership's democracy; ● All Partners participate; ● The Partnership's democracy is adaptable and flexible; ● Opinion sharing is efficient and effective. Average time to hire for temporary roles to support the peak trading period was reduced by three days - the fourth consecutive year where we have improved the candidate and hiring manager experience.
Customers We take pride in making our customers happy. We put everything we have into everything we do, earning the loyalty and trust that we need to be successful. Our Partners support this by providing specialist expertise, curation and advice to our customers. The Partnership aims to offer its customers the best value in the marketplace for goods and services of comparable quality and availability. Our own brand ranges offer quality products for every budget, and we offer enhanced payment and credit services. We continually strive to optimise our customer experience by monitoring key customer metrics including Brand Advocacy via Net Promoter Score and Customer Satisfaction, reviewing performance against our historic measures and also our competitive market set. See also: ● Our performance on pages 6 to 8.	Our customer research teams are the voice of the customer, seeking to understand how customers and potential customers think and feel. We gather their experiences and expectations through surveys, face-to-face research, customer feedback to Partners, contact centres and external data sources. We also manage a dedicated Customer Perspectives Panel allowing deep dives, concept testing and more collaborative research on new services and products, to ensure we understand customer engagement and reaction ahead of launches. Regular customer reports are produced for management and for Partnership Board meetings, tracking and reviewing emerging trends, as well as measuring the business response and feeding in data to support both strategic and tactical initiatives and decision-making. During the year, the Directors considered customer interests, behaviour and expectations as well as likely future trends. This was achieved both through regular reporting and through the additional	In April 2024, Directors met focus groups of customers of both John Lewis and Waitrose in Cheadle, and accompanied them during shopping visits to discuss their experiences of shopping in our stores. In September 2024, John Lewis reaffirmed its commitment to customers on quality products, brilliant service and competitive prices with a refreshed brand promise to reflect how customers shop today. Our Never Knowingly Undersold promise has been reimagined, giving customers the John Lewis assurance on quality, service and price, with a promise that matches prices in store and online with 25 retailers. Meanwhile, Waitrose continued to invest in lower prices throughout the year as part of its ongoing commitment to customers. Waitrose retained The Grocer Gold Award for Best Service in 2024, for the fourth year running, and recorded 16 wins in The Grocer 33 weekly survey. The latest UK Customer Satisfaction Index rates John Lewis amongst the best retailers for customer service. Unfortunately, The Floor Room went into administration and closed its concessions in our shops in August 2024. We worked closely with the administrators and ensured that their customers who placed orders in our shops weren't left out of pocket. In January 2025, we were delighted to announce a new partnership with Tapi Carpets & Floors, which will see us launch dedicated concessions within 17 John Lewis stores around the UK during the next year. Both retail brands announced improvements to their store portfolios. During the year, major investments were made by John Lewis at High Wycombe, Cheadle and Oxford Street in London, and by Waitrose at Maidenhead and John Barnes in Finchley Road. Waitrose also announced plans to open convenience shops across the UK over the next five years.

	activities shown to the right.	In October 2024, Waitrose announced its partnership with Just Eat on a multi-year deal to expand its presence in the on-demand grocery and convenience sectors. The partnership will enable Just Eat customers to order from thousands of items to be delivered in 30 minutes or less from 229 Waitrose locations across the UK. The development of the Partnership's financial services proposition continued, underpinned by a regular focus on ensuring good customer outcomes. In recognition of the plans for John Lewis Money, the Directors attended a training session covering regulation of financial services firms. We progressed our Build to Rent operations during the year, with three sites announced for development, and management services provided at three aberdeen group-owned third party residential sites in Leeds, Leicester and, in October 2024, Birmingham. HomeViews, the UK's only independent review platform for residential developments, has reported that resident satisfaction at the apartments in Leeds and Leicester is above the UK benchmark on every metric.
Producers and suppliers A strong, trusted and transparent supply chain is integral to our success as a retailer. Our aim is to take a long-term view, working closely with producers and suppliers across our supply chains, forming mutually beneficial partnerships and ensuring workers are treated fairly. It is the strong working relationships we form that allow us to source high quality, more sustainable and ethical products for our customers. See also: ● Our E&S strategy on page 10; ● Waitrose compliance with the Groceries Supply Code of Practice on pages 59 to 61; ● Anti-bribery and corruption on pages 41 and 42; ● The John Lewis plc, John Lewis Properties plc and Waitrose Limited	The Partnership Board monitors relationships with the Partnership's suppliers in a number of ways including: ● Review by the ARC of compliance with the Groceries Supply Code of Practice; ● The steps the Partnership is taking to meet its E&S goals, to improve the livelihoods of those who grow, pick, pack or make our products and to prevent modern slavery and human trafficking in our business and supply chains through the ESC. Our Responsible Sourcing Code of Practice (RSCOP) sets out our expectations of all suppliers on issues such as pay, working hours, child labour, worker rights and representation. In addition, we have a number of supplier facing policies which cover a broad range of areas from animal welfare to timber sourcing standards.	In 2024, the Waitrose Foundation continued scaling its most successful programmes, such as microloans and energy-efficient cookstoves in Kenya and on-farm early learning facilities in South Africa. In Costa Rica, our pineapple growing communities benefited from access to healthcare screening programmes, financial education workshops and bursaries for further education. Waitrose also launched its Farming for Nature initiative during the year. See Environmental impact on pages 28 to 29 for more detail. In partnership with the Association for Stimulating Know-how (ASK India), the John Lewis hand-woven rugs project aims to set up worker committees, laying foundations that allow for more open dialogue between managers and employees. During the year, we conducted sessions and follow-up activity that engaged 101 factory employees across seven factories. Waitrose became the first major UK supermarket to source its own label fresh milk and cream products entirely from free range dairy herds. We continue to pay farmers a fair price and source from British farmers we know and trust. During the year, we ran a tender process to select a new whistleblowing reporting channel for employees of third party organisations working directly for the Partnership or on Partnership premises. This will be launched in 2025 and will support non-English speaking cases and operate globally, 24/7. The Partnership was a signatory to the Prompt Payment

published payment practice reports; ● Our Better Jobs programme at www.johnlewispartnership.co.uk/csr/creating-better-jobs.html ● Our full Ethics and Sustainability Report and Modern Slavery Statement at www.johnlewispartnership.co.uk/csr	The Partnership engages with suppliers in a number of ways, including: through our dedicated online supplier portals, supplier conferences and forums such as The Waitrose Farming Partnership (which encompasses the Livestock Steering Group, Fish Forum and Agronomy Group), and a number of programmes and advocacy work including The John Lewis Better Jobs Programme and The Waitrose Foundation. For more details on a number of our supplier engagement programmes visit: www.johnlewispartnership.co.uk/csr.	Code. During the year, this was replaced by the Government with the Fair Payment Code and the Partnership is considering its options whilst remaining committed to fair payment terms with suppliers.

Communities in which we operate In line with our Purpose, we are working in Partnership for a happier world. We are driven to make a difference to people's lives and create positive social impact, using the skills and resources within the Partnership to support where help is needed. See also: ● Our E&S strategy on page 10; ● Our Ethics and Sustainability Report and further information at www.johnlewispartnership.co.uk/csr.	The Board monitors relationships with communities in which we operate via the ESC, including the Partnership's response to the increasing social challenges faced by today's society. The Partnership engages on matters impacting communities via a number of channels including our national charity partnerships. We select national charity partners that support our ambition to improve the lives of those most vulnerable in the community and with a geographical presence matching our estate where possible, giving our Partners the opportunity to make a difference locally.	This year, we donated over £7m to good causes and were delighted to facilitate donations of a further £3m from our customers and Partners. This included funding for The John Lewis Partnership Foundation, a registered charity, which is dedicated to sharing the skills and resources we have within the Partnership, focusing on those social and environmental challenges where we can have a positive impact. As at the date of this report, the Foundation has four funds: Employability Fund, The Golden Jubilee Trust (supporting Partner volunteering), Nature Fund and Building Happier Futures. In 2024, we hosted two foodbank drives in Waitrose, with over 100 stores committing to support. We are grateful for the continued generosity of our customers as we tackle food insecurity together. For National Play Day, we launched a new Inclusive Play course in collaboration with Home-Start UK. The course includes expert guidance and practical advice developed alongside the Centre for Research on Play in Education, Development and Learning at the University of Cambridge, with further input from the LEGO Group. The Partnership's commitment to the Building Happier Futures programme continued. This included: ● Offering 143 roles to people from the care experienced community, a six-fold increase on the prior year; ● Launching a new lifestyle gifting collection, the latest in the Made by Care range; ● Moving the programme to sit as a fund within the John Lewis Partnership Foundation, enabling the award of grants to UK projects that provide education, connection, experience and fun for care experienced people; ● Donating our profits from the Laura Mvula single, 'I Know What I Know, from the John Lewis 'Live Knowingly' campaign,' to the programme.
Financial stakeholders This includes the John Lewis Partnership Pensions Trust, relationship banks, credit insurers and holders of John Lewis plc bonds. See also: ● Our performance on pages 6 to 8.	Through our website, we share details on our performance, and our Treasury team provides further detail as needed. We invite our financial stakeholders to join our financial updates and announcements, which gives them an opportunity to hear and engage with the Chairman, Chief Executive Officer, Chief Financial Officer and senior management. We maintain an open and	The Partnership repaid a £300m bond at maturity in January 2025, reducing its level of external debt. It also secured lenders' approval under the first of two one-year extension options to extend the maturity date of its £131m term loan by one year to December 2027. During the year, a new routine of quarterly engagement was established between the Trustees of the John Lewis Partnership Pensions Trust, the Chief Financial Officer, the Group Finance & Strategy Director and the Head of Treasury. Annually, the Chair of the Pension Trustee attends a Board meeting and provides a full overview of the Scheme's activities and operations. The Board reviewed and approved updates to the

	collaborative relationship with our pension trustee, providing financial information and proactive engagement ahead of material transactions.	Partnership's Treasury Standard to reflect organisational changes and ensure it remains comprehensive in managing financial risks faced by the business. Our pension trustee, relationship banks, credit insurers and bondholders were invited to a virtual results call and presentation at half year and year end, hosted by the Executive Team. On behalf of the Board, the Chief Financial Officer, the Group Finance & Strategy Director and the Head of Treasury also engaged with our relationship banking group and pension trustee at various points throughout the year.

Environmental impact

We have identified the following areas of focus within our E&S strategy to address our environmental impact:

- **Circularity and waste:** to help reduce the environmental impact of our business activity we must, where possible, transform our business model to support the transition to a more circular economy. We must design, make and sell products that limit waste and pollution, and keep materials in use for longer;
- **Agriculture:** animal welfare, farming practices, and their impact on our global climate, are of increasing concern and importance to the Partnership;
- **Aquaculture and fisheries:** helping drive positive change to conserve and ensure the sustainable use of the oceans and marine resources for generations to come;
- **Raw material sourcing:** we are committed to sourcing the raw materials used in our own brand products more sustainably, collaborating with others to drive positive change and being transparent about our progress. We recognise the potential negative impacts that our products and services can have on people, animals and the natural environment;
- **Climate action:** climate change continues to be one of the biggest threats to our planet. We must reduce our consumption, find renewable alternatives, and look critically at our impact across our entire value chain and take action;
- **Biodiversity:** we are committed to protecting and enhancing biodiversity and to reversing existing negative effects of biodiversity loss.

How do we monitor our environmental impact?	Key highlights from 2024/25
The Board monitors environmental impact via the ESC, including responding to the environmental challenges faced by today's society and those which may impact our business operations. The Partnership engages on environmental issues via a number of stakeholders, including our Partners, third parties and as signatories of a number of industry sustainability initiatives. This engagement ensures we have visibility of emerging threats as well as opportunities, are able to	Waitrose already sources all UK fresh produce from LEAF (Linking Environment And Farming) Marque-certified farms. During the year, it committed to also sourcing the rest of its global produce only from farms holding this certification by the end of 2026. The LEAF Marque is an assurance system that recognises more sustainably farmed produce. Waitrose expanded its commitment to certified seafood in 2024 by implementing plans to label certified Aquaculture Stewardship Council (ASC) farmed fish on its counters. This matches its existing labelling for wild fish certified to the Marine Stewardship Council (MSC) Standard. In June 2024, John Lewis launched its first circular design collection online and in store. With products across nightwear, babywear, men's cashmere, mattresses and filled bedding, the collection has been produced in accordance with our three circular design principles: material choices, durability and recyclability.

communicate and advocate collaboratively with the wider retail sector and develop our own initiatives to reduce our environmental footprint. Examples of collaborative or pre-competitive activity include our memberships of the British Retail Consortium and Aldersgate Group, and Waitrose's membership of WRAP's UK Food and Drink Pact (formerly the Courtauld Commitment 2030) and the WWF Retailers' Commitment for Nature.	May 2024 saw us expand our fashion rental offering to menswear, creating the biggest multi brand menswear rental platform amongst major UK retailers. In May 2024, Waitrose launched a groundbreaking initiative, Farming for Nature, working with its suppliers and farmers in the UK to support them in moving to a different way of farming, based around the principles of regenerative agriculture. Regenerative agriculture aims to improve soils, build water resilience and enhance ecosystems, allowing farmers to grow food in a way that also allows nature to thrive. The initiative builds on testing and measuring of various regenerative farming practices on the Leckford Estate, the Waitrose-owned farm, since 2019. Waitrose has committed to sourcing all UK meat, milk, eggs, fruit and vegetables from farms using regenerative practices by 2035, and also has plans to transform the Leckford Estate into a Regenerative Agriculture Centre of Excellence, which will provide education, tools and inspiration to other farmers. Farming for Nature was recognised for its leadership in advancing sustainability at the Compassion in World Farming Good Farm Animal Welfare Awards 2024, where it won the Sustainable Food and Farming Award. This year, we put an additional 43 biomethane trucks on the road and improved truck aerodynamics. We also tested a fully electric heavy goods vehicle, operated 65 trucks that self-generate electricity to power their trailer refrigeration systems and increased to 320 the number of electrical connections to power trailer refrigeration at depots. We have continued our investment in infrastructure that helps us reduce our Scope 1 and 2 emissions as part of our overall push to achieve net zero. This includes further installations of carbon-saving systems, such as heat pumps, LED lighting and the pioneering AirDoor™ technology.

For more on how the Partnership monitors and engages on matters concerning environmental impact, visit www.johnlewispartnership.co.uk/csr.html where you can also read Our Plan for Nature and the 2024/25 Ethics and Sustainability Report. For further information, see also:

- Our E&S strategy on page 10;
- Climate disclosures, pages 10 to 21.

Maintaining a reputation for high standards of business conduct

The Partnership's reputation for its standard of business conduct is a key driver of customer perception of our brands. All Partners are expected to contribute to the maintenance of high standards, and the Constitution provides our framework to do this for all Partners. It includes specific Rules for Partners relating to maintaining honesty, fairness, courtesy and promptness in their business conduct. The ARC oversees how the business manages compliance and this has continued to be an area of focus. Further information is provided in the Principal risk and uncertainties section on pages 32 to 37 and the Audit and Risk Committee report on pages 52 to 61.

Acting fairly as between the company's members (Partners)

The first Principle of the Constitution states that 'We treat people with fairness, courtesy and respect'. All Partners benefit from an interest in the ownership of the Partnership.

Becoming a more inclusive business on pages 9 to 10 and the Belonging at JLP Report, which can be viewed at www.johnlewispartnership.co.uk, set out how equality is fostered within the business.

RISK MANAGEMENT FRAMEWORK

Our approach

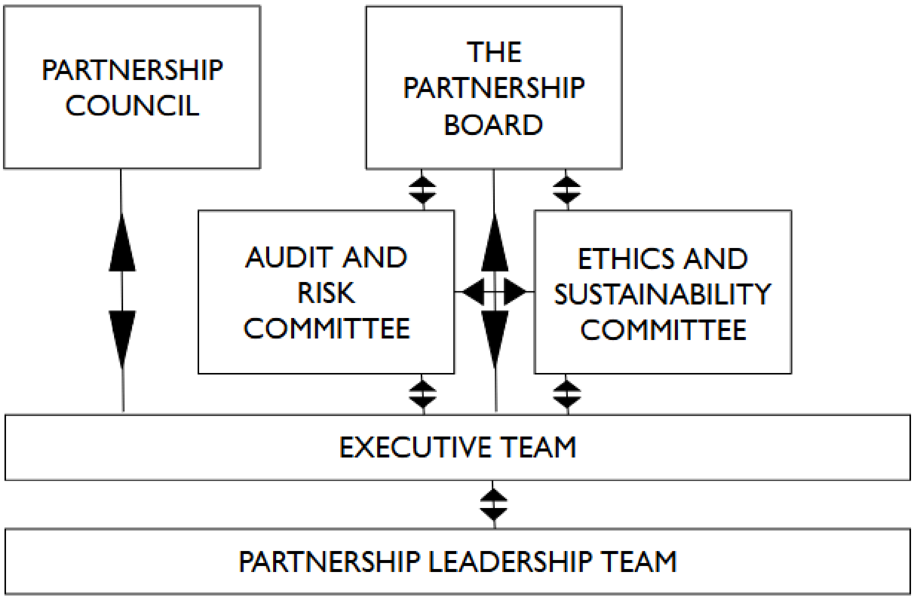
Risk is inherent in both our current operations and our future activities as determined by the strategic decisions we make in pursuit of the Partnership's future goals and purpose. Overall accountability for ensuring that risk is effectively managed across the Partnership and embedding an appropriate risk culture sits with the Partnership Board. The Board is also accountable for setting risk appetite, providing the overall guardrails for how much strategic, operational, financial and regulatory risk we are willing to take in the pursuit of achieving our goals whilst living by our Partnership Principles.

We implement a structured approach to risk management, designed to identify emerging and changing risks, manage and monitor them; and to communicate those that matter most through our governance structure. Our leaders are empowered to make risk-informed decisions for the Partnership and all Partners are aware of risks in their areas of responsibility to enable management of them in day-to-day activities. This approach is underpinned by our risk management policy, leadership accountabilities and Partnership behaviours.

Individually our principal risks are materially significant enough to require Board oversight. Our governance processes ensure a blend of 'bottom up' visibility of risk, with quarterly 'top down' oversight by the Executive Team, and challenge by the ARC, the ESC, and the Partnership Board. Regular monitoring of principal risks supports the Directors' assessment of the long-term viability of the Partnership as detailed on pages 38 to 40 as well as delivery of the Partnership Plan.

Risk governance

Our governance framework, illustrated below, provides the support structure to ensure Partnership risks are properly managed.



The Executive Team owns the implementation of effective risk management across the Partnership. Its members own and monitor the principal risks to achieving the Partnership Plan within the appetite set by the Board and are supported by their Partnership leadership teams to identify and manage risks as they relate to their areas of individual accountability. The ARC has responsibility, on behalf of the Board, for assessing the overall effectiveness of systems of risk management and control. Also, risks most related to being complete, accurate, fair, balanced and understandable in our financial statements and our financial health, information security and compliance-related risks and mitigations are challenged in detail by the ARC on behalf of the Board. Ethics and sustainability risk and compliance matters are reviewed by the ESC on behalf of the Board. All other principal risks, generally more strategic in nature and predominantly relating to Partners, customers, change and our response to the evolving external environment, are reviewed directly by the Board. Accountability for oversight is noted in the table of principal risks on pages 32 to 37.

This activity is facilitated by the Partnership Risk Team, part of the Partnership's broader Risk and Assurance Team. The Director of Risk and Assurance has a direct reporting line to the Chair of the ARC. For further details about key roles and responsibilities, please see the Audit and Risk Committee report on pages 52 to 61 and Ethics and Sustainability Committee report on pages 62 to 64. The Director of Risk and Assurance monitors progress of our principal risks towards appetite, reporting our risk position quarterly to the Executive Team, ARC and Board which also links directly to the Partnership Balanced Scorecard; a new initiative for 2024 designed to support raising the visibility and importance of effective risk management across the Partnership and enable quick course correction.

Risk appetite

The Partnership's risk appetite statement is owned by the Board in line with good governance. It sets out the nature and extent of risks the Partnership is willing to take or accept in pursuit of our objectives and therefore acts as a set of guardrails for the Executive Team, leaders and all Partners to operate within, against which decisions are made and investment and other resources prioritised.

This year our risk appetite statement wording has been enhanced, creating a clear thread from our Purpose to strategic and operational decision-making through the Partnership. The changes reflect the Board's current posture for risk-taking in pursuit of our strategy. Our risk appetite has also been validated by the prioritisation of investment activity to meet and de-risk the Partnership Plan within the Board's agreed tolerances.

Risk management process

The Partnership has a systematic approach to identifying, assessing and managing risk as illustrated below.

The process is a continuous cycle, which supports leadership teams to take informed risk in decision-making. It is underpinned by our expected behaviours as we recognise that behaviour has a significant influence on the effectiveness and efficiency of our decision-making; and that better risk taking and management will significantly improve our ability to succeed in delivering the Partnership Plan. The key features of each step are as follows:

1. **Understand the context:** ensuring the right people are involved in the conversation, at the right time and with collective agreement on what outcome or goal the group are identifying risks to achieving;

2. **Identify risks:** through discussion, including causes and consequences, using the risk universe as a prompt;
3. **Evaluate risks & controls:** risks are scored against the Partnership risk criteria matrix to ensure a consistent assessment of impact and likelihood, inclusive of any controls already in place;
4. **Assess against risk appetite:** the net risk score is compared to the Partnership's risk appetite to assess if too much or too little risk is being taken. Any risks outside the Partnership's risk appetite are escalated with a proposed plan of mitigating activity to close the gap within a defined timeframe;
5. **Action risks:** generally reducing the exposure, with key actions documented in a risk mitigation plan with clear ownership, timelines for completion and measures of success;
6. **Monitor and report risks:** risk owners with the right level of accountability report on the progress of principal risks to the Executive Team, ARC and Board on a quarterly basis. Principal and Leadership level risks are also reviewed top-down in quarterly risk reviews, owned by the Executive Team.

Emerging risks

Identifying emerging risks is an integral part of the risk management process outlined above, with Partners at each level of our governance structure undertaking horizon scanning as part of their regular risk discussions. Emerging risks identified through this process are assessed and monitored to understand their potential impact on the Partnership and facilitate proactive mitigations as appropriate. Examples of emerging risks identified during the course of this year and actively being monitored include:

- The impact of geopolitical events on the global economic outlook and inflation, including recent changes in government, particularly in the UK and US and tensions in the Middle East and Ukraine;
- The increasingly complex regulatory landscape;
- The risks and opportunities associated with the increasing use of Artificial Intelligence (AI);
- The increasing reliance on, and management of, third party suppliers.

PRINCIPAL RISKS AND UNCERTAINTIES

Our principal risks are the most significant risks to achieving our strategy, considering the potential impact and likelihood of occurrence. Oversight and monitoring of them takes place formally on a quarterly basis, through the governance mechanisms set out on the previous pages.

The Executive Team, ARC, ESC and Partnership Board have reviewed the Partnership's principal and emerging risks over the course of this year. Mitigations delivered this year have served to reduce our overall risk position and no new principal risks have been added.

Our principal risks are described in more detail on the following pages, together with clarity on how they align to our Partnership Purpose, key mitigation activity and any change in risk exposure score since last year's disclosure.

Managing our principal risks

The external risk environment in which we operate, with a range of existing, evolving and new emerging risks, continues to be challenging. The Partnership Plan is our strategic response to this and its effective operationalisation is our single most important mitigation.

Movement in risk exposure versus last year: Increased ⇑ Decreased ⇓ No movement ⇔

<table>
<tr><td colspan="2">1. Change delivery ⇔</td></tr>
<tr><td>Risk
Change activity does not realise the desired benefits to agreed timelines and drives unforeseen cost and consequences.

Key causes and consequences
Operating model and transformational change complexity combined with the volume and pace of the change required and capacity to deliver/receive change, could result in increased costs, disruption to trade, poor customer and Partner experience and missing our transformation ambitions.

Alignment to Partnership Purpose
Happier people, Happier business, Happier world</td><td>Mitigations
● End-to-end change and transformation team organisational structure refreshed to align to the new operating model and embedded across the organisation
● Business plan reviewed and agreed by the Partnership Board aligned to strategy delivery goals
● Multi year transformation plan defined and transformation roadmap regularly refreshed and aligned to the business plan
● Finance and governance processes simplified and in place with regular reporting, oversight and monitoring.

Owner
Chief Transformation & Technology Officer

Oversight
Executive Team and Partnership Board</td></tr>
<tr><td colspan="2">2. Productivity ⇓</td></tr>
<tr><td>Risk
We cannot make sufficient improvement in our productivity levels to deliver the necessary step change in financial performance.

Key causes and consequences
Inability to make a cultural step change to achieve a productivity mindset, alongside the pace of change being too slow with insufficient resource and capability to land the change required; combined with external economic pressures like inflation, this could mean that we fail to deliver the productivity savings required to fund the Partnership Plan and profit to deliver our Purpose.

Alignment to Partnership Purpose
Happier people, Happier business</td><td>Mitigations
● Monthly performance review to the Executive Team and Partnership Board on scorecard metrics and productivity goals
● Continued delivery of gross margin improvement initiatives and cost reduction activity
● Regular internal engagement with Partners on financial performance and productivity to reinforce goals and progress and reinforce productivity behaviours at all levels, every day

Owner
Chief Financial Officer

Oversight
Executive Team and ARC</td></tr>
<tr><td colspan="2">3. Information security ⇔</td></tr>
<tr><td>Risk
The Partnership suffers a loss of key customer, Partner and/or commercially sensitive data leading to financial, regulatory, legal, operational and reputational issues.</td><td>Mitigations
● A comprehensive five year cyber security strategy, aligned with the Partnership Plan, addressing the evolving threat landscape and legal/regulatory requirements
● Well-established governance framework - including information security policies and standards and an AI security standard - supported by a monthly steering group and underpinned by mandated security training for Partners and third parties</td></tr>
</table>

Key causes and consequences External and internal threats including ransomware, accidental or malicious mis-use of data and/or systems, and risks within our supply chain could expose the Partnership to loss of key customer, Partner or business data, causing internal and/or external reputational damage, interruption of IT service and trading, fines, unforeseen costs and regulatory consequences. **Alignment to Partnership Purpose** Happier people, Happier business	● Regular independent assessment of the information security programme's maturity to provide valuable benchmarking data and guide future improvement initiatives ● Continued execution of a multi year technology transformation ● Regular security testing of systems, applications, networks, processes, and personnel to identify and remediate vulnerabilities ● A highly skilled and experienced Information/Cyber Security team committed to continuous professional development **Owner** Chief Transformation & Technology Officer **Oversight** Executive Team and ARC
4. Strategic resilience	⇔
Risk Our strategy may not respond to the changes in the external environment sufficiently or fast enough to secure the future success of the Partnership, and/or it may not be sufficiently clear or compelling to inspire and engage Partners. **Key causes and consequences** Reduced margins due to changing customer behaviour and confidence - exacerbated by the fast-evolving geopolitical landscape - and competitor activity, coupled with a lack of alignment on priorities and/or a lack of a clear strategic vision may result in an inability to sustain financial performance and meet customer needs. **Alignment to Partnership Purpose** Happier people, Happier business, Happier world	**Mitigations** ● Next phase of the Partnership Plan shared at the start of 2024, focused on 'Brilliant retail that delights our customers and is inspired by Partners' ● New enterprise-wide operating model for the Partnership in place supported by capability and refreshed behaviours ● Priorities and investment plan communicated to Partners to ensure engagement ● Oversight and monitoring of progress against the strategy through quarterly reporting and scorecard metrics ● Regular external review of market, consumer and competitor trends and emerging risks with the potential to materially impact the strategy and business plan ● Continued engagement with Government and regulators directly and through trade groups **Owner** Chief Financial Officer **Oversight** Executive Team and Partnership Board
5. Customer proposition	⇓
Risk Failure to deliver profitable, market-leading propositions to inspire our customers and maintain competitive advantage. **Key causes and consequences** Poor customer insight, range, quality, pricing strategy, lack of investment and/or availability of products or competitor disruption could negatively impact the customer proposition and	**Mitigations** ● Continued development of high quality, innovative propositions, tested with customers for relevance and consideration such as the Waitrose convenience offering, price and health-based food campaigns and meal deals this year. In John Lewis the Never Knowingly Undersold brand promise returned in autumn 2024 and the ship from store proposition was launched ● Differentiation on own brand products in Home, Fashion, Waitrose No.1, Essentials and Duchy, and further development of John Lewis Money and Build to Rent offering ● Online payment enhancements and more personalised offers ● Customer and competitor activity and performance metrics monitored, evaluated and responded to

<table>
<tr><td>its competitiveness, leading to loss of customers, erosion of profit margins, reputational damage and failure to deliver growth plans.

Alignment to Partnership Purpose
Happier people, Happier business, Happier world</td><td>● Improved My John Lewis and My Waitrose benefits and member-only events and promotions, driving increased membership
● Investment in our brand-defining physical estate, alongside smaller scale investment across our portfolio

Owner
Managing Directors, Waitrose, John Lewis and New Businesses

Oversight
Executive Team and Partnership Board</td></tr>
<tr><td colspan="2">6. Operational resilience ⇔</td></tr>
<tr><td>Risk
Inability to prevent, remedy, and recover from a major/sustained business interruption, due to a loss of key IT systems; premises (including plant/equipment) or suppliers.

Key causes and consequences
Complex legacy IT estate requiring significant investment, upgrades and/or replacement; greater operational dependency on third parties to deliver key services; significant required investment in the physical estate; and/or siloed ways of working.

Alignment to Partnership Purpose
Happier people, Happier business</td><td>Mitigations
● Incident, crisis management and IT disaster recovery plans in place and tested to respond to emergent incidents. Post-incident review and lessons-learned processes in place to ensure continuous improvement
● Partnership resilience policy supported by an established assurance framework
● Vendor onboarding and contract management controls requiring third parties to undergo business continuity and compliance assessments
● Appropriate insurance policies
● Continued delivery of technology modernisation and operational investment projects
● Ongoing assessment of climate impact on operational resilience processes, plans and mitigating activity - see Climate disclosures on pages 10 to 21.

Owner
Chief Financial Officer

Oversight
Executive Team and ARC</td></tr>
<tr><td colspan="2">7. Partner differentiation ⇓</td></tr>
<tr><td>Risk
The responsibilities and benefits of membership are not sufficiently felt and experienced by Partners and/or do not drive a distinctive and better business in service of our Purpose.

Key causes and consequences
Pressure on pay, scale of Partnership transformation ongoing, and lack of clarity on, and tangible impact of, the responsibilities and rewards of being a Partner could lead to Partners not feeling or delivering a differentiated experience, leading to Partner and customer dissatisfaction.

Alignment to Partnership Purpose
Happier people, Happier business</td><td>Mitigations
● Clear purpose statement articulating why we exist, who we are and the guiding principles that drive us: Happier people, Happier business and Happier world
● Written Constitution that sets out how power is shared between our members and representative bodies and the Rules and values of the Partnership, the role of Partners within that, and key aspects of our distinctive character
● Partner Difference is a central element of the Partnership Plan and People strategy
● Clear Partnership behaviours focusing on our distinctiveness - including what it means to be a co-owner in our business - embedded throughout the Partner lifecycle
● Regular Partnership Council and Forum meetings to ensure Partner voice is heard in decision-making
● Financial and wider business performance shared transparently with Partners
● 90 day ‘earning membership’ process to ensure that all new Partners are right for our business and our business is right for them, and ensuring that new Partners understand our model
● Differentiated policies and benefits which bring to life how we treat each other as co-owners, enhanced wellbeing services and access to Partnership hotels and leisure facilities
● Financial assistance fund and support to help Partners manage their finances

Owner
Chief People Officer</td></tr>
</table>

	Oversight Executive Team and Partnership Board
8. Customer experience ⇓	
Risk Customers do not receive differentiated, excellent customer service across touchpoints. **Key causes and consequences** Systems, data, processes and the store environment impact service quality and convenience in store and online, resulting in declining customer experience and loyalty, and a gap between customer expectation and reality. **Alignment to Partnership Purpose** Happier people, Happier business	**Mitigations** ● Differentiated, personal service from Partners across Waitrose and John Lewis to provide excellent customer experience across all physical and digital touchpoints, supported by customer listening and insight, training and addressing customer pain points ● Customer insight data and key performance indicator review, including Have Your Say, customer satisfaction, customer voice (including complaints and queries such as through contact centres), mystery shoppers, product availability and Net Promoter Score ● Alignment of Partner availability and activities to evolving customer needs ● Ongoing focus on service training across John Lewis and Waitrose ● Expert advice provision to more customers through John Lewis customer advice appointments across beauty, personal styling, nursery consultations and home; and Waitrose embodied personal service in its counters offer **Owner** Managing Directors, Waitrose and John Lewis **Oversight** Executive Team and Partnership Board
9. Regulatory non-compliance ⇔	
Risk Failure to comply with key regulatory requirements. **Key causes and consequences** Lack of awareness, understanding or control of key and/or changing regulatory requirements could have legal, reputational and/or financial damage which, depending on scale, could cause major trading disruption. **Alignment to Partnership Purpose** Happier people, Happier business, Happier world	**Mitigations** ● Policies and standards for areas of regulatory compliance are shared across the Partnership and regularly reviewed. Second line assurance provision in key areas of regulatory activity ● Regular review by senior management of mandatory training completion rates ● Clear Executive accountability for each key regulatory area. ● Horizon scanning for new/changing regulations and the potential Partnership impact and response ● Globally recognised safety standard, ISO 45001, in place ● A confidential whistleblowing process allowing Partners to raise concerns anonymously ● Financial services quality assurance framework in place, including Consumer Duty legislative requirements **Owner** All Executive Team members **Oversight** Executive Team, ARC and ESC
10. Partner wellbeing ⇓	
Risk Partners' sense of wellbeing is threatened by societal and organisational uncertainty and change. **Key causes and consequences** Pressure on Partners relating to the cost of living challenges, anxiety from external social geopolitical instability, the longer term impact of the pandemic (in respect of both physical and mental	**Mitigations** ● Implementation of a health and wellbeing strategy which clearly connects wellbeing and our Purpose ● Wellbeing support services including occupational health and financial support tools to provide Partners with mental and physical health, emotional, financial and bereavement support ● Partner Choice offerings (non-financial rewards and benefits) monitored and refreshed regularly ● Management support to Partners through transformation and change

health and social impacts) and/or significant organisational change and job insecurity could lead to deterioration in Partner wellbeing, increased absence, loss of talent and failure to deliver the Partnership Plan. **Alignment to Partnership Purpose** Happier people	● Routine measurement, monitoring and oversight of Partner wellbeing maintained with rolling Partner surveys and benchmarking against the UK population ● Wellbeing champions embedded in every location/function **Owner** Chief People Officer **Oversight** Executive Team and Partnership Board
11. Ethics and sustainability ⇓	
Risk Failure to live up to our ethics and sustainability ambition. **Key causes and consequences** Our Partnership Plan and Purpose are centrally concerned with rising stakeholder expectations, economic pressures, increasing competitor activity, broad and complex supply chains, and the necessity of investment in systems, processes, data, and people. Failure to effectively manage our ethics and sustainability risks could result in a loss of trust from our customers, Partners and stakeholders; eroding brand value and jeopardising delivery of the Partnership Plan, in addition to potential legal and financial implications impacting our ability to operate. **Alignment to Partnership Purpose** Happier world	**Mitigations** ● Regular oversight and challenge on performance against ethics and sustainability goals through Board-level Ethics and Sustainability Committee ● Partnership Human Rights policy and framework in place and shared for awareness ● Commitments to ethical compliance for the products we sell in both Waitrose and John Lewis; stringent animal welfare requirements; and reduced plastics/packaging and operational food waste ● Net zero science-based targets validated by the SBTi ● Dedicated agricultural supply chains in key product categories ● Transparency on our E&S ambitions, through external targets and reporting e.g. Ethics and Sustainability Report and Human Rights Report ● Continued focus on developing our approach to climate transition planning ● Net zero operations targets embedded into our financial planning, decision-making frameworks and performance reporting ● Committed investment in low carbon vehicle acquisition ● Ongoing monitoring of energy consumption **Owner** Managing Director, New Businesses **Oversight** Executive Team and ESC

Looking ahead

Our principal risks will continue to be monitored through our governance framework as we manage overall Partnership Plan delivery. Quarterly risk reporting will continue to track adherence to agreed targets for each principal risk, in support of Partnership-wide scorecard reporting and achievement of the principal risk performance metric. Risk will remain integrated in business planning processes and support future strategy development. Decision-making will be supported by a schedule of deep dive assessments over principal and emerging risks, hot and strategic topics, such as the role of AI, third party risk management and the sourcing and security of global supply chains.

Alongside this scheduled activity, our risk culture will continue to mature as we maintain our focus on developing risk management behaviours, embed the new risk appetite statement across leadership and extend the delivery of risk refresher training this year to ensure that our processes and terminology are embedded further in commercial decision-making and more consistently across the Partnership to manage risk.

VIABILITY STATEMENT

The UK Corporate Governance Code requires directors of all companies with a Premium Listing to make a statement on the viability of their business within their annual reports. Although the Partnership is not required to adhere to the requirements of the UK Corporate Governance Code, in the case of the viability statement we believe that the UK Corporate Governance Code provides the best framework for the Directors to communicate how they have assessed the Partnership's ability to remain commercially viable in line with best practice, and to show how they continue to uphold their constitutional obligation to protect the long-term health of the Partnership. This takes into account the Partnership's current financial position (pages 82 to 150); current strategy (page 5); and risks and uncertainties (pages 32 to 37).

Assessment period

The Partnership Plan is designed to develop our business over the long term and is underpinned by work in recent years to strengthen the Partnership's balance sheet and financial sustainability, with £1.4bn in total liquidity available at the date of approval of these financial statements.

A wide variety of time horizons are relevant to the management of the Partnership:

- The Partnership Plan and associated funding - three years to 2027/28;
- Currency and commodity hedging forecasts - two years to 2026/27;
- Long-term financial strategy beyond the Partnership Plan outlining our financial ambition aligned to our Partnership Purpose;
- Asset lives - useful economic lives 3-50 years and lease payments typically subject to market review every five years.

The Directors have assessed the Partnership's viability over a three year period to January 2028. A three year period of assessment is deemed an appropriate timeframe as it captures the period over which detailed budgeting is provided for planning purposes.

Current climate

Given the pace of change in the retail sector, the economic and geopolitical uncertainty, along with risks resulting from the volatility in the external environment, we expect to see continued instability over the short term. We are continuing on our journey to implement the Partnership Plan in order to transform our business into a thriving Partnership, loved by Partners and customers.

Severe downside modelling

In assessing the viability of the Partnership, the Directors considered the Partnership's revenue, profit, net assets and cash position under the budget and the Partnership Plan approved by the Partnership Board. Based on the Partnership's principal risks, which are the most relevant risks when assessing the Partnership's viability, the Directors created three downside risk scenarios which are severe but plausible. The financial impact of the risks occurring was modelled by overlaying them on the budget and following two years of the Partnership Plan to quantify the potential impact over the assessment period. In addition, a combined severe downside scenario combining selected impacts and assumptions from the three scenarios was modelled, consistent with management's going concern assessment but extended for the full viability period.

The severe downside scenarios and the principal risks (pages 32 to 37) underpinning them have been assumed to occur over the three year period of assessment, in order to test the Partnership's ability to withstand multiple simultaneous challenges. These scenarios also assume that all Partnership borrowings are repaid at their maturity date and that no further refinancing or funding is undertaken. The potential impacts of one-off 'black swan' events that cannot reasonably be anticipated are not included within the severe downside scenarios.

The downside scenarios do not represent the Partnership's view of probable outcome. Details of the scenario assumptions and how they link to the Partnership's principal risks are summarised below:

Downside scenarios	**Link to Partnership's principal risks**
Scenario 1: There is low consumer confidence, inflation remaining higher for longer than market expectation and a high level of competitive pressure Assumptions: ● Sales and volumes decline until the end of 2025, and grow slower than the Partnership Plan thereafter ● Increased operating costs and lower margin rates ● Fall in the value of Pension scheme assets due to the market environment	Customer proposition Customer experience Strategic resilience
Scenario 2: The Partnership fails to deliver on its productivity improvement programme Assumptions: ● Underperformance of the margin improvements from productivity initiatives included in the Partnership Plan ● Under-delivery of cost savings included in the Partnership Plan	Productivity Change delivery Partner differentiation Partner wellbeing
Scenario 3: A serious but one-off disruption to operations from internal failure, and a breach resulting in a fine and reputational damage Assumptions: ● Fall in sales volumes due to reputation damage and operational disruption ● Significant penalties incurred in 2025	Operational resilience Information security Regulatory non-compliance Ethics and sustainability

Mitigating actions
In response to any of the scenarios occurring, the Directors have identified a number of mitigating actions to reduce costs and optimise the Partnership's cash flow, liquidity and covenant headroom, the majority of which would only be triggered in the event of a severe downside scenario materialising. These actions were identified as part of the Partnership's contingency planning, which considered both feasibility and time frames to execute. Mitigating actions include, but are not limited to, reducing capital and investment expenditure through postponing or pausing projects and change activity; deferring or cancelling discretionary spend (including discretionary Partner benefits); and reducing marketing spend. These mitigations are all within the control of the Partnership and exclude those mitigations which place some reliance on the external market (such as asset sales). Continuous monitoring of the Partnership's liquidity position enables management to proactively apply these mitigations as required.

Internal mitigations alone would be sufficient to absorb the effects of each of the severe downside scenarios in isolation.

Reverse stress testing
Further modelling was undertaken to review a scenario in which covenants would be breached even with all available internal mitigations implemented. In this highly unlikely scenario, which combines the existing severe downside assumptions with a decline in Partnership sales of 30%, the Syndicate Term Loan covenants are breached, triggering repayment of the loan. The Directors have concluded that the likelihood of a covenant breach that could not be mitigated is remote.

Viability assessment
This assessment is based on the Directors' best view of severe but plausible scenarios that the Partnership might face. If outcomes are unexpectedly significantly worse, the Directors would need to consider what additional mitigating actions were needed, for example accessing the value of our asset base to support liquidity.

Having reviewed current performance, forecasts and risks, the Directors have a reasonable expectation that the Partnership:

- Has adequate resources to continue in operation;
- Can meet its liabilities as they fall due;
- Can retain sufficient available cash across all three years of the assessment period;
- Will not breach any financial covenants attached to its financial debt (bonds, term loans and bank facilities).

The Directors therefore have a reasonable expectation that the Partnership will remain commercially viable over the three year period of assessment. An overview of the process undertaken to reach this conclusion was provided to, and reviewed by, the ARC (see pages 55 to 56).

OTHER REPORTING INFORMATION

Non-financial and sustainability information statement
This section of the Strategic Report constitutes the Partnership's Group non-financial and sustainability information statement, produced in accordance with sections 414CA and 414CB of the Companies Act 2006. The information listed is incorporated by cross-reference and the table below, and the information it refers to, is intended to help our Partners and other stakeholders understand the Partnership's position on key 'non-financial matters', meaning quantitative and qualitative information on the strategies, policies or activities we pursue towards our business, environmental and social goals. In reporting this, we focus on the aspects that are most material to our business, our Partners and other stakeholders. This builds on our existing reporting, such as for ethics and sustainability. Read more at www.johnlewispartnership.co.uk/csr.

Reporting requirement	How we manage these issues: policies, standards, risks and additional information
Climate-related financial disclosures	• Climate disclosures on pages 10 to 21
Environmental matters	• E&S strategy on page 10 • Climate disclosures on pages 10 to 21 • S172(l) Statement (Environmental impact) on page 28
Employees	• Becoming a more inclusive business on pages 9 to 10 • S172(1) Statement (Partners) on page 23 • Partnership Board Diversity Statement on page 69 • Equal opportunities, diversity and inclusion in the Directors' Report on page 80 See also: • Our Ethics and Sustainability Report 2024/25 and other reports, statements, policies and information available at www.johnlewispartnership.co.uk/csr • Our Belonging at JLP report 2024 and other reports and statements available at www.johnlewispartnership.co.uk
Social matters	• Ethics and Sustainability strategy on page 10 • S172(1) Statement (Communities in which we operate) on page 27 See also: • Our Ethics and Sustainability Report 2024/25 and other reports, statements, policies and

Reporting requirement	How we manage these issues: policies, standards, risks and additional information
	information available at www.johnlewispartnership.co.uk/csr
Human rights	● Ethics and Sustainability strategy on page 10 ● S172(1) Statement (Producers and suppliers) on pages 25 to 26 See also: ● Our latest Human Rights Report and Modern Slavery Statement, Ethics and Sustainability Report 2024/25 and other reports, statements, policies and information available at www.johnlewispartnership.co.uk/csr
Anti-corruption and anti-bribery	● Anti-bribery and corruption section below
Description of our business model	● Our Purpose, the Partnership business model and the Partnership Plan on pages 4 to 5 ● Principal activity in the Directors' Report on page 78 See also: ● The Partnership's Constitution available at www.johnlewispartnership.co.uk
Policies, due diligence and outcomes	● Throughout this report ● Climate disclosures on pages 10 to 21 ● Risk management framework on pages 30 to 32 ● Audit and Risk Committee report on pages 52 to 61 See also: ● Our Ethics and Sustainability Report 2024/25 and other reports, statements, policies and information available at www.johnlewispartnership.co.uk/csr
Description of principal risks and impact of business activity	● Principal risks and uncertainties on pages 32 to 37
Non-financial key performance indicators (KPIs)	● The Partnership has a science-based target of net zero emissions across our operations (Scope 1 and 2) by 2035, and progress against that target is on pages 10 to 21 ● Becoming a more inclusive business on pages 9 to 10 sets out some of the diversity and inclusion initiatives over the past year and related KPIs See also: ● Our Ethics and Sustainability Report 2024/25 available at www.johnlewispartnership.co.uk/csr

Anti-bribery and corruption

The Partnership does not condone bribery or tax evasion in any form and manages risks in respect of bribery, corruption and offences under the Bribery Act 2010 and Criminal Finances Act 2017 through policies, standards, guidance and mandatory training. We have a policy on Anti-Bribery and Corruption and Gifts and Hospitality; this is reviewed annually, with the latest review having taken place in October 2024. Assurance over this policy is overseen at Board level by the ARC.

The policy is clear that the Partnership is committed to preventing bribery in all forms and prohibits Partners and other personnel from making, offering or accepting bribes. Facilitation payments are also prohibited, and gifts and hospitality are permitted only where the requirements of the policy are followed. Charitable donations are permitted only where requirements of the Charitable Giving Standard are met. The policy also states that the Partnership does not make political donations.

The Partnership is also committed to ensuring our third party suppliers adhere to our policies and relevant legislation, through stringent supplier assurance processes.

The Gifts and Hospitality register is managed and regularly reviewed. Its structure is monitored to ensure it adapts to any changes to team structures and that it remains current.

Contribution to the UK tax system

This year, the Partnership paid taxes of £336m and collected taxes on behalf of HMRC of £707m. A breakdown is provided below.

Taxes paid by the Partnership	**Taxes collected by the Partnership**
£123m Employer National Insurance contributions	£255m net VAT
£162m business rates	£222m Excise Duty
£10m Fuel Duty	£176m Partners' Pay As You Earn (PAYE)
£12m Customs Duty	£54m Partners' National Insurance contributions
£8m Apprenticeship Levy[18]	
£5m Climate Change Levy	
£4m Corporation tax	
£12m other	
£336m total	**£707m total**

Our approach to tax can be found at www.johnlewispartnership.co.uk.

[18] Before the drawdown of funds of £7m.

GOVERNANCE REPORT

GOVERNANCE IN THE PARTNERSHIP

The two Trust Settlements made by John Spedan Lewis in 1929 and 1950 established the John Lewis Partnership, to be owned in trust for the benefit of its members - its employees - who are known as Partners. The Trustee of the two Settlements is John Lewis Partnership Trust Limited (referred to in this report as the Trust Company). The Partnership is governed by a written Constitution, which must not conflict with the Settlements. The Constitution can only be changed by the agreement of two-thirds of the voting membership of Partnership Council, and the Chairman. It is available on the Partner Intranet and is published on our website at www.johnlewispartnership.co.uk.

Power to direct the Partnership's affairs is shared between the three governing authorities: Partnership Council, the Partnership Board and the Chairman (Rule 2 of the Constitution). Rule 4 of the Constitution states that: 'The shared aim of the three governing authorities is to safeguard the Partnership's future, to enhance its prosperity and to ensure its integrity. They should encourage creativity and entrepreneurial spirit but must not risk any loss of financial independence'.

The Partnership's governance checks and balances are clear and robust in accordance with its democratic principles of sharing power for the benefit of Partners. Partnership Council is at the heart of the Partnership's governance controls. The Council reflects Partners' opinion. It stays in touch with the views of Partners in various ways including through elected Councillors, each representing the constituency in which they work, and Forums, which are the Partnership's first formal layer of democracy where representatives reflect the opinions of Partners locally.

The Chairman must attend, twice each year, a meeting of the Council, to account for the progress of the Partnership. In the year under review, these meetings were held in May and October 2024, with a focus on the full year and half year results respectively.

During each of its terms, usually of three years, the Council elects three Partners to be Trustees of the Constitution. They are the Directors, together with the Chairman and Deputy Chairman, of the Trust Company, which owns in trust for Partners all the shares in John Lewis Partnership plc. Johnny Aisher, Baz Naik and Matthew Street were elected Trustees of the Constitution in January 2022, taking up their appointments in March 2022, and re-elected for a further term in January 2025 with the expectation that the 2025-2028 Partnership Council will hold an election in spring 2026.

Each term, the Council also elects three Partners to be Partnership Board members, known as Elected Directors. So our Board is different from most, with a mix of Executive, independent Non-Executive, and employee (Partner) Elected Directors. The most recent elections, in November 2024, resulted in the election of Tom Harland-Roberts, Cheryl Proctor and Adam Rogers who took up their roles on 26 January 2025.

The Partnership Board has established Committees to assist it in carrying out its oversight and assurance responsibilities: the Audit and Risk Committee (see pages 52 to 61), the Ethics and Sustainability Committee (see pages 62 to 64), the Nomination Committee (see pages 65 to 69), and the Remuneration Committee (see pages 70 to 76). The responsibilities and membership of these Board committees are set out in each committee's report and their respective Terms of Reference are available at www.johnlewispartnership.co.uk. Each Committee Chair is available to report to the Partnership Council meeting at which it discusses the Partnership's performance in the previous trading year. From time to time, the Partnership Board also delegates authority to sub-committees to finalise matters, within agreed parameters set by the Board.

Beyond the structure for sharing power amongst Partnership Council, the Partnership Board and the Chairman established by the Constitution, there are further formal ways in which democratic vitality is encouraged: through conversations with Councillors and Forum representatives; open journalism through the Gazette; through the work of the Democratic Vitality Team, which seeks to gather and promote the communication of Partner opinion; and through the role of the Independent Side set out in the Constitution. The structure is knitted together by the Partnership Secretary's role in ensuring information flow, trusted support and coordination across the three governing authorities.

For more information on the Partnership Board see pages 47 to 51. The use of the terms 'Chairman' and 'Deputy Chairman' in this report reflect the terminology contained within the Partnership's constitutional documents and are intended to be construed as gender neutral.

The Chairman

The Chairman must ensure that the Partnership develops its distinctive character and its democratic vitality, while driving commercial performance. As such, they have three distinct roles:

- They are Chair of the Trust Company, responsible with the other Trustees for carrying into effect, with or without modification, the Deeds of Settlement, upholding the Constitution, and promoting in every possible way the wellbeing of the Partnership;
- They are, by virtue of their appointment as Chair of the Trust Company, Chair of the Partnership Board;
- The Chairman is the senior executive in the Partnership, ultimately responsible for its commercial performance. They are supported in this by the Executive Team. In March 2023, the Chairman delegated day-to-day management of the performance of the business to a Chief Executive Officer, enabling the Chairman to focus on ensuring the Partnership's transformation was carried out in a way that was aligned to the Partnership's Purpose, values and distinctive character. In October 2024, it was announced that the day-to-day management of the performance of the business would revert to the Chairman, with effect from March 2025.

Having asked the Partnership Board in October 2023 to initiate the process to appoint a successor, Sharon White formally stepped down as Chairman and Jason Tarry became the Partnership's seventh Chairman on 12 September 2024. The formal handover took place at a meeting of the Trust Company held in Spedan Lewis's office at Peter Jones & Partners, followed by a meeting of the Council. A recording of the handover was made available to Partners afterwards. In accordance with the Partnership's constitutional arrangements, the new Chairman signed a written undertaking to support the Constitution. As set out in the Trust Company's constitutional documents, as amended in January 2024, the choice of successor sits with the Partnership Board. A process is designed and implemented by the Nomination Committee, before the Partnership Board is asked to approve the Committee's nominee.

Deputy Chairman

Rita Clifton has been Deputy Chairman since February 2021. The role of Deputy Chairman includes:

- Having responsibility for leading the Chairman's performance appraisal and remuneration review;
- Chairing the Ethics and Sustainability, Nomination and Remuneration Committees;
- Acting as an alternative point of contact to the Chairman for other Directors and, as and when necessary and in periods of organisational stress, acting as an intermediary between the stakeholders to resolve major issues.

The intent is that the Deputy Chairman remains an independent Non-Executive role, but should it be filled by someone who was not 'independent' (i.e. a Partner or a former Partner), some or all of these responsibilities would be reallocated to a Non-Executive Director. In the past it has also been recognised that there were occasional agenda items at the Partnership Board for which the Chairman was acting in a 'Chief Executive Officer' capacity, and to avoid any potential conflict the Deputy Chairman stepped in and chaired the Board meeting for such discussions. During the appointment of a Chief Executive Officer, this was required in more limited circumstances.

The Executive Team
The Partnership's Executive Team defines a strategy to enable the Partnership's Purpose - to create a successful business and a fairer, more sustainable future for Partners, customers, suppliers and the communities in which the Partnership operates - recommends it for the approval of the Partnership Board and then delivers it through its management and running of the business.

In addition to the Chairman, the Executive Team is made up of the following members at the date of this report:

James Bailey	Managing Director, Waitrose
Nina Bhatia	Managing Director, New Businesses
Zak Mian	Chief Transformation and Technology Officer
Andy Mounsey	Chief Financial Officer
Jo Rackham	Chief People Officer (Interim)
Peter Ruis	Managing Director, John Lewis

Nish Kankiwala took up the role of Chief Executive Officer on 27 March 2023, responsible for the day-to-day management of the performance of the business. He was previously a Non-Executive Director of the Partnership. From October 2024, he supported the transition of his responsibilities back to the Chairman. The transition was completed in March 2025, and Nish's expertise is now retained through his appointment as a non-executive advisor to the Partnership Board.

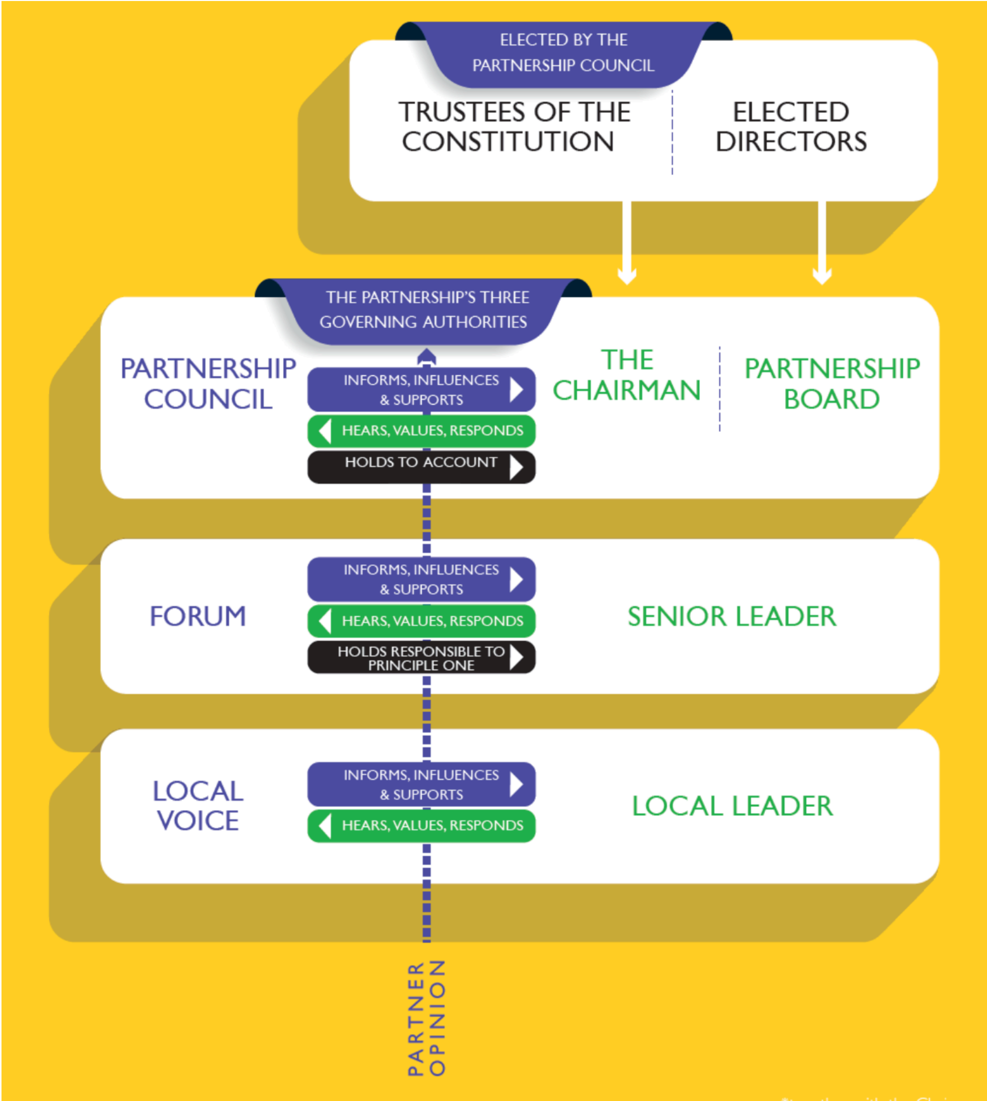
Bérangère Michel stood down as Executive Director, Finance on 6 September 2024, when Andy Mounsey succeeded her on an interim basis. On appointment, Andy joined the Executive Team. On 10 April 2025, Andy was appointed as Chief Financial Officer and joined the Partnership Board.

After a period of time away from the business, Lisa Cherry decided to leave the Partnership and stepped down from the Executive Team in January 2025. Jo Rackham has covered the role on an interim basis since 1 July 2024.

More information about the members of the Executive Team can be found at www.johnlewispartnership.co.uk.

The Partnership's Democracy

This diagram illustrates how power is shared and the ways in which the opinions of Partners are heard and influence decisions within the Partnership.



In January 2025, Partnership Council voted to replace the current President of Council role with that of President of Partnership Council & Director of Democratic Engagement. This role is central to our democratic framework, with responsibility for delivery and shaping of the Partnership's democracy and acting as an ambassador and visible figurehead for Partnership democracy. The role is elected by Partnership Council, following consultation with the Chairman, for a three year term, with further terms possible if re-elected by Partnership Council. The Constitution was updated accordingly. Chris Earnshaw, the existing President of Partnership Council, was appointed as the first President of Partnership Council & Director of Democratic Engagement with effect from 16 February 2025.

The Partnership Board

The Partnership Board has ultimate responsibility for issues of major policy and for allocating the financial and other resources of the business. It decides the policy for the prudent and adequate financing and development of the business and monitors its efficient implementation.

The Partnership Board's role is:

- To provide the Executive Team with constructive challenge and make its advice, experience and specialist knowledge available to both the Executive Team and Partnership Council;
- To ensure that in delivering the Partnership's Purpose the Partnership's financial condition remains sound;
- To ensure proper governance of the Partnership.

The role and responsibilities of the Board are contained in the Board's reserved matters which are available at www.johnlewispartnership.co.uk. In performing its role, the Partnership Board:

- Approves the Partnership's strategy and business plan and sets risk appetite;
- Oversees and monitors the delivery of the business plan, financial performance and management of risk;
- Oversees behaviours within the Partnership;
- Ensures that there is appropriate engagement with Partners (so that their views are listened to and taken into account in a way that encourages their active engagement) and other stakeholders;
- Ensures that as Directors they fulfil their legal duties to promote the Partnership's success.

Directors have regard to the Partnership's Purpose and to the matters they must consider under section 172(1) of the Companies Act 2006; see pages 22 to 29 for the Partnership's statement on section 172(1). The Strategic Report on pages 3 to 42 contains more information on activities overseen by the Board and led by the Executive Team during the year.

Membership

The Partnership Board has determined that a mixed composition of Executive, independent Non-Executive, and Elected Directors provides a balanced leadership, appropriate for an employee-owned business. Elected Directors and Non-Executive Directors together form a majority of the Partnership Board.

During the year, the membership of the Board comprised the Chairman, three Non-Executive Directors (including the Deputy Chairman), three Elected Directors and two further Executive Directors (the Chief Executive Officer and the Executive Director, Finance). From 26 March 2025, the composition changed with the removal of the Chief Executive Officer position. At times during the year and subsequently, there were vacancies on the Board while successors were sought, as follows: for a Non-Executive Director until 6 March 2024; for an Elected Director from 16 August 2024 until 26 January 2025; and for an Executive Director (the Chief Financial Officer) from 7 September 2024 until 10 April 2025.

At the date of this report, the Partnership Board comprises:

Elected Directors: Tom Harland-Roberts, Cheryl Proctor and Adam Rogers;
Executive Directors: Jason Tarry (Chairman) and Andy Mounsey;
Non-Executive Directors: Rita Clifton (Deputy Chairman), Will Kernan and Clare Swindell.

Biographies for the members of the Partnership Board can be found on pages 49 to 51.

During the prior year, Nicky Dulieu indicated her desire to step down as a Non-Executive Director having reached the conclusion that the role was unsustainable alongside her other commitments. The Nomination Committee therefore commenced a process to appoint a new Non-Executive Director. Nicky stepped down on 6 December 2023. Clare Swindell joined the Board on 6 March 2024.

David Wood ceased to be an Elected Director on leaving the Partnership, on 16 August 2024. Partnership Council was due to conduct elections for Elected Directors in early 2025 so chose to accelerate this process to November 2024 rather than hold a by-election to replace David Wood.

On 23 April 2024, Bérangère Michel announced her resignation from the Partnership. She stepped down from the Board on 6 September 2024. A process to identify a successor was overseen by the Nomination Committee, resulting in the appointment of Andy Mounsey as Chief Financial Officer from 10 April 2025.

Sharon White was succeeded as Chairman by Jason Tarry on 12 September 2024.

Following the elections for Elected Directors held by Partnership Council in November 2024, John Lee and Jules Rushworth ceased to be Elected Directors on 25 January 2025 and Tom Harland-Roberts, Cheryl Proctor and Adam Rogers were appointed Elected Directors on 26 January 2025.

Nish Kankiwala ceased to be Chief Executive Officer and a Director on 26 March 2025.

Elected Directors

Elected Directors are neither Executive Directors nor Non-Executive Directors. Although, as employees, they are not considered to be independent, they approach Partnership Board decisions from their individual perspectives as Partners, contributing to decision-making through their knowledge and experience from working within the Partnership.

Non-Executive Directors

The Non-Executive Directors bring an independent view to the Partnership Board's discussions and the development of strategy. Their range of skills and experience ensures that the performance of management in achieving the Partnership's plans is appropriately challenged.

The Partnership Board reviews the independence of all Non-Executive Directors annually and determined they continue to be independent from management of the Partnership. The Board is also confident that none of the Non-Executive Directors have any cross-directorships or significant links to other organisations that would adversely interfere with their independent judgement.

External Independent Members of committees

The Partnership Board's Audit and Risk Committee and Ethics and Sustainability Committee both benefit from the appointment of additional External Independent Members. They have skills, experience and expertise that are particularly relevant to the committees' work. Their role is to assist, in the same way as other committee members, in fulfilling the responsibilities of the relevant committee. They are not Directors of the Company. Biographies of External Independent Members can be found in the relevant committee's report.

Partnership Board effectiveness review

An internally facilitated review of the Partnership Board's effectiveness was carried out in the middle of the 2024/25 year. The review consisted of individual meetings with Board members and other relevant stakeholders. The focus of the review was on how the Board can best support the new Chairman and prepare for the foreseeable events, particularly those related to governance, in the next 12 to 18 months.

Overall, there was support for the size and composition of the Board, recognising an appropriate balance between independent/non-independent and internal/external members where different perspectives are valued. The Partnership Board's culture was recognised as being collegiate and supportive of the values of the Partnership.

The key outcome from the review was a recognition of the need to ensure the smooth transition of the day-to-day management of the performance of the business from the CEO to the Chairman. This would include considering the skills, experience and diversity required on the Partnership Board to support its future strategy; considering Partnership Board and Executive Team dynamics and responsibilities; and further developing the risk management roadmap. A number of other actions were also agreed to improve effectiveness and these are in the course of being progressed.

Board information and arrangements

The Board receives and reviews a broad range of information and reports including: monthly reporting packs which contain a scorecard of customer, Partner, financial performance and sustainability data organised around the three Principles in the Partnership Purpose; quarterly risk reports; and minutes and updates from Executive Team and Board committee meetings. Senior executives attend Partnership Board and committee meetings as appropriate to support business proposals and investments and report on material business matters.

It is the practice for Directors either not to attend a Board or committee meeting, or to absent themselves from relevant agenda items, where they have a conflict or potential conflict of interest in what is being discussed.

There were 11 Board meetings during the year. All Directors attended each meeting they were eligible to attend, except four Directors who were each unable to attend one meeting during the year. In addition to the full Board meetings, the Board also meets on a quorate basis on occasions for specific approvals or items of business.

In addition to attending Board meetings, the Non-Executive Directors and the Elected Directors met together without the Executive Directors on three occasions during the year, including to receive briefings from management on matters that were scheduled to come to the Board for decision. The Deputy Chairman and the Partnership Secretary also facilitated informal dialogue between Board members, the Trustees of the Constitution, the President of Partnership Council and the Independent Directors.

Partnership Board members' biographies

Key for Committee membership:

A - Audit and Risk Committee	E&S - Ethics and Sustainability Committee
N - Nomination Committee	R - Remuneration Committee
	† - Committee Chair

JASON TARRY (E&S, N)

Partner and Chairman, appointed: September 2024

Jason became the Chairman of the John Lewis Partnership and Chairman of John Lewis Partnership Trust Limited on 12 September 2024. Prior to this, Jason worked for Tesco where he served as UK & Ireland CEO for six years until March 2024.

Jason joined Tesco in October 1990 on the Finance Graduate Scheme and held a number of buying roles across grocery and general merchandise, before being appointed Group CEO of F&F Clothing in 2012, where he was responsible for fashion across UK, Ireland, Central Europe, Asia and franchise partnerships. In 2014, he joined the Executive Committee as Chief Commercial Officer, accountable for supply chain and procurement across the Tesco Group.

RITA CLIFTON (A, E&S†, N†, R†)
Non-Executive Director and Deputy Chairman, appointed: February 2021

Rita became Deputy Chairman of the John Lewis Partnership and Deputy Chairman of John Lewis Partnership Trust Limited on 1 February 2021.

Her career has included being a Vice Chair and Strategy Director at Saatchi & Saatchi, as London Chief Executive Officer and Chair at the global brand consultancy Interbrand and co-founder of BrandCap. Rita has previously held Board and Non-Executive Director positions at Nationwide Building Society, Ascential (now part of Informa), ASOS, Dixons Retail, Emap, Bupa and the research firm Populus Group. Non-profit board experience has included WWF (World Wide Fund for Nature) and the UK Sustainable Development Commission.

Rita is a Trustee of the environmental think tank Green Alliance and Chair of the Board of Trustees at the international sustainability organisation Forum for the Future. She is also a Fellow of WWF-UK and most recently has been appointed as Chair of Simplyhealth, the accessible healthcare organisation.

WILL KERNAN (E&S, N, R)
Non-Executive Director, appointed: September 2023

Will has a wealth of experience in the retail industry, having held several leadership positions. He most recently served as the Chief Executive Officer of River Island, before which he led the transformation and merger of Wiggle Chain Reaction Group, an online cycling and tri-sports specialist business, as its Chief Executive Officer. Prior to joining Wiggle, he spent five years as the Chief Executive Officer of The White Company, and had a 13 year tenure at New Look, during which he assumed various roles ranging from Group Financial Director to Group Trading Director, Chief Operating Officer, and ultimately Group Managing Director. Will previously held a Board and Non-Executive Director position at handcrafted gifted biscuit retailer, Biscuiteers.

Will is currently Executive Chair of interiors brand, Neptune.

TOM HARLAND-ROBERTS (A, N, R)
Elected Director, Strategy Lead, appointed: January 2025

Tom joined the Partnership in 2021 as a Strategy Manager. He has worked on strategy and strategic projects across the breadth of the Partnership's retail and non-retail activities, with a particular interest in the Partnership's model and distinctive character. He has also been involved in the Partnership's democratic Forums as an elected representative. Prior to becoming a Partner, Tom held roles at American Express and Strategy&, part of PwC.

ANDY MOUNSEY (E&S)

Partner and Chief Financial Officer, appointed: April 2025

Andy joined the Partnership in August 2012, following 12 years at Ernst & Young where he qualified as a Chartered Accountant (now Fellow Chartered Accountant). During his time at Ernst & Young Andy worked across a number of sectors and roles working with large global clients across audit, assurance, M&A and accounting advisory projects. Andy spent the first six years of his Partnership career in a variety of senior finance roles within John Lewis, subsequently becoming Finance Director for John Lewis & Partners. Andy became the Partnership's Commercial Finance Director in 2019 then Corporate Finance Director in 2021 working across John Lewis, Waitrose, financial services and Build to Rent to drive value, before moving to become the Group Finance Director in 2023, overseeing all aspects of the Partnership's finance function. He was appointed as the Executive Director, Finance (Interim) in July 2024 and as Chief Financial Officer on 10 April 2025.

CHERYL PROCTOR (E&S)

Elected Director, Business Manager, New Business Leadership, appointed: January 2025

Cheryl joined the John Lewis Partnership in September 2002 as a John Lewis Retail Graduate Trainee. Cheryl is a fellow of the Chartered Institute of Management Accountants and Chartered Institute of Managers with a decade's experience leading in commercial finance and strategic change, working across John Lewis and Waitrose; in buying and merchandising teams; new format development and shop investment; supply chain; and enterprise strategic planning.

ADAM ROGERS (N, R)

Elected Director, Head of Partner Communications, appointed: January 2025

Adam joined the Partnership in 2002 as a Supermarket Assistant in Waitrose Bath, and then progressed through various roles until being appointed as a Store Manager in 2011. Following this, Adam qualified as a Change Management Practitioner and undertook a number of change and project management roles in central teams. In 2022, Adam was appointed as Head of Partner Communications & Engagement, and in 2024 was elected to Partnership Council representing the Partnership Leadership Team and Forum Managers.

CLARE SWINDELL (A†)

Non-Executive Director, appointed: March 2024

Clare brings a wealth of experience as a finance professional and has spent much of her career in retail. She was co-Chief Executive Officer for Camelot until January 2024, having joined as Chief Financial Officer in 2017 before being appointed to the board in 2019. Prior to that she was Group Chief Financial Officer at dunnhumby, having previously spent over 17 years at Tesco in a wide range of operational and financial roles, including Chief Financial Officer for Tesco.com and Group Audit Director.

Clare is a Non-Executive Director and Audit Committee Chair at Fever-Tree, the listed drinks brand.

Clare is a fellow of the Institute of Chartered Accountants in England and Wales.

AUDIT AND RISK COMMITTEE REPORT

The Partnership Board's Audit and Risk Committee (ARC) provides independent scrutiny and challenge to seek to ensure that the Partnership presents a true and fair view of its performance, focusing on the accuracy, integrity and communication of financial reporting. It also provides assurance that risks are being managed appropriately through examination of the Partnership's control environment and risk management strategies and maintains direct oversight of the principal risks most related to the completion and accuracy of the Partnership's financial statements and overall financial health.

The Committee assists the Partnership Board in fulfilling its responsibilities by reviewing and monitoring:

- The integrity of the Partnership's financial and narrative statements, other formal announcements relating to the Partnership's financial performance, and reviewing significant financial reporting judgements contained in them;
- The effectiveness of the Partnership's system of internal controls and risk management;
- The effectiveness of the Partnership's external auditor and external audit process as well as being responsible for making a recommendation to the Partnership Board relating to the appointment, re-appointment or removal of the external auditor;
- The effectiveness of the work of the Partnership's internal audit function;
- The effectiveness of the Partnership's processes for compliance with laws and regulations, including whistleblowing and systems and controls for the detection of fraud.

The Committee operates in accordance with its Terms of Reference, which are reviewed annually and are available at www.johnlewispartnership.co.uk.

Membership and composition

The Committee normally comprises two Non-Executive Directors, one Elected Director and two External Independent Members, although from 25 January to 16 August 2024 two Elected Directors served simultaneously. This composition allows the Committee to maintain appropriate levels of objectivity and independence when providing assurance over the Partnership's systems, operations and financial probity.

The External Independent Members assist, in the same way as the other Committee members, in fulfilling the responsibilities of the Committee. They are experienced accountants with no connection to the Partnership and they are not Partnership Board Directors. They provide a further level of assurance that the obligations of the Committee to provide independent scrutiny and challenge are discharged.

Decisions can only be made by the Committee when three members are present, including the Chair (or their appointed deputy) and at least one member who is independent. The members of the Committee at the date of this report are:

Clare Swindell	Chair of the Committee and Non-Executive Director
Rita Clifton	Non-Executive Director
Jane Hanson	External Independent Member
Tom Harland-Roberts	Elected Director
Alan Martin	External Independent Member

Clare Swindell was appointed as a Non-Executive Director and a member of the Committee on 6 March 2024 and assumed the role of Chair of the Committee from close of business on 7 May 2024, succeeding Sharon Fennessy who acted as Interim Chair. Sharon Fennessy stepped down as Interim Chair and an External Independent Member of the Committee with effect from 7 May 2024, having served for a period of over eight years. David Wood ceased to be an Elected Director and member of the Committee with effect from 16 August 2024, on leaving the Partnership. Following the election of Directors to join the Partnership Board by Partnership

Council on 14 November 2024, John Lee ceased to be an Elected Director and member of the Committee with effect from 25 January 2025 and Tom Harland-Roberts was appointed as a member of the Committee on his appointment as an Elected Director with effect from 26 January 2025.

There were seven Committee meetings held during the year under review. All members attended each meeting they were eligible to attend, except two members who were each unable to attend one meeting. During at least one meeting in each quarter of the year, the Committee meets separately with each of the external auditor and the Director of Risk and Assurance or their designate, without management being present.

Relevant qualifications of Committee members and competence relevant to the sector
The following former or current members of the Committee have significant, recent and relevant financial experience: Sharon Fennessy, Jane Hanson, Alan Martin and Clare Swindell. They are all qualified accountants and have held or currently hold senior finance roles. See page 51 and below for biographical information, or the 2023/24 Annual Report for biographical information for former members who served during the year under review. Viewed as a whole, the Committee possesses competence relevant to the retail sector in which the Partnership operates.

External Independent Members

Jane Hanson, appointed: January 2024
Jane is Chair of Dŵr Cymru, Welsh Water plc, a Non-Executive Director of HM Treasury, Audit Chair designate at Royal BAM Group nv and Chair of the Board of Trustees of the Bardi Symphony Orchestra. She has also served as Chair of the UK Government's Dormant Asset Expansion Board, Chair of Reclaim Fund Ltd, Non-Executive Director and Chair of the Board Risk Committee at Direct Line Group plc, Old Mutual plc and William Hill plc and Honorary Treasurer and Independent Trustee of The Disasters Emergency Committee. Jane was awarded a CBE in the Queen's Platinum Jubilee Honours in June 2022 for services to charity. Jane is a fellow of the Institute of Chartered Accountants in England and Wales and a magistrate.

Alan Martin, appointed: January 2023
Alan is currently Chief Financial Officer at Charles Tyrwhitt - a global menswear business - and an experienced chartered accountant. Prior to Charles Tyrwhitt, Alan held various Finance Director roles at Mothercare, Amazon and Argos. Alan is a fellow of the Institute of Chartered Accountants in England and Wales.

Committee effectiveness
Given the tenure of the Chair of the Committee and the desire for newer members of the Committee to base their observations on a complete audit cycle, as well as the focus of work on year end activities, the Committee decided to conduct the annual evaluation of its own performance after the signing of this report. It is anticipated that the results will be discussed and associated actions agreed by the Committee at its meeting in July 2025.

External financial reporting
The Partnership prepares consolidated financial statements, which form part of the Annual Report and Accounts, in accordance with UK-adopted international accounting standards (UK-adopted IFRS). An interim review is prepared at the end of the first six months of the year and unaudited full year results are prepared in March each year, after the financial year end.

The Partnership operates under an internal control and risk management framework, which supports the preparation of consolidated financial statements. This includes policies and procedures designed to ensure that adequate accounting records are maintained and transactions are accurately recorded.

Annual report and accounts
Since the year end, the Committee has reviewed the draft Annual Report and Accounts 2025 and recommended

its approval to the Partnership Board. As part of its review, the Committee assessed whether the Annual Report and Accounts provided a fair, balanced and understandable assessment of the Partnership's position, performance, business model and strategy.

The Committee considered and challenged management's assessment of the following:

- Does the Annual Report and Accounts provide a balanced view of the Partnership's performance and prospects, with alternative performance measures only used where necessary, and with appropriate weighting given to risks, setbacks and challenges?
- Is the report reflective of internal reporting and discussions, or have any items been omitted which should have been included?
- Are key issues and judgements discussed in the narrative reporting consistent with the ARC report and estimates and judgements referred to in the financial statements?
- Are the key performance indicators (KPIs) presented and explained appropriately, with clear linkage from strategy to performance?
- Are financial measures not defined under UK-adopted IFRS clearly explained and used consistently with appropriate reconciliations to measures defined by UK-adopted IFRS?
- Are important messages, policies, transactions and significant changes from prior periods highlighted, explained, and not obscured by unnecessary and distracting detail?
- Does the report include simple and appropriate explanations of the business model, strategy and accounting policies?
- Is the narrative reporting in the front of the report consistent with the financial reporting?
- Does the governance section clearly explain how decisions are made?
- Is the language used in the report clear and precise, avoiding generic wording that is not specific to the Partnership?
- Is the layout of the Annual Report and Accounts clear, with good linkage throughout the report?

The Committee was satisfied that, taken as a whole, and having regard to the amendments made by the Committee, John Lewis Partnership plc's Annual Report and Accounts 2025 is fair, balanced and understandable.

Our significant financial reporting matters and our response

As part of the preparation of the Annual Report and Accounts, the Committee considered the accounting policies, estimates and judgements within it, including the following significant reporting matters:

1. Impairment *(Notes 3.2 to the consolidated financial statements)*

Issue: The Partnership has significant tangible non-current assets. Judgement is exercised in reviewing their carrying value in respect of possible impairment. Initial trigger tests consider historic performance or significant external changes with an adverse effect on cash flows. These identified some assets with indicators of potential impairment. For each tangible asset triggered, management prepared a value in use model or obtained valuations to assess the asset's recoverable amount and calculated an impairment charge or release where appropriate. The model includes a number of assumptions in relation to sales, margin, online sales and costs, and allocation of central costs, with an impairment charge or release calculated where appropriate.

Response: The Committee reviewed and challenged the methodology and results of the impairment review, including the appropriateness of key assumptions and data points used. This included review and challenge over the assumptions used for tangible impairment modelling, including growth rates for sales and margin, online sales and costs, and allocation of central costs. The Committee also considered the sensitivity of the proposed impairment charges and releases to movements in key assumptions such as the trading expectations, long-term growth rates, online sales and costs allocation and the wider economic environment. Where releases of previous impairments were proposed, the Committee assured itself that the improved performances were ongoing and sustainable.

The Committee satisfied itself that the assumptions used within the tangible impairment models, together with the resulting impairment charges and releases, were reasonable. The Committee also reviewed the associated disclosure for inclusion within the financial statements.

2. Pensions *(Notes to the consolidated financial statements: 6)*

Issue: The Partnership operates a defined benefit pension scheme which closed to future accrual on 1 April 2020. The pension scheme liability is calculated using an actuarial model with a number of key assumptions, notably the discount rate and inflation rate. The pension scheme asset includes a variety of assets including those where a market quotable price is not available (Level 3). The assets are valued by third party fund managers using a variety of valuation models.

Response: The Committee considered the papers prepared by management, including the advice obtained by management from independent actuarial specialists on the appropriateness of the assumptions used. As part of this, the Committee considered these assumptions as compared with previous years and those used by peer companies. The Committee satisfied itself as to the acceptability of the key assumptions, particularly the discount rate and inflation rate assumptions. The Committee concluded that the overall pension scheme net liability is appropriate.

3. Exceptional items *(Notes to the consolidated financial statements: 2.5)*

Issue: The Partnership has recorded an exceptional charge of £29m (2024: £14m income), principally relating to restructuring costs, the closures of a Waitrose store and customer fulfilment centre, and store impairment charges and releases. Management exercises judgement in the application of the Partnership's accounting policy for exceptional items.

Response: The Committee considered all the items presented as exceptional in the context of the policy, including the charges and releases for store impairment and the charges for the Partnership's ongoing productivity initiatives. Having considered the significance of both the size and nature of these items, as well as the associated disclosure, the Committee satisfied itself that it was appropriate to present these items as exceptional and they were satisfied with the disclosure in the financial statements.

Viability and going concern

The Directors must satisfy themselves as to the Partnership's ability to continue as a going concern for a minimum of 12 months from the approval of the financial statements. Additionally, the Directors report on the longer term viability of the Partnership, over a period of three years. The Committee supported the Board in its assessment of both going concern and viability by considering whether the Partnership has adequate liquid resources to meet its obligations as they fall due for at least the next 12 months and to remain commercially viable over the three year period to January 2028.

The Committee reviewed papers presented by management on its assessment of the Partnership's going concern and longer term financial viability based on the budget, Partnership Plan and cash flow forecasts. It also reviewed the stress testing performed in the form of the risk focused and combined severe downside scenarios, ensuring this was based on the potential financial impact of the Partnership's principal risks. The combined severe downside scenario, as set out in the Viability statement (pages 38 to 40), represents a severe but plausible scenario and, whilst being considered by the Directors to be extremely cautious, has a significant adverse impact on sales, margin, costs and cash flow. In response, the Directors have identified a number of actions in response to such scenarios occurring, all within management's control, to reduce costs and optimise the Partnership's cash flow and liquidity.

The Committee reviewed and challenged the appropriateness of the scenario modelled and scrutinised the underlying Partnership Plan to ensure the assumptions within the base case, such as committed levels of investment, did not undermine the validity of proposed mitigations. The Committee also assessed the feasibility of management to deliver the quantum of the mitigations within the time frame required and how quickly and willingly management was able to take action as required. The Committee also reviewed and tested management's assessment that no material uncertainty exists for the Partnership as well as the level of disclosure proposed.

As a result of the procedures performed, and the responses received from management on the challenges raised and the level of disclosure proposed, the Committee satisfied itself that the going concern basis of preparation is appropriate and that the Partnership is commercially viable over the duration of its assessment period. The Committee reviewed the basis of preparation disclosures (pages 87 to 88) to ensure this sufficiently detailed the considerations in making this conclusion, including making a recommendation to the Board that the Partnership was a going concern and viable. The Board's going concern statement is included within the Directors' Report on page 81 and the Viability statement within the Strategic Report on pages 38 to 40.

External audit activities
KPMG LLP were the Partnership's external auditor for 2024/25. They provided the Committee with relevant reports, reviews, information and findings throughout the year, as set out in their engagement letter.

External auditor effectiveness
Given the tenure of the Chair of the Committee, and the desire of the members of the Committee to see the audit through to completion prior to assessing how this was performed, the Committee decided to conduct the evaluation of the external auditor after the end of the audit and signing of this report. However, the Committee broadly discussed the effectiveness of the external auditor and recommended to the Partnership Board the re-appointment of KPMG LLP at its meeting in April 2025.

The evaluation of the external auditor's performance will take into account the provisions contained in the Audit Committees and the External Audit: Minimum Standard in assessing the effectiveness of the external auditor and the audit process, as appropriate. Members of the Committee and key members of management will be given an opportunity to comment on the effectiveness of the external auditor and the audit process. The evaluation will also take into account information from the external auditor in relation to their own performance. In assessing the effectiveness of the external auditor, it is anticipated that areas to be considered will include:

- The terms and the scope of the work of the external auditor, as set out in the engagement letter;
- The experience and expertise of the audit team;
- The audit work plan for the financial year 2024/25;
- The detailed findings of the year end audit, including how the auditor assessed key accounting and audit judgements and discussion of any issues that arose;
- The constructive challenge and professional scepticism applied by the audit team in dealing with management;
- Discussions with the audit partner and audit team on (i) the risks to audit quality that they identified and how these have been addressed; (ii) the key audit firm and network level controls they relied on to address identified risks to audit quality; and (iii) any findings from internal and external inspections of their audit and their audit firm;
- Discussions with the auditors on areas highlighted in their reports where they have challenged management and the result of those challenges;
- The auditor's own assessments of the quality of the audit, and its broader quality assurance systems.

It is anticipated that the outcome of the evaluation will be considered by the Committee at its meeting in July 2025 and discussed with KPMG LLP as necessary to ensure any identified improvements are made during the 2025/26 year.

External audit tender
In 2012/13, the Committee adopted a policy to tender the external audit contract at least every 10 years. Following the audit tender process conducted in 2015/16, the year ended 25 January 2025 was the ninth year of audit by KPMG LLP. As a consequence, the Committee has initiated a tender process for the 2026/27 audit. The Committee is leading this process, closely supported by management. To achieve this the Committee has tasked two Committee members, Clare Swindell and Alan Martin, to work alongside management as an Audit Tender Sub-Committee, governing the audit tender process on behalf of the Committee.

It is the Committee's policy to ensure that there is audit partner rotation every five years to safeguard the external auditor's objectivity and independence. The year ended 25 January 2025 was the first year of the audit engagement partner, Lourens de Villiers, who has experience of undertaking and leading audits of consumer goods and retail group businesses.

Auditor's independence and objectivity and non-audit services
The Committee continually reviews the nature and extent of non-audit services provided to the Partnership by the external auditor and receives confirmation from the external auditor at least annually that, in their professional judgement, they are independent with respect to the audit.

The Committee recognises that the independence of the external auditor is a fundamental safeguard for the interests of Partners. The Partnership has a non-audit services policy that allows the external auditor to be appointed to provide non-audit services in exceptional circumstances. The Partnership's non-audit services policy is summarised below.

Summary of non-audit services policy
In line with our policy, the Partnership's auditor is prohibited from supplying most categories of non-audit services.

Prohibited services include: bookkeeping or other services related to the accounting records or financial statements; internal audit services; taxation services; and any other work that could compromise the independence of the external auditor or is prohibited by the UK regulator's ethical guidance.

There is a specific approval process for any non-audit work to be undertaken by the external auditor. Any proposal to engage the external auditor to perform non-audit services must be referred to the Chief Financial Officer for approval. Where fees exceed £100,000, the proposal must be approved by the Chair of the Committee, and where fees exceed £250,000, the proposal must be approved by the whole Committee.

Details of the amounts paid to the external auditor are given in note 2.7 to the consolidated financial statements. The ratio of non-audit services fees to audit and audit-related services fees was 3% (2023/24: 3%).

Having undertaken a review of the non-audit services provided during the year, at both the half year and year end, the Committee is satisfied that these services did not prejudice the external auditor's independence.

Our systems of risk management and internal control

Risk management
Assessing and managing risk is fundamental to safeguarding Partners' interests, protecting our reputation, complying with regulatory standards and achieving our business objectives.

To enable this, the Partnership implements a risk management framework which clearly defines the processes we follow to identify, evaluate, manage and monitor the principal risks faced by the Partnership, supported by a governance structure with defined accountability. Further details on this can be found on pages 30 to 37 along with details of our principal risks and how we mitigate them.

Internal controls
The systems of internal control we have established are designed to manage, rather than eliminate, the risk that is inherent in pursuit of the Partnership Plan and objectives. As a consequence our internal controls can only provide reasonable, and not absolute, assurance against material misstatement or loss.

During the year under review, reporting was through presentations from management as well as the work of Internal Audit, which provides independent and objective assurance on the effectiveness of controls through the delivery of a risk-based work plan. The Director of Risk and Assurance reports operationally to the Chair of the Committee and structurally to the Chief Financial Officer and reports quarterly to the Executive Team, the Committee and the Partnership Board on risk profile status and various aspects of risk management in line with their respective governance roles. The Partnership Board also receives updates, through the Chair of the Committee, on the operation of the systems of internal control.

At the end of the year, the Committee assessed the effectiveness of the risk management and internal controls framework, supported by a self-certification exercise by the Executive Team.

Key risk and internal control activities
During the year the Committee has:

- Ensured the appropriate assessment and disclosure of viability (see pages 38 to 40);
- Sought assurance that principal risks are being managed effectively and specifically challenged the management of risks relating to our financial statements and overall financial health (e.g. financial, information security, operational resilience and compliance-related risks);
- Continued to challenge management to understand and appropriately mitigate against risks arising from the external environment and internal change across the Partnership, including the impact of continued geopolitical uncertainty in the Middle East and Ukraine; volatility as a result of the UK and US elections; the risks and opportunities associated with the use of AI; and the increasingly complex regulatory landscape in which we operate;
- Supported the continuing maturity of risk management across the Partnership by approving the programme of risk management activity for the year, considering developments required to support changes within the business, such as the planned evolution of the John Lewis Money proposition, and agreeing the annual schedule of deep dive topics to ensure the right areas of focus;
- Supported a wholesale review of risk appetite and endorsed the use of the business planning process to test the application of the Board's existing risk appetite in commercial decision-making;
- Agreed an overarching positional statement on risk appetite, clarifying risk objectives and encouraging clearer language for Partner understanding and application;
- Continued to review the outcome of enterprise wide Internal Audit work;
- Reviewed reports from management in relation to controls activity undertaken in the year in relation to key financial risks, including the testing of key controls;
- Continued to have oversight of open and overdue Internal Audit findings, with an ongoing focus on resolution. There were no overdue findings as at the end of the year under review.

The Partnership's approach to Internal Audit
Partnership Internal Audit is an independent and objective assurance and advisory function, operating to protect and add value. It evaluates and improves the design and effectiveness of Partnership processes by challenging, assessing and assuring systems of risk management and control.

Internal Audit derives its authority from the ARC and has unrestricted access to members of the Committee and the records, information and operations of the Partnership. The purpose, authority and responsibility of the function is outlined in the Internal Audit Charter. To support independence and objectivity, the Director of Risk and Assurance and the Head of Audit have a direct operational reporting line to the Chair of the ARC.

Internal Audit's work plan reflects the key risks and pressures faced by the Partnership and is aligned with the Partnership's strategic plan, covering both advisory and assurance related reviews of operational, financial and IT processes as well as key change projects and programmes. Reflecting the ongoing volatility of the current environment and the need to operate dynamically, six month work plans are endorsed by the ARC. Progress updates against the work plan, along with KPIs measuring the efficiency and effectiveness of the function through stakeholder feedback are reported to the Committee each quarter. Status updates on management's implementation of agreed actions from audits undertaken are also provided.

The function was last externally assessed in 2021 in line with the Institute of Internal Auditors standards which require an independent external quality assessment once every five years. In the interim, regular updates are provided to the Committee outlining the performance of the function and continuous improvement activities, with a focus this year on enhancing the clarity and messaging of reporting and further embedding the use of data analytics.

Key activities for the year ahead include selecting a co-source partner to bolster the Internal Audit team's third-line assurance capabilities to support our growing financial services business and exploring AI efficiency gains within our methodology and work practices.

Compliance

The Committee routinely receives updates on control and assurance activities relating to compliance with laws and regulations, including on whistleblowing, anti-money laundering, anti-bribery and corruption (see pages 41 to 42) and fraud.

The Committee receives biannual reports on the level and nature of issues raised under the Partnership's whistleblowing policy, which outlines the Partnership's arrangements for dealing with allegations which relate to suspected wrongdoing or potential risks at work which have a wider impact. Accordingly, the Committee reviews, on behalf of the Board, the adequacy and security of the Partnership's arrangements for Partners and - when working directly for the Partnership or on Partnership premises - employees of third party organisations, agency workers and contractors to raise concerns in confidence about possible wrongdoing in financial reporting or other matters. The Committee seeks to ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action. Any significant matters raised would be escalated to the ARC Chair on a more timely basis. The Board retains responsibility for reviewing reports arising from use of these arrangements.

The Committee annually reviews the Partnership's level of compliance with the Partnership Fraud Standard and receives a pan-Partnership assessment of the approach to this risk. This includes an assessment of control effectiveness and an explanation as to how we may be able to improve the control environment further.

Groceries (Supply Chain Practices) Market Investigation Order 2009 and the Groceries Supply Code of Practice (GSCoP)

Waitrose Limited is subject to the Groceries (Supply Chain Practices) Market Investigation Order 2009 (the Order) and the Groceries Supply Code of Practice (also referred to as the Code). The following is a summary of the Waitrose Limited Annual Compliance Report as required by the Code, which has been presented to the Committee by the Code Compliance Officer (CCO) for Waitrose Limited.

Both the Order and, in particular, the Code, regulate Waitrose's everyday trading relationships with our Grocery suppliers, ensuring that, as a Designated Retailer, we treat our suppliers fairly. The Order also includes provisions on training requirements for our Buyers, mandates a need for agreements to be in place with all our Grocery suppliers and that any such agreements incorporate the Code. The desire to treat our suppliers fairly is also enshrined within the Partnership's Constitution and therefore is in keeping with the Partnership's general ethos. The ARC has responsibility for satisfying itself that the GSCoP governance framework and systems are appropriate and effective.

The Partnership continues to take compliance with the Code very seriously and Waitrose has worked hard over the past year to make further improvements to our overall GSCoP compliance. In particular we have:

- Continued to issue bi-monthly newsletters to suppliers covering Code-related topics and helping suppliers to improve their understanding of the Code;
- Held quarterly drop-in sessions for suppliers to book time with the CCO and took the decision to move these to bi-monthly for 2025 to provide even more opportunity for suppliers to discuss any concerns with us;
- Reviewed and issued guidance where needed on topical issues seen through compliance audits and supplier feedback in the CCO drop-in sessions;
- Advised the business on a number of changes implemented during 2024/25 ensuring that impact for suppliers was given due consideration and reasonable notice provided where applicable;
- Participated in a panel session at the Groceries Code Adjudicator's (GCA's) 2024 Annual Conference, demonstrating the approach to investigating an issue raised with the CCO and encouraging suppliers to discuss concerns with the business and the CCO.

Over the past year we have continued to work with the GCA, and our collaborative approach supports us in identifying underlying issues and trends based on supplier concerns that the GCA may bring to our attention. The CCO and GCA met on three occasions during the year and we continued to share information with the GCA which could be relevant to our supplier interactions on a timely basis. The Chair of the ARC met with the GCA for their regular annual meeting.

Training

Mandatory training takes the form of a suite of e-learning modules on the Code. Each year the Buying Team completes their e-learning on the Code and attends an interactive briefing, prepared by our Compliance and Commercial Management Team with support from our Legal Department. The contents this year focused on the following areas: De-listing; Tendering; Supplier Communications; Downcoding; Senior Buyer Reviews; and the GCA's Survey Results and areas of interest.

In addition, all Partners joining the Buying Team attended an induction session with the Commercial Compliance Lead which covers GSCoP.

Of the 126 Partners who formed part of the Buying Team during the Reporting Period and to whom the legal requirement for training relates, 100% completed their e-learning.

As in previous years, we have continued to train more Partners on the requirements of the Code than is strictly required by the Order, extending our mandatory training to all Partners who have a potentially supplier-facing role in business areas where GSCoP could have an impact. Across Trading, Supply Chain and the wider Commercial Directorate, over 600 Partners completed both the GSCoP e-learning and attended (or watched a recording of) an interactive briefing session on the Code, which was tailored to their area.

In addition, we have also trained 12 contractors on the Code, where they might be supporting the Commercial Teams in supplier-facing roles.

Breaches or alleged breaches

Where a Code-related issue or complaint is identified, Waitrose will always seek to understand the root cause of the problem and, in the case of a supplier complaint, the reasons behind their concerns, with the ultimate aim of resolving the issues quickly and ensuring that our suppliers have been treated fairly and in line with the Code.

With the exception of confidential supplier complaints, which are handled by the CCO and non-Commercial members of the GSCoP Working Group, all Code-related issues or complaints are reported to our GSCoP Working Group so any themes can be monitored and action taken where needed.

During the Reporting Period, Waitrose had 23 cases (down from 24 last year) where a supplier either alleged that there had been a breach of the Code or referred to a potential non-compliance with the Code. 12 of these cases were raised directly with the business and 11 directly with the CCO. Three complaints were ongoing at the end of the Reporting Period. Seven Code issues raised before the Reporting Period were also closed in the year. No formal disputes were raised during the Reporting Period.

There were two common themes for supplier contacts this year, these being payment issues and De-listing which is consistent with last year.

Regarding the payment issues, these did not always strictly relate to delays in payments as required by paragraph 5 of the Code; for example, a number of suppliers wanted to discuss remittance advice or needed help with the invoicing and payments system. We communicate through the CCO newsletter the correct way to raise any payment queries, which is through our Finance Portal, and have also communicated the times that support can be accessed via the helpline if needed. In addition, suppliers who contact the CCO are offered a call with our Payments Team to talk through their concerns and ensure they are confident in where to obtain help in the future. We continue to closely monitor our payment processes and seek to identify any areas where further improvements can be made, taking on board feedback from suppliers.

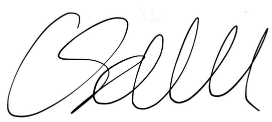
In regard to the supplier complaints this year related to De-listing, some original Buyer decisions were upheld, whilst some were overturned following Senior Buyer Reviews. Where decisions were overturned in full or part, this was often as a result of complex circumstances or where, on balance, a concession seemed to be fair, irrespective of the strict Code position. As part of our wider continuous improvement measures, we also analyse all De-listing queries together with the outcomes of our internal De-listing audits so as to identify key themes and root causes. We then share these observations (and associated recommendations) with the Trading Teams both on an ad hoc basis and as part of our Annual Compliance Briefings.

Finally, all supplier meetings held with the CCO are treated in the strictest of confidence unless the supplier states otherwise and Waitrose has signed up to the CCO Confidentiality Commitment which ensures that suppliers will not face any negative consequences as a result of raising a query either with the CCO or the Waitrose business generally.

Looking forward

The ARC's focus for the coming year will be centered on closely reviewing regulatory compliance activities in line with laws and regulations, consideration for the Partnership's significant financial reporting matters and concluding the external audit tender process ready for the 2026/27 audit.

On behalf of the Audit and Risk Committee.



CLARE SWINDELL
Chair of the Audit and Risk Committee and Non-Executive Director

ETHICS AND SUSTAINABILITY COMMITTEE REPORT

The role of the Ethics and Sustainability Committee is to assist the Partnership Board to fulfil its responsibilities for setting Ethics and Sustainability (E&S) strategy in accordance with the Partnership's Purpose and values and ensuring that E&S strategy is embedded into the Partnership's operations by reviewing and monitoring:

- The Partnership's conduct with regard to its obligation, reputation and opportunity as a responsible and progressive corporate citizen;
- That E&S remains core to the Partnership, aligned to the Partnership's Purpose and values;
- The delivery of the Partnership's E&S commitments, consistent with the strategy;
- The Partnership's principal risks related to E&S;
- That external perspective is fully considered to ensure the Partnership's approach on E&S remains relevant and stretching.

To meet its purpose, the Committee assesses the embedding of E&S strategy into the Partnership's operations, and whether E&S issues are considered when reviewing and guiding the Partnership's strategy, major plans of action, risks, annual budgets, and business plans. It monitors whether the expectations of Partners and other stakeholders are taken into account in relation to the Partnership's E&S performance and the management of E&S risk and opportunities, and reviews adherence to E&S compliance obligations.

The Committee's Terms of Reference are reviewed annually and are available at www.johnlewispartnership.co.uk.

Membership and composition

The Committee usually comprises the Chairman, Deputy Chairman, Chief Financial Officer, one Non-Executive Director, one Elected Director and at least one External Independent Members. The members of the Committee at the date of this report are:

Rita Clifton	Non-Executive Director (Chair of the Committee)
Will Kernan	Non-Executive Director
John Morrison	External Independent Member
Andy Mounsey	Chief Financial Officer
Sarah Mukherjee	External Independent Member
Cheryl Proctor	Elected Director
Jason Tarry	Chairman

The Managing Directors of John Lewis, Waitrose and New Businesses, as well as the Director, Ethics and Sustainability, the Partnership Secretary and the Director of Risk and Assurance (or a nominee appointed by them) routinely attend meetings but are not members of the Committee.

Jules Rushworth stepped down from the Committee on 12 June 2024. Will Kernan and John Lee joined the Committee with effect from 10 September 2024. Bérangère Michel and Sharon White ceased to be members of the Committee on stepping down as Executive Director, Finance and Chairman of the Partnership on 6 and 12 September 2024 respectively. Andy Mounsey became a member of the Committee on 10 September 2024. Jason Tarry joined the Committee on his appointment as Chairman on 12 September 2024. Following the election of Directors to join the Partnership Board by Partnership Council on 14 November 2024, John Lee ceased to be an Elected Director and member of the Committee with effect from 25 January 2025 and Cheryl Proctor was appointed as a member of the Committee on her appointment as an Elected Director with effect from 26 January 2025.

The two External Independent Members assist the Committee to ensure that an external perspective is maintained, and that the Partnership's approach remains relevant and stretching.

The Committee met four times during the year under review. These meetings were attended by all members who were eligible to attend, with the exception of one member who was unable to attend one meeting.

External Independent Members

John Morrison, appointed: December 2022
John has been Chief Executive of the Institute for Human Rights and Business (IHRB) since its formation in 2009, and brings a wealth of experience in ethics to the Partnership. John leads IHRB's global strategy, fundraising, and outreach. Before IHRB, he directed the Business Leaders Initiative on Human Rights, was Head of Public Affairs for The Body Shop International, and before this worked in the field of refugee protection and on issues of human trafficking. John advises a number of governments, intergovernmental organisations, and businesses on human rights and wider issues of sustainability, development, and international affairs. John has published a number of books, most recently The Just Transition: a systems-thinking approach to climate action, published in November 2024.

Sarah Mukherjee, appointed: December 2022
Sarah is Chief Executive Officer at IEMA (Institute of Environmental Management and Assessment) and has years of experience in sustainability. Previously, Sarah was the BBC's Environment correspondent. After leaving the Corporation, she held leadership roles in various sectors including utilities and agriculture. Sarah was a panel member for the National Parks Review and also sat on the National Food Strategy Advisory Panel. She is co-chair of the Natural England Landscape Advisory Panel as well as Non-executive Director on the Board of the Environment Agency. In 2021, Sarah was awarded an MBE for her services to agriculture and farmer well-being.

Committee effectiveness
During the year under review, the Committee considered the output relevant to the Committee from the Board evaluation exercise undertaken in Autumn 2023 and followed up through the agreed actions. After year end, Committee members and regular attendees contributed to an assessment of the Committee's effectiveness in February and March 2025. The output from the evaluation was considered by the Committee at its April 2025 meeting and will be followed up through the agreed actions.

Activity
At each meeting the Committee received a high level overview of the Partnership's key E&S priorities using a heatmap to focus attention on the most salient issues and areas of progress, including policy updates and benchmarking.

Committee time centred around reviewing, monitoring and challenging management on key areas of E&S strategy, performance and risk including:

- The Partnership's E&S strategy built on the three key pillars of: (1) Supply Chains (agriculture, aquaculture & fisheries, responsible sourcing); (2) Environment (circularity & waste, climate action, biodiversity); and (3) Communities and Health;
- Updates on E&S initiatives and plans for John Lewis and Waitrose;
- Priority initiatives and issues including:
    - Partnership-wide issues such as plastics and packaging, ethical sourcing and compliance, zero deforestation, climate-related risk, performance and disclosure, the Partnership's partnership with WWF, and Building Happier Futures;
    - For Waitrose - regenerative agriculture, animal welfare, health and activity to tackle food waste, in support of an improved food system;
    - For John Lewis - the responsible sourcing of raw materials, circular design, and the customer-facing approach to sustainability.
- E&S related risks and compliance and policy updates, and risk mitigation relating to goods not for resale;

- Changes to the E&S legislative landscape including forthcoming EU and UK E&S legislation and specifically how the European Union Deforestation Regulation (EUDR) could impact suppliers;
- Development of the Partnership's response to crisis incidents such as conflict, focusing specifically on issues of humanitarian aid and responsible sourcing;
- Work in the area of social impact, the ongoing consolidation of charitable bodies connected to the Partnership, and Building Happier Futures;
- Briefings from the External Independent Members of the Committee on areas for particular focus and to continue to develop the breadth of understanding and knowledge of Committee members on current issues relevant to the Partnership, including geopolitical issues, social developments, and the outputs from COP28 United Nations Framework Convention on Climate Change, COP16 United Nations Convention on Biological Diversity and COP29 Framework Convention on Climate Change;
- The impact of structural changes, financial decisions and business planning for E&S plans and performance.

The Committee maintained, on behalf of the Partnership Board (which retains overall responsibility for risk management), direct oversight of the Partnership's principal risks related to E&S being: (i) E&S risk; and (ii) the E&S related elements of regulatory non-compliance risk. Working within the Partnership's risk management framework, the Committee also provided input and assurance to the ARC on issues relating to risk management, internal control and E&S reporting, including reporting in accordance with the requirements for Climate-Related Financial Disclosures.

During the year under review, the Committee endorsed E&S related reporting comprising the Partnership's Ethics and Sustainability Report 2023/24, E&S content for the Annual Report 2024, and the Modern Slavery statement and Human Rights Report 2024. After year end, the Committee endorsed the Partnership's Ethics and Sustainability Report 2024/25 and E&S content for the Annual Report 2025.

More information about the work of the Committee and the Partnership's E&S strategy and performance during the year can be found in the Strategic Report on pages 10 to 21. Further detail is published on the Partnership website, and in the Partnership's Ethics and Sustainability Report 2024/25 available at www.johnlewispartnership.co.uk/csr.

On behalf of the Ethics and Sustainability Committee.

RITA CLIFTON
Chair of the Ethics and Sustainability Committee and Deputy Chairman

NOMINATION COMMITTEE REPORT

The Nomination Committee's main role is to ensure there is a strong succession and robust appointment process to the Partnership Board and Senior Management positions. (Senior Management is defined as Partners at Executive Team level, and at Director level reporting directly to the Chairman, but not the Director of Distinctive Character - previously the Independent Directors - nor the President of Partnership Council & Director of Democratic Engagement). The Committee supports the Partnership Board in ensuring that:

- There is a formal, rigorous and transparent procedure for Partnership Board and Senior Management appointments;
- Plans are in place for orderly succession to the Partnership Board and Senior Management positions and that there is a diverse talent pipeline for succession;
- There is an appropriate induction and training programme for the Partnership Board and its Committees;
- The composition of the Partnership Board is regularly reviewed and refreshed, so that it is effective and able to operate in the best interests of the Partnership.

The Committee's Terms of Reference are reviewed annually and are available at www.johnlewispartnership.co.uk.

Membership and composition

The Committee comprises the Chairman, two Non-Executive Directors and two Elected Directors. The members of the Committee at the date of this report are:

Rita Clifton	Non-Executive Director (Chair of the Committee)
Tom Harland-Roberts	Elected Director
Will Kernan	Non-Executive Director
Adam Rogers	Elected Director
Jason Tarry	Chairman

David Wood ceased to be an Elected Director and member of the Committee with effect from 16 August 2024, on leaving the Partnership. Sharon White ceased to be a member of the Committee on stepping down as Chairman of the Partnership on 12 September 2024. Jason Tarry joined the Committee on his appointment as Chairman on 12 September 2024. Following the election of Directors to join the Partnership Board by Partnership Council on 14 November 2024, Jules Rushworth ceased to be an Elected Director and member of the Committee with effect from 25 January 2025 and Tom Harland-Roberts and Adam Rogers were appointed as members of the Committee on their appointment as Elected Directors with effect from 26 January 2025.

There were ten Committee meetings during the year. All members attended each meeting they were eligible to attend with the exception of one member who was unable to attend one meeting. The Committee is supported by the Chief People Officer and assisted by independent consultants, who attend Committee meetings as required. Committee meetings are also regularly attended by the Partnership Secretary and the Director of Distinctive Character (previously the Independent Directors).

No member of the Committee participates in discussions regarding their own appointment. When any matter relating to their appointment is being discussed or agreed, they recuse themselves from that part of the meeting.

Board effectiveness review

During the year, an internally facilitated review of the Partnership Board's effectiveness was conducted. An overview of the review process and a summary of the agreed actions is provided in the section on Governance in the Partnership on page 48.

Committee effectiveness
During the year under review, the Committee considered the output relevant to the Committee from the Board evaluation exercise undertaken in Autumn 2023. After year end, at a meeting in March 2025, Committee members and regular attendees reviewed the Committee's effectiveness and agreed actions to address specific points identified.

Appointments
The Nomination Committee oversees the process for selecting and recommending candidates for Partnership Board and Senior Management appointments.

Working with the Chairman and the Chief People Officer, the Committee evaluates the balance of skills, experience, independence, knowledge and diversity within the Partnership Board and Senior Management as well as those needed to meet future challenges affecting the Partnership. From this evaluation it prepares a role profile and capabilities specification for a particular appointment. The Committee decides on the appropriate search and selection process, including whether to use open advertising or the services of external search consultants to facilitate the search. The process ensures that candidates are considered on merit, against objective criteria and with due regard to promoting the benefits of diversity including gender, social and ethnic backgrounds, as well as cognitive and personal strengths. During the year, the Committee was supported by external search consultancy firms as required for the appointments made within its remit. None of the external firms have any other connection with the Partnership aside from the provision of recruitment services.

A different process is followed for appointment to the position of Elected Director. Selection is overseen by Partnership Council and not the Committee. For the elections held during the year the Deputy Chairman, in her role as Chair of the Committee, wrote to Partnership Council with details of the Committee's assessment of the capabilities the Board would benefit the most from at that time.

Chairman's succession
In October 2023, Sharon White asked the Partnership Board to initiate a process to appoint a successor as she entered the latter stages of her five year term as Chairman. This then became a key area of focus for the Committee. Sharon also indicated her intention to give up the right of the Chairman to nominate their successor. The Articles of Association of John Lewis Partnership Trust Limited were amended on 29 January 2024 to formalise the role of the Partnership Board in the selection of a Chairman.

During the year, the Committee continued its thorough, considered and rigorous succession process that was commenced in the prior year, with the highest regard for principles of good governance and for the expectations of Partners. It was supported by an external search consultancy, which was chosen after a tender process. Committee members undertook unconscious bias training before a series of informal and formal interviews and presentations conducted by all Committee members and an Independent Director. The culmination of this process was the recommendation to the Partnership Board that Jason Tarry be appointed as the seventh Chairman of the Partnership. The Board supported this recommendation, and Jason's appointment was subsequently announced on 8 April 2024. He took up the post on 12 September 2024.

Non-Executive Directors
Following Nicky Dulieu's departure from the Partnership Board in December 2023, the Committee conducted a process to appoint a new Non-Executive Director to replace her. The Committee considered the experience, skills and capabilities required on the Partnership Board to support the Partnership's strategy and the term of appointment. From this, and taking into account the Partnership Board's Diversity Statement (see page 69), a candidate specification was drawn up. The process was concluded in January 2024 when the Partnership Board approved, on the Committee's recommendation, the appointment of Clare Swindell. Clare joined the Partnership Board on 6 March 2024.

Rita Clifton, whose initial three year term as a Non-Executive Director and Deputy Chairman was due to expire on 31 January 2024, confirmed that she was willing to extend her term for a further three years commencing on 1 February 2024. On the Committee's recommendation, this was approved by the Partnership Board on 6 December 2023.

Partnership Board committee membership
The Committee regularly reviews and makes recommendations to the Partnership Board on the composition of the Partnership Board and its committees in consultation with the Chairs of those committees. During the year, the Committee recommended to the Partnership Board that changes be made to the composition of the Partnership Board committees following changes to the membership of the Partnership Board.

Sharon Fennessy, External Independent Member of the ARC, agreed to take on the role of Interim Chair of the ARC following Nicky Dulieu's departure and held the position until 7 May 2024. Clare Swindell was appointed as a member of the ARC on 6 March 2024 and took over from Sharon as Chair on 7 May 2024, which allowed for a short handover period and ensured continuity during the preparation of the year end results.

John Lee was appointed to the ESC on 10 September 2024, replacing Jules Rushworth who had stepped down. Will Kernan and Andy Mounsey were also appointed to the ESC on 10 September 2024.

Jason Tarry was appointed to the ESC and the Nomination Committee on his appointment as Chairman on 12 September 2024, replacing Sharon White in both instances.

Following the elections for Elected Directors conducted by Partnership Council in November 2024, the Elected Directors were appointed to the following Committees from 26 January 2025:

- Tom Harland-Roberts was appointed to the ARC, the Nomination Committee and the Remuneration Committee;
- Cheryl Proctor was appointed to the ESC;
- Adam Rogers was appointed to the Nomination Committee and the Remuneration Committee.

The membership of each of the Partnership Board committees is set out in each committee's report.

External Independent Members of Partnership Board committees
The Committee oversees the process for selecting and appointing any External Independent Members of the Partnership Board committees, and makes recommendations to the Board on any such appointments. Biographies for External Independent Members can be found in the relevant committee's report.

The Committee has determined that the ARC benefits from having two External Independent Members. Alan Martin and Jane Hanson performed this role throughout the year. Sharon Fennessy, who joined the ARC as an External Independent Member in March 2016, was retained as an External Independent Member until 7 May 2024 to facilitate an orderly handover and continuity during the preparation of the year end results.

The Committee has determined that the Ethics and Sustainability Committee benefits from having two External Independent Members. No changes were made to these appointees - John Morrison and Sarah Mukherjee - during the year.

Elected Directors
Under the ownership model for the John Lewis Partnership, Partnership Councillors choose three Partners to be Directors on the Partnership Board. The most recent election was accelerated to November 2024 to avoid the need to hold a by-election to replace David Wood. Appointments to the Partnership Board were effective from 26 January 2025.

Senior Management
The Committee oversees and approves any substantial change in duties or responsibilities and any suspension or termination of employment of members of Senior Management.

During the year, the Committee assessed the implementation of the role of Chief Executive Officer against pre-agreed metrics. Reflecting the significant progression of the Partnership's transformation, the Chief Executive Officer and the Partnership Board agreed in the Autumn of 2024 that the need for the delegation of certain of the Chairman's responsibilities to a Chief Executive Officer could be discontinued. This ultimately led, from 27 March 2025, to the closure of the Chief Executive Officer role and to Nish Kankiwala moving to a non-executive advisory role.

As advised in last year's report, on 23 April 2024, Bérangère Michel, Executive Director, Finance announced her resignation from the Partnership. She left the Partnership on 6 September 2024. A search to identify a successor was commenced and the Committee supported the appointment of Andy Mounsey, Group Finance & Strategy Director, to replace her, initially on an interim basis and, from 10 April 2025, on a permanent basis.

After a period of time away from the business, on 29 January 2025 Lisa Cherry announced her departure from the Partnership. A process, overseen by the Committee, has commenced to identify a successor as Chief People Officer and member of the Executive Team.

Succession planning and talent management
The Terms of Reference of the Committee set out its role in ensuring that there is a sufficient breadth of talent for Partnership Board and Senior Management succession.

The Committee reviews succession plans for the Board and Executive Team. It also reviews annually the potential of Director level (Partnership Level 3) leadership talent and the existence of any capability gaps to achieving the Partnership Plan.

The Committee received updates on development of the Partnership's leadership development programmes.

Induction, training and development
The Committee ensures that all new members of the Partnership Board and Senior Management are provided with an appropriate induction programme, and oversees the provision of appropriate training and development for all members of the Partnership Board and Senior Management to maintain and enhance their effectiveness.

During the year the Committee oversaw a bespoke induction programme for the new Chairman.

Diversity and inclusion
Under its Terms of Reference, the Committee's role includes setting the ambition for diversity and inclusion in relation to Partnership Board and Senior Management positions, overseeing the setting of diversity objectives for the Partnership as a whole, and monitoring the outcome of diversity initiatives, and in particular the development of a diverse pipeline for succession into senior roles. The Committee oversees diversity in the leadership community. Diversity and inclusion across the whole Partnership is also considered by the Partnership Board.

Further information on diversity and inclusion in the Partnership can be found in the section on becoming a more inclusive business on pages 9 to 10.

Through the Committee, the structure, size and makeup of the Partnership Board (including skills, knowledge, experience and backgrounds) are monitored, to make sure that when considering Partnership Board candidates, consideration is given to diversity, including gender, ethnicity and other characteristics protected by the provisions of the Equality Act 2010, and other underrepresented groups in the Partnership. Three members of the Partnership Board are elected by Partnership Council and their appointments are not subject to oversight by the Committee or the Partnership Board; all other Partnership Board appointments are overseen by the Committee. It is not the Partnership Board's policy to set specific targets by legally protected characteristics such as gender or ethnicity. At year end, the gender diversity of the Partnership Board was 43% female, 57% male and the Partnership Board met the Parker Review target to have at least one ethnic minority director.

The Partnership Board has adopted a Diversity Statement, set out below, about the makeup of the Partnership Board. The Partnership Board recognises and embraces the benefits of having diverse members and the need to work inclusively.

Diversity statement
We are an inclusive business. Our Purpose includes a commitment to happier Partners, enjoying worthwhile and satisfying work in a supportive environment we all help to create. We treat people with fairness, courtesy and respect, and we work with others who do the same. We create an inclusive environment and celebrate diversity with our Partners, customers and the communities we serve.

Inclusion is vital in every element of our business. It shows up in everything we do and in all that makes us different. It ensures we live our Purpose, connect with our Partners, bring our Behaviours to life and listen to the voice of our Partners. We have a clear action plan, and our Partnership Board Diversity Statement reflects our plans.

The makeup of the Partnership Board and its Committees should reflect the diverse population of the Partnership and the customers and communities we serve:

- All Board appointments are based on merit and objective criteria to enhance the Board's overall effectiveness and, within this context, consider diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- Candidates for appointment as Non-Executive Directors and independent membership of Committees will be drawn from diverse sources and 'long lists' and will always include a broad range of characteristics;
- We will only use search firms that have signed up to the standard voluntary code of conduct on gender and ethnic diversity;
- Successful Non-Executive Director and Committee member candidates will be committed to the Partnership's Behaviours, Principles and ethos;
- Potential internal candidates for Board appointments will have opportunities to gain experience and an understanding of working inclusively, and not just within our own business;
- Measurement against these objectives and assurance on broader Partnership diversity is reported annually to the Board.

The Nomination Committee monitors the structure, size and composition of the Board and its Committees to ensure due regard is given to diversity.

On behalf of the Nomination Committee

RITA CLIFTON
Chair of the Nomination Committee and Deputy Chairman

REMUNERATION COMMITTEE REPORT

The Remuneration Committee's role is to ensure that the Partnership's remuneration policy supports its strategy, is aligned to its Purpose and drives the right behaviours.

The Committee oversees how policy on remuneration (comprising base pay, pension arrangements and other benefits) is applied to the Chairman, Executive Team and other senior managers who report to the Chairman (but neither the Director of Distinctive Character - previously the Independent Directors - nor the President of Partnership Council & Director of Democratic Engagement). The Committee ensures remuneration arrangements for these Partners remain competitive and appropriate, taking into account business performance, external market conditions and the broader approach to reward across the Partnership.

The Committee is responsible for:

- Reviewing the design of the Partnership's remuneration policy to ensure the Partnership is able to attract, retain and motivate senior leaders without paying more than is necessary with reference to the market;
- Making recommendations to the Partnership Board regarding the Chairman's pay;
- Deciding the pay of the Executive Team and other senior managers.

During the period that the Partnership had a Chief Executive Officer, the Committee also oversaw how policy on remuneration was applied to that post and reviewed the pay of the postholder.

In addition to the Committee's responsibilities set out above, the Elected Director members are responsible for setting the fees for the Partnership Board's Non-Executive Directors and External Independent Members of committees of the Partnership Board.

The Committee's Terms of Reference are reviewed annually and can be found at www.johnlewispartnership.co.uk.

Membership and composition

The Remuneration Committee normally comprises two Non-Executive Directors and two Elected Directors. This provides a combination of members who are independent of executive management and mindful of Partners' interests.

Remuneration Committee decisions can only be made when at least the Chair of the Committee or their appointed deputy, one Non-Executive Director and one Elected Director are present. Two Elected Directors must be present when considering Non-Executive Directors' remuneration. No Committee member can take part in any discussion or decision relating to their own remuneration. When any matter relating to their remuneration is being discussed or agreed, they recuse themselves from that part of the meeting.

The members of the Committee at the date of this report are:

Rita Clifton	Non-Executive Director (Chair of the Committee)
Tom Harland-Roberts	Elected Director
Will Kernan	Non-Executive Director
Adam Rogers	Elected Director

David Wood ceased to be an Elected Director and member of the Committee with effect from 16 August 2024, on leaving the Partnership. Following the election of Directors to join the Partnership Board by Partnership Council on 14 November 2024, Jules Rushworth ceased to be an Elected Director and member of the Committee with effect from 25 January 2025. Tom Harland-Roberts and Adam Rogers were appointed as members of the Committee on their appointment as Elected Directors with effect from 26 January 2025.

The Committee met on eight occasions during the year. All members attended each meeting they were eligible to attend with the exception of one Director who was unable to attend one meeting.

Advisors

Willis Towers Watson acts as independent remuneration consultant to the Committee. Willis Towers Watson provides the Committee with executive remuneration advice and external market assessments. The Partnership also uses its job evaluation methodology, software and compensation data services and receives talent and reward consulting services.

The Committee is supported by the Chief People Officer and the Director of Reward & Policy. Committee meetings are also regularly attended by the Chairman, Partnership Secretary and Director of Distinctive Character (previously the Independent Directors). These attendees are not present for any discussions relating to their own remuneration.

Pay policy

Under Rule 44 of the Constitution, the Chairman is ultimately responsible for ensuring that the system for deciding the pay and benefits of individual Partners is fair.

The Partnership's approach to pay is set out in Rules 61, 62 and 63 of the Constitution:

Rule 61	(i) The Partnership sets pay which is informed by the market and supports the attraction and retention of high calibre people. (ii) Managers must take great care in adhering to Partnership guidelines, ensuring each individual's pay is appropriate for their role and if made public would pass the closest scrutiny. (iii) Partnership Bonus is not taken into account when setting pay.
Rule 62	Each year, those who make the highest level of individual contribution will receive additional reward or recognition. Only by exception would this not be possible.
Rule 63	The pay of the highest paid Partner will be no more than 75 times the average basic pay of non-management Partners, calculated on an hourly basis.

The pay policy sets out how pay rates and ranges are set as well as details of other pay elements (for example: bonuses, premium payments and allowances), pay review and holiday pay.

Partner pay is reviewed annually in line with the agreed pay review approach. Each role in the Partnership, including Executive Team roles, has a pay range set with reference to similar roles or groups of roles in comparable organisations. The Partnership does not operate annual or long-term incentive plans.

Key activities

Chairman's pay

The Remuneration Committee is responsible for making recommendations to the Partnership Board regarding the Chairman's pay. The Committee takes into account matters such as:

- A review of the Chairman's performance against objectives, undertaken by the Deputy Chairman (in their role as Chair of the Committee) with input from the Partnership Board and Executive Team;
- The Partnership's overall performance in the year;
- An external market assessment provided by Willis Towers Watson;
- Rule 63 of the Partnership's Constitution;
- The pay review approach and level of pay increases awarded to other Partners.

As noted in last year's report, Sharon White requested that no pay review increase be awarded in April 2024. A review of her performance was, nevertheless, undertaken.

The Committee considered the proposed remuneration for Jason Tarry, alongside the Nomination Committee's recommendation that he be appointed as Chairman. The Committee's decision was informed by the proposed scope of the Chairman's role, as it was then constituted with a Chief Executive Officer role in place, an external market assessment and Rule 63 of the Partnership's Constitution. The Partnership Board accepted the Committee's recommendation. Due to Jason's appointment partway through the year, the Committee agreed a year end review of his performance was not appropriate.

Following the announcement that Nish Kankiwala would step down as Chief Executive Officer, the Committee - informed by an updated external market assessment - reconsidered the Chairman's remuneration. After the year end, the Committee recommended that Jason Tarry's pay be equalised to the amount paid to the Chief Executive Officer to reflect the recalibration of the role, which the Board approved.

Pay ratios

The Committee again agreed to voluntarily report a CEO pay ratio figure in line with legislation for quoted companies. The ratio is calculated with reference to the total remuneration of 'the director undertaking the role of chief executive officer' as prescribed by The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the Regulations) to the total pay of individual Partners at the 25th, 50th and 75th percentiles, as identified using 2024 gender pay gap reporting data. During the reporting year, this role was fulfilled by the Chief Executive Officer.

The Regulations require companies to choose one of three calculation methodologies (Option A, B or C), to calculate their CEO pay ratio. Option A requires calculating the full time equivalent remuneration of all UK employees for the financial year in order to identify comparators at the 25th, 50th and 75th percentile. Option B enables companies to use their most recent gender pay gap data to identify the comparators and Option C allows use of other pay data with supportive narrative. As in previous years, the Committee chose to use Option B as it enables the use of a readily available, robust and consistent dataset.

In addition, Rule 63 of the Partnership's Constitution limits the pay of the highest paid Partner to no more than 75 times the average basic pay of non-management Partners. The Rule only applies to basic pay but the Committee also considers a total reward comparison that includes pension and other benefits (but not any Partnership Bonus). This compares the total reward of the highest paid Partner to the average total reward of non-management Partners with three or more years' service. The Committee has agreed that, beginning with the 2025/26 reporting year, it is no longer necessary to report the 'total reward' comparator between the highest paid Partner and non-management Partners, since the CEO pay ratio provides a more comprehensive total remuneration comparison and is aligned with UK listed company practice. The Rule 63 'pay only' comparator will still be calculated and published.

Executive Team pay

The Remuneration Committee also approves the pay of other Executive Directors. The Committee considers the Chairman's recommendations for the Executive Team, and also takes into account market data provided by Willis Towers Watson as well as the pay review approach and level of pay increases awarded to other Partners. (In the year under review, the Committee considered the Chairman's recommendation for the Chief Executive Officer, and the Chief Executive Officer's recommendations for the Executive Team.) During the year, the Committee approved revised pay arrangements for five Executive Team members, including interim members. After the year end, the Committee agreed changes to the Executive Team pay ranges in line with the approach taken to review pay ranges for all salaried roles. The Committee also approved pay increases, including any pay for contribution, for the Executive Team and senior management, in line with the pay review criteria applied to all Partners. The Committee also approved the remuneration package for the new Chief Financial Officer after the year end.

Non-Executive Directors
The Elected Director members of the Committee approve fee arrangements for Non-Executive Directors. During the year, they approved a 5% increase in the fees for Non-Executive Directors, the first such increase since 2017.

External Independent Members of Partnership Board committees
The Elected Director members of the Committee also approve fee arrangements for External Independent Members of Partnership Board committees.

Partnership pay
During the year, the Remuneration Committee was provided with information and context on pay across the Partnership including the 2024 pay review approach and outcomes. After the year end, it also noted the agreed 2025 pay review budget of £114m and its distribution, including the implementation of contribution-related pay linked to Partner ratings.

Gender pay gap reporting
After the year end, the Committee reviewed the Partnership's statutory gender pay gap reporting as at April 2024 and voluntary ethnicity pay gap disclosure. Details about our gender pay gap are available in 'Becoming a more inclusive business' on pages 9 to 10.

Committee effectiveness
During the year under review, the Committee considered the output relevant to the Committee from the Board evaluation exercise undertaken in Autumn 2023. After year end, at a meeting in March 2025, Committee members and regular attendees reviewed the Committee's effectiveness and agreed areas for the Committee's focus during 2025/26.

Outlook
Looking forward, the Committee will continue to ensure that the Chairman, Executive Directors and senior management who report to the Chairman are rewarded appropriately for the work they do whilst also being mindful of broader Partnership pay, financial performance and external developments. The Committee will oversee any remuneration policy changes that are required and their application.

The Committee will consider corporate governance reforms, legislative changes and best practice developments relating to remuneration and consider how these should apply within the Partnership. We are not obliged to adopt all these changes but consider the extent to which they are relevant to the Partnership to ensure our approach to pay remains fair and transparent.

REMUNERATION REPORT
References to the Chairman below relate to arrangements for Sharon White and Jason Tarry as indicated. References to the Executive Directors refer to the two members of the Executive Team who served on the Partnership Board during the year: Nish Kankiwala who served as Chief Executive Officer throughout the year under review, and Bérangère Michel who served as Executive Director, Finance until 6 September 2024. For the avoidance of doubt, such references do not include other Executive Team members who did not serve on the Partnership Board or anyone appointed after the year end.

Spend on pay
In 2024/25, the Partnership spent £1,869m on employment and related costs (2023/24: £1,794m). This represented 16.8% (2023/24: 16.6%) of the Partnership's revenue.

£1,604m was spent on wages and salaries (2023/24: £1,538m). As in the previous year, no Partnership Bonus was awarded in respect of 2024/25.

Chairman's pay

In the reporting year, Sharon White's total reward for the period from 28 January 2024 to 12 September 2024 was £693,400. Jason Tarry's total reward for the period from 12 September 2024 to 25 January 2025 was £415,000. Their respective total reward for the reporting period is made up of the following elements:

	Jason Tarry	Sharon White	Total	Sharon White
	2025 **£**	**2025** **£**	**2025** **£**	**2024** **£**
Pay	382,300	607,700	990,000	990,000
Partnership Bonus	-	-	-	-
Pension	30,600	73,300	103,900	118,800
Cash value of other benefits	2,100	12,400	14,500	13,500
Total reward	**415,000**	**693,400**	**1,108,400**	**1,122,300**

In the reporting year, Sharon White received a pension cash replacement of 12% of pay; Jason Tarry received a pension cash supplement of 8% of pay, in line with the standard arrangements for new joiners with less than three years' service. Other benefits comprised car allowance and medical cover. Their combined total reward in the year fell marginally in comparison with the previous year as a result of the lower pension cash supplement received by Jason Tarry. Sharon White's base pay in the reporting year was £990,000; Jason Tarry's base pay on appointment was also £990,000 and, as noted on page 72, the Board agreed that this be adjusted with effect from 1 April 2025.

Pay ratios

As prescribed by the legislation, the CEO pay ratio (defined on page 72) includes the Chief Executive Officer's total reward for the financial year. Total pay for the purposes of the calculation includes ranking pay, any Partnership Bonus and pension benefit. All of the percentile ratios have declined this year; this reflects the higher ranking pay of the comparator Partners.

Year	Methodology	25th percentile ratio	50th percentile ratio	75th percentile ratio
2025	Option B	**51**	**47**	**43**
2024	Option B	53	51	49
2023	Option B	55	50	45
2022	Option B	51	44	41
2021	Option B	54	49	36

For the purposes of Rule 63 (defined on page 71), the highest paid Partner for the reporting period was the Chief Executive Officer. At the end of the reporting period, their pay received in the year was 53 times the average basic pay of non-management Partners and 46 times the average total reward of non-management Partners with three or more years' service, both below the 75 times limit. The slight increases reflect the fact that, unlike in 2023/24, this year the Chief Executive Officer's total reward is being reported for a full financial year.

	2025	2024	2023	2022	2021	2020
Rule 63: Basic pay only	**53**	51	49	52	52	63
Rule 63: Total reward excluding any Partnership Bonus	**46**	44	45	46	42	54

Elected Directors' pay

Elected Directors' pay is set with reference to their respective roles and responsibilities in the Partnership. They do not receive any additional pay or benefits for serving on the Partnership Board. Their pay is therefore not considered by the Remuneration Committee or Partnership Board.

Non-Executive Directors fees

Non-Executive Directors receive fixed annual fees, which are set by the Elected Directors on behalf of the Committee. The fees reflect the Directors' responsibilities and external market data. Non-Executive Directors are not eligible to receive Partnership Bonus or any other pay elements or benefits and are not members of the Partnership's pension schemes. As noted above, in the reporting year the Elected Directors agreed a 5% increase in the fees for Non-Executive Directors.

Total remuneration

The table below shows the total remuneration for the year including pension benefit, for all Directors who served on the Partnership Board during any part of the year, excluding the Elected Directors. The total remuneration paid to or receivable by Directors in respect of qualifying services for the year under review was £3,165,000 (2023/24: £3,290,000). The Chairman, Executive Directors and Elected Directors are also entitled to the same benefits as all other Partners, including Partnership discount and long leave.

Total Remuneration for Directors who served on the Partnership Board (excluding the Elected Directors)

Banding		Number of Directors	
Min	**Max**	**2024/25**	**2023/24**
1	50,000		2
50,001	100,000	2	2
100,001	150,000	1	1
400,001	450,000	1	
451,001	500,000	1	
650,001	700,000	1	1
1,100,001	1,150,000		2
1,301,001	1,350,000	1	
Total		**7**	**8**

As noted above, the table includes all Directors who served on the Board for any period of the relevant financial year. As a result, the total number of Directors in the year is lower than last year. The disclosure in respect of the highest paid director is included in note 2.9.4 to the consolidated financial statements.

Pension arrangements

The Chairman and Executive Directors are not building up additional benefits in the Partnership's pension scheme; instead all receive a monthly cash replacement. This is set at a percentage of pay in line with the maximum Partnership contribution into the defined contribution section of the pension scheme (i.e. 8% with an additional 4% after three years' service). For 2024/25, the total pension replacement value paid to Jason Tarry, Sharon White and the Executive Directors was £249,000 (2023/24: £275,000 for Sharon White and the Executive Directors).

Defined benefit pension value

No Directors in post as at 25 January 2025 had defined benefit pension entitlement (2023/24: one Director £72,000).

Where there are any defined benefit pensions remaining on an unfunded basis, the Partnership has made provision for the associated liability.

Payments to former Directors

No payments to former Executive Directors who served on the Partnership Board were accrued for or paid in the year.

Contractual notice periods for Executive and Elected Directors

No contract of employment contains a notice period of greater than one year. No contract contains a provision regarding compensation for early termination.

External appointments

The Partnership recognises that Executive Directors may be invited to become Non-Executive Directors of other companies and that these appointments can broaden their knowledge and experience to the benefit of the Partnership. Details of external appointments for Executive Directors on the Partnership Board are included within the biographies from pages 49 to 51.

Reporting requirements

This report has been prepared in accordance with the disclosure requirements applying to the Partnership, as set out in Schedule 5 of the Regulations. As the Partnership is not quoted, and has no share based incentive schemes or other long-term incentive plans, the Partnership Board has decided not to adopt the full disclosure provisions that apply to quoted companies. However, in the interests of transparency, certain disclosures within this report go beyond the requirements of Schedule 5 of the Regulations.

The Directors' earnings section on pages 74 to 76 is cross-referenced with note 2.9.4 to the consolidated financial statements.

On behalf of the Remuneration Committee

RITA CLIFTON
Chair of the Remuneration Committee and Deputy Chairman

DIRECTORS' REPORT

The Directors' Report for John Lewis Partnership plc (the Company) for the 52 week period ended 25 January 2025 comprises the Governance Report on pages 43 to 81 of this Annual Report and Accounts, together with the sections of the Report and Accounts incorporated by reference. The Board has chosen, as it considers them to be strategically important, in accordance with section 414C(11) of the Companies Act 2006, to include certain matters in the Strategic Report that would otherwise be required to be disclosed in the Directors' Report. These are:

- Future business developments - pages 5 and 8;
- Risk management - pages 30 to 37;
- Employee engagement - page 23 to 24;
- Engagement with suppliers, customers and others - pages 24 to 26;
- Becoming a more inclusive business - pages 9 to 10;
- Climate disclosures - pages 10 to 21.

The Company's statement on engagement with, and having due regard to, the interests of key stakeholders is contained within the section 172(1) statement in the Strategic Report on pages 22 to 29.

For more details on the progress the Partnership (within this Directors' Report meaning the group of companies headed by the Company) is making with its E&S aims, the latest Modern Slavery Statement and more detailed non-financial performance information, please visit www.johnlewispartnership.co.uk/csr.

The Partnership's corporate governance statement

Good standards of corporate governance have always been and remain integral to the Partnership's business model. It is governed by a written Constitution. The Company's statements on corporate governance can be found in the Governance Report on pages 43 to 81, including details and biographies of the Company's Directors, the Audit and Risk Committee report, the Ethics and Sustainability Committee report, the Nomination Committee report and the Remuneration Committee report. This is supplemented by additional detail below on the roles supporting our democratic approach and distinctive character.

The Partnership meets the threshold in The Companies (Miscellaneous Reporting) Regulations 2018 either to state which corporate governance code it has applied and how, or explain what arrangements for corporate governance it has applied. The Board agreed in 2018/19 that the Company would not apply any formal corporate governance code, because it is governed by its own Constitution. Whilst unique, the Company's governance arrangements cover the major elements of the UK Corporate Governance Code and the Wates Principles (Governance Principles for Large Private Companies), namely: company leadership; purpose; the composition of the bodies sharing power; accountabilities and responsibilities including challenge; opportunity and risk; remuneration; Partner engagement; and responsibilities to the environment, customers, suppliers and others. The Constitution is available on our website www.johnlewispartnership.co.uk.

Further information on the Partnership's Purpose is on page 4. The template for papers requiring a decision from the Partnership Board poses the question, 'How does [the decision] advance our Purpose?'

The Partnership Democratic Vitality team

The Partnership Democratic Vitality team was created in May 2021 following the restructuring of the Partnership Democratic Engagement team. In the year under review, the team was divided into three areas: Democratic Governance - designed to support and develop our formal democratic bodies; Capability - focused on measuring, diagnosing and activating democratic vitality; and Proposition and Insight - set up to help integrate democratic principles in strategic business decisions and projects.

Distinctive character

The Partnership is an ongoing experiment, which aims to model the potential of a better way of doing business. The Constitution of the Partnership requires the Chairman to 'develop' its 'distinctive character'. Throughout the history of the Partnership, the Chairman has been supported in this aspect of their role by senior Partners in roles independent of executive responsibilities and without responsibility for the day-to-day running of the Partnership. Since 2020 and throughout the year under review, this function has been provided by two Independent Directors. Following a review of the Independent Side during the year, Partnership Council approved in January 2025 changes to the Constitution including the replacement of the two Independent Director roles with the role of Director of Distinctive Character.

The new role, which came into effect on 29 March 2025, reports to the Chairman, and is in place to support and challenge the Chairman and their leadership team in the development of the Partnership's distinctive character by:

- Being a provocative and engaging force that focuses on what the Partnership stands for, inspires people to think differently, and challenges and support leaders;
- Providing an independent perspective on the progress of the business towards its Purpose and Principles (and advising the Chairman in this respect), and in doing so being completely open with the Chairman and telling them anything which they ought to know for the good of the Partnership;
- Maintaining focus on the distinctive character of the Partnership, including specifically humanity (amongst Partners and with the communities within which the Partnership operates).

The Director of Distinctive Character has a constitutional 'right to roam' and investigate any area of the business, receiving support from a group of Independent Advisors. They are not a statutory director of any company in the Partnership. They attend meetings of, but are not members of, the Executive Team, the Partnership Board or any of its committees, Partnership Council nor the Board of the Trust Company.

Clare Tickell took up the role of Independent Director on 14 October 2019, and James Allport was appointed on 25 April 2022. After five years in the Partnership, Clare took the decision in October 2024 to leave in March 2025. James Allport was subsequently appointed by the Chairman as the first Director of Distinctive Character with effect from 29 March 2025.

Principal activity

The Partnership's principal activity is retailing, with the main trading operations being the Waitrose and John Lewis Lines of Business. John Lewis operates in a number of different formats including 34 John Lewis stores, online (johnlewis.com), in-home services, and sourcing offices in Gurgaon, India and Kwun Tong, Hong Kong. Waitrose operates 315 supermarkets and convenience shops in the UK and Channel Islands, online (waitrose.com and specialist sites for wine and garden), and the Leckford Estate (the Waitrose Farm). Shops also operate under licence in the Middle East and through partnerships with Welcome Break and Shell in the UK. The two Lines of Business work closely together, enhancing customer choice. The Partnership's financial services business principally offers credit, insurance and foreign currency products to customers in the UK. There are also hotels, manufacturing activities, customer contact centres, and business to business contracts in the UK and abroad. The Partnership has also continued work on its entry into the Build to Rent property market, with three sites announced for development, including Bromley where planning permission has been granted, and management services provided to three aberdeen group-owned third party residential sites in Leeds, Leicester and Birmingham. The Company's subsidiaries and related undertakings are listed in note 16 to the consolidated financial statements.

Directors' interests

Under the Constitution, the Executive Directors and Elected Directors of the Company, as employees of John

Lewis plc, are interested in the 612,000 deferred ordinary shares in John Lewis Partnership plc, which are held in trust for the benefit of employees of John Lewis plc and other subsidiaries.

Capital structure

At 25 January 2025 the Company had in issue 612,000 deferred ordinary shares of £1 each (2024: 612,000 deferred ordinary shares of £1 each) which are held in trust by John Lewis Partnership Trust Limited for the benefit of employees of John Lewis plc and certain other subsidiaries and 104,169,594 Share Incentive Plan (SIP) shares of £1 each. The total issued share capital of the Company was £104,781,594 at the year end (2023/24: £104,781,594).

Dividends and Partnership Bonus

No dividends were paid on the deferred ordinary shares (2023/24: £nil). Each year, the Board resolves not to recommend or declare a dividend upon the deferred ordinary shares, but instead to consider recommending the payment of Partnership Bonus to eligible employees.

The Board decided, in March 2025, not to award a Partnership Bonus for the year 2024/25 (2023/24: nil).

When it is paid, Partners benefit from employee ownership tax relief, which allows them to receive the first £3,600 of their Partnership Bonus free of Income Tax. National Insurance Contributions (NICs) are still due.

Until 2020, the Company also offered BonusSave, a SIP. BonusSave allowed eligible Partners to enter into a savings contract to save up to a maximum of £5,400 in any one year from Partnership Bonus, held in SIP shares in the Company. Participating Partners save Income Tax and NICs when the funds are invested for five years, and receive a cash dividend for every full year the investment remains in BonusSave. Partners now benefit from the £3,600 income tax-free element of Partnership Bonus (which was not the case when BonusSave was set up) and usage had declined to fewer than 3% of Partners, leading to the decision to pause offering it for new investments.

Dividends on SIP shares (issued in connection with previous years' BonusSave) relating to the year under review were £358,771 (2023/24: £317,470). The SIP shares do not carry voting rights, cannot be sold or transferred except within the BonusSave trust or two Trust Settlements and are, at all times, held in trust for the benefit of the respective Partners in the name of the relevant trustee. Details of SIP shares can be found in note 5.1 to the consolidated financial statements.

Conflicts of interest

Directors are required to disclose their interests to the Board, highlighting any actual or potential conflicts of interest with their duties and responsibilities as a Director of the Company. The Board will consider these disclosures and, if appropriate, approve them. A register of interests is maintained by the Partnership Secretary and reconfirmed every six months.

The Board has looked closely at the other appointments held by Directors, details of which are contained in their biographies on pages 49 to 51, and considers that the Chairman and each of the Directors are able to devote sufficient time to fulfil the duties required of them under the terms of their contracts or letters of appointment.

During the year, no Director declared a material interest in any contract of significance with the Partnership or any of its subsidiary undertakings, other than any third party indemnity between each Director and the Company.

Directors' and Officers' liability insurance and indemnities

The Partnership has purchased and maintained throughout the year Directors' and Officers' liability insurance for the benefit of Directors and others as set out below. The Directors' and Officers' liability insurance provides cover for claims made, subject to certain limitations and exclusions, against Directors, Partnership Board committee members, and key managers of the Company, its associated companies, and other companies and trusts (including charities) related to the Partnership.

The Company also provides, and provided throughout the year, an indemnity for the benefit of Trustees of the Partnership's Pension Fund, in respect of liabilities that may attach to them in their capacity as a Trustee.

Equal opportunities, diversity and inclusion

The Partnership is committed to promoting equal opportunities in employment for existing Partners and for prospective Partners throughout the recruitment process. All Partners and job applicants will receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. These are known as 'Protected Characteristics'.

The Partnership has a Diversity and Inclusion Plan, and the Belonging at JLP Report (2024 report available at www.johnlewispartnership.co.uk, 2025 report to be published in June 2025) sets out the steps the Partnership is taking to achieve its vision to become the UK's most inclusive business. It is underpinned by the following Rules contained in the Constitution:

Rule 54	The Partnership takes no account of age, sex, marital status, sexual orientation, ethnic origin, social position or religious or political views.
Rule 55	The Partnership employs disabled people in suitable vacancies and offers them appropriate training and careers.

The Partnership recruits people with disabilities to suitable vacancies on merit. We offer tailored support through the recruitment process for applicants who declare their disability. We know adjustments are of the utmost importance for our Partners with disabilities, be they physical or cognitive, and arrange reasonable adjustments required at an individual level to ensure our disabled applicants and Partners are supported. The Partnership's Ability Network champions ability and disability in everybody so everyone can be themselves and feel included at work.

Please see pages 9 to 10 in the Strategic Report and pages 68 to 69 in the Nomination Committee report for more information on our Diversity and Inclusion Plan and the Board Diversity Statement.

Groceries (Supply Chain Practices) Market Investigation Order 2009 (the Order) and the Groceries Supply Code of Practice (GSCoP)

Waitrose is subject to the Order and the GSCoP. Please see pages 59 to 61 of the Audit and Risk Committee report for more information on compliance with GSCoP and the Order.

Political donations

It is the Partnership's policy not to make donations to political groups or those acting with the express purpose of seeking changes to the law or political policy. No political donations were made in the year (2023/24: £nil).

Use of financial instruments

The notes to the consolidated financial statements, including notes 1.1.5 and 3.4 on pages 90 to 91 and 122 to 123 respectively, include further information on our use of financial instruments.

Retirement by rotation

The Company does not operate a system of retirement by rotation or annual election or re-election at intervals by shareholders, but there are other controls on terms of appointment:

- If at any time Partnership Council judges that the Chairman has failed to fulfil, or is no longer a suitable person to fulfil, the responsibilities of their office, it may pass a 'Resolution upon the Constitution' to dismiss the Chairman;
- No contract of employment, including those of the Executive Team, contains a notice period of greater than one year;

- Non-Executive Directors are appointed for specified initial three year terms, which may be extended subject to the approval of the Partnership Board;
- The Elected Directors are appointed or re-appointed in accordance with the outcome of a vote every term (usually three years) of Partnership Council.

Going concern

The Directors, after reviewing the Partnership's operating budgets, investment plans and financing arrangements, consider that the Company and Partnership have sufficient financing available at the date of approval of this report. Accordingly, the Directors have concluded that the Partnership is a going concern and the Annual Report and Accounts have been prepared on that basis. See pages 87 to 88 for further detail.

A full description of the Partnership's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report on pages 3 to 42.

Viability statement

The Directors have assessed the prospects of the Company over a three year period to January 2028. This has taken into account the business model, strategic aims, risk appetite, and principal risks and uncertainties, along with the Company's current financial position. Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period under review. The full Viability statement is set out on pages 38 to 40.

Events after the balance sheet date

Since 25 January 2025, there have been no subsequent events which require disclosure in the financial statements.

Auditor and disclosure of information to auditor

The auditor, KPMG LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed to the 2025 Annual General Meeting, together with a resolution to authorise the Directors to determine the auditor's remuneration.

The Directors have taken all reasonable steps to make themselves aware of any information needed by the Partnership's auditor in connection with preparing their report and to establish that the auditor is aware of that information. As far as the Directors are aware, there is no such information of which the Partnership's auditor is unaware.

The Directors' Report was approved by the Partnership Board on 10 April 2025 and signed on its behalf by

JANE CHEONG TUNG SING
Partner and Company Secretary
John Lewis Partnership plc
10 April 2025

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT for the 52 week period ended 25 January 2025

Our revenue minus our incurred expenses showing the Partnership's overall profit for the 52 week period.

Notes		2025	2024
		£m	£m
2.1, 2.2	**Revenue**	**11,113**	10,781
	Cost of sales	**(7,549)**	(7,391)
	Gross profit	**3,564**	3,390
2.3	Other operating income	**123**	124
2.4	Operating and administrative expenses	**(3,492)**	(3,368)
	of which:		
2.5	Exceptional items (net)	**(29)**	14
	Partnership Bonus	**-**	-
3.5	Share of profit of joint venture (net of tax)	**1**	1
2.1	**Operating profit**	**196**	147
2.6	Finance costs	**(165)**	(138)
2.6	Finance income	**66**	47
2.7	**Profit before tax**	**97**	56
2.8	Taxation	**(17)**	(15)
	Profit for the financial year	**80**	41
	Profit before Partnership Bonus, tax and exceptional items	**126**	42

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 52 week period ended 25 January 2025

Profit as shown in the income statement plus other income and expenses not yet realised, giving total comprehensive income for the 52 week period.

Notes		2025	2024
		£m	**£m**
	Profit for the financial year	**80**	41
	Other comprehensive (expense)/income:		
	Items that will not be reclassified to profit or loss:		
6.4	Remeasurement of defined benefit pension scheme	**(64)**	(191)
2.8	Movement in deferred tax on pension scheme	**16**	46
2.8	Movement in current tax on pension scheme	**-**	1
	Items that may be reclassified subsequently to profit or loss:		
	Fair value loss on cash flow hedges	**(1)**	(11)
2.8	Movement in deferred tax on cash flow hedges	**(3)**	4
	(Loss)/gain on foreign currency translations	**(1)**	1
	Other comprehensive expense for the financial year	**(53)**	(150)
	Total comprehensive income/(expense) for the financial year	**27**	(109)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET as at 25 January 2025

A financial snapshot of the Partnership, showing our assets and how they are financed.

Notes		2025 £m	2024 £m
	Non-current assets		
3.1	Intangible assets	**371**	405
3.2	Property, plant and equipment	**2,766**	2,762
3.2	Right-of-use assets	**1,260**	1,290
3.3	Trade and other receivables	**22**	29
3.4	Derivative financial instruments	**1**	1
3.5	Investment in and loans to joint venture	**6**	5
2.8	Deferred tax asset	**59**	55
		4,485	4,547
	Current assets		
4.1	Inventories	**722**	678
3.3	Trade and other receivables	**295**	261
	Current tax receivable	**5**	5
3.4	Derivative financial instruments	**5**	1
4.2	Short-term investments	**153**	260
4.3	Cash and cash equivalents	**925**	1,028
		2,105	2,233
	Total assets	**6,590**	6,780
	Current liabilities		
5.1	Borrowings and overdrafts	**(8)**	(308)
5.2	Trade and other payables	**(1,663)**	(1,588)
	Current tax payable	**(5)**	(4)
5.3	Other liabilities held at amortised cost	**(2)**	(2)
5.4, 5.5	Lease liabilities	**(152)**	(146)
5.6	Provisions	**(91)**	(99)
3.4	Derivative financial instruments	**(3)**	(15)
		(1,924)	(2,162)
	Non-current liabilities		
5.1	Borrowings	**(426)**	(425)
5.2	Trade and other payables	**(26)**	(29)
5.3	Other liabilities held at amortised cost	**(58)**	(60)
5.4, 5.5	Lease liabilities	**(1,652)**	(1,703)
5.6	Provisions	**(107)**	(115)
3.4	Derivative financial instruments	**-**	(1)
6.4	Retirement benefit obligations	**(363)**	(287)
2.8	Deferred tax liability	**(4)**	(5)
		(2,636)	(2,625)
	Total liabilities	**(4,560)**	(4,787)
	Net assets	**2,030**	1,993
	Equity		
8.1	Share capital	**1**	1
	Other reserves	**6**	1
	Retained earnings	**2,023**	1,991
	Total equity	**2,030**	1,993

CONSOLIDATED BALANCE SHEET as at 25 January 2025 (continued)

The financial statements on pages 82 to 150 were approved by the Board of Directors on 10 April 2025 and signed on its behalf by Jason Tarry and Andy Mounsey, Directors, John Lewis Partnership plc.

Jason Tarry and Andy Mounsey
Directors, John Lewis Partnership plc
10 April 2025

Registered number: 00238937

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the 52 week period ended 25 January 2025

A reconciliation between the beginning and the end of the 52 week period which discloses profit or (loss), items of comprehensive income/(expense) and any changes in ownership interests.

Notes		Share capital £m	Capital redemption reserve £m	Capital reserve £m	Hedging reserve £m	Foreign currency translation reserve £m	Retained earnings £m	Total equity £m
	Balance at 29 January 2023	**1**	**5**	**1**	**3**	**-**	**2,094**	**2,104**
	Profit for the financial year	-	-	-	-	-	41	41
6.4	Remeasurement of defined benefit pension scheme	-	-	-	-	-	(191)	(191)
	Fair value loss on cash flow hedges	-	-	-	(11)	-	-	(11)
2.8	Tax on above items recognised in equity	-	-	-	4	-	47	51
	Gain on foreign currency translations	-	-	-	-	1	-	1
	Total comprehensive expense for the financial year	-	-	-	(7)	1	(103)	(109)
	Hedging gains transferred to cost of inventory	-	-	-	(2)	-	-	(2)
	Balance at 27 January 2024	**1**	**5**	**1**	**(6)**	**1**	**1,991**	**1,993**
	Profit for the financial year	-	-	-	-	-	80	80
6.4	Remeasurement of defined benefit pension scheme	-	-	-	-	-	(64)	(64)
	Fair value loss on cash flow hedges	-	-	-	(1)	-	-	(1)
2.8	Tax on above items recognised in equity	-	-	-	(3)	-	16	13
	Loss on foreign currency translations	-	-	-	-	(1)	-	(1)
	Total comprehensive income for the financial year	-	-	-	(4)	(1)	32	27
	Hedging losses transferred to cost of inventory	-	-	-	10	-	-	10
	Balance at 25 January 2025	**1**	**5**	**1**	**-**	**-**	**2,023**	**2,030**

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS for the 52 week period ended 25 January 2025

The Partnership's cash inflows and outflows analysed by various key activities.

Notes		2025	2024
		£m	£m
2.10	**Cash generated from operations before Partnership Bonus**	**648**	530
	Net taxation (paid)/received	**(8)**	5
	Pension deficit reduction payments	**-**	(7)
	Finance costs paid on lease and other liabilities	**(108)**	(95)
	Net cash generated from operating activities before Partnership Bonus, bond finance costs and BonusSave plan	**532**	433
	Partnership Bonus paid	**-**	-
	Finance costs paid in respect of bonds and related financial instruments	**(35)**	(35)
5.1	Net cash flow in relation to BonusSave plan shares	**(4)**	(5)
	Net cash generated from operating activities	**493**	393
	Cash flows from investing activities		
	Purchase of property, plant and equipment	**(190)**	(155)
	Purchase of intangible assets	**(133)**	(112)
	Proceeds from sale of property, plant and equipment and intangible assets	**2**	82
	Finance income received	**61**	41
	Cash inflow from loans to joint venture	**-**	1
5.4	Cash inflow/(outflow) from short-term investments	**107**	(260)
	Net cash used in investing activities	**(153)**	(403)
	Cash flows from financing activities		
	Payment of capital element of leases	**(141)**	(143)
5.3	(Payments)/proceeds in relation to other liabilities at amortised cost	**(2)**	62
	Cash proceeds from borrowings	**-**	131
	Cash outflow from borrowings	**(300)**	(50)
	Net cash used in financing activities	**(443)**	-
	Decrease in net cash and cash equivalents	**(103)**	(10)
5.4	Net cash and cash equivalents at beginning of the financial year	**1,028**	1,038
	Net cash and cash equivalents at end of the financial year	**925**	1,028
4.3	**Net cash and cash equivalents comprise:**		
	Cash at bank and in hand	**159**	147
	Short-term deposits	**766**	881
		925	1,028

The accompanying notes are an integral part of the financial statements.

Notes to the consolidated financial statements

1 ACCOUNTING INFORMATION

1.1 ACCOUNTING PRINCIPLES AND POLICIES

PURPOSE

We prepare our financial statements in compliance with UK-adopted international accounting standards (UK-adopted IFRS). We have set out our significant accounting policies in these notes. These have been applied in the current reporting period, and comparative period (unless stated otherwise), and apply to the financial statements as a whole. All of the Partnership's accounting policies are set in line with the requirements of UK-adopted IFRS. Changes to significant accounting policies are described in note 1.1.4.

COMPANY INFORMATION

The Company is a public company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is 1 Drummond Gate, Pimlico, London, SW1V 2QQ.

1.1.1 BASIS OF PREPARATION

The consolidated financial statements are prepared under the historical cost convention, with the exception of certain land and buildings which are included at their deemed cost amounts, and financial assets and financial liabilities (including derivative financial instruments) which are valued at fair value through profit or loss. These consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards (UK-adopted IFRS).

The preparation of consolidated financial statements in conformity with UK-adopted IFRS requires the use of judgements and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The critical accounting estimates and key judgements made by management are disclosed in note 1.1.6.

The financial year is the 52 week period ended 25 January 2025 (prior financial year: 52 week period ended 27 January 2024). See Glossary section on pages 159 to 164 for an explanation of financial terms.

Going concern

In determining the appropriate basis of preparation of the financial statements for the period ended 25 January 2025, the Directors are required to consider whether the Partnership can continue in operational existence for a period of at least 12 months from the approval of these financial statements. The Board has concluded that the Partnership is a going concern and the Annual Report and Accounts have been prepared on that basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the trading position of the Partnership.

The Partnership has made solid progress this year through a combination of sales growth and operating margin improvement. There is more to do to deliver the Partnership Plan and a transformation of this scale carries inherent risks but the Partnership has a strong balance sheet to support this transformation and high levels of liquidity to provide sufficient financial cover in the event of a severe but plausible downside scenario (described below). As at 25 January 2025, the Partnership had total assets less current liabilities of £4.7bn and net assets of £2.0bn. Liquidity as at that date remains strong at £1.5bn, made up of £1.1bn of cash and cash equivalents and short-term investments and an undrawn £0.4bn committed credit facility.

The Directors have modelled a severe but plausible downside scenario ('severe downside scenario') which reflects a deeper economic downturn and under-delivery of the Partnership Plan. This scenario combines selected impacts with consistent assumptions to the scenarios disclosed in the viability statement. The modelling covers the going concern assessment period, being the 12 month period ending 10 April 2026. For the purposes of the going concern assessment, it is assumed that all Partnership borrowings are repaid at their maturity date, and that no further refinancing or funding is undertaken.

Notes to the consolidated financial statements (continued)
1.1 ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)
1.1.1 BASIS OF PREPARATION (CONTINUED)

Going concern (continued)
The severe downside scenario has a significant adverse impact on sales, margin, costs and cash flow: Waitrose and John Lewis continue to trade both in store and online, albeit with lower sales and margins compared to current trading levels. This severe downside scenario assumes a poor trading environment throughout the assessment period, as well as a reduction in gross margin against expectations across both Lines of Business, a higher impairment charge, a decrease in pension scheme assets, and under-delivery of key activities - which includes future productivity plans. The impact of the severe downside adjustments has been reviewed against the Partnership's projected cash position and financial covenants.

During the going concern period, in the severe downside scenario and without needing to implement mitigating actions, the Partnership's financial covenants are not breached. In the severe downside scenario, the Partnership's lowest cash balance would still be positive, at over £350m, prior to mitigations. The committed credit facility of £420m would remain undrawn.

Despite this, in reaction to a severe downside scenario, the Directors may choose to trigger downside mitigations to protect the financial health of the Partnership. The Directors have identified available mitigations in the going concern assessment period, all within management's control, to reduce costs and improve the Partnership's cash flow, liquidity and covenant headroom. The majority of these mitigations would only be considered in the event of the severe downside scenario materialising. Mitigating actions include, but are not limited to, reducing investment expenditure through postponing or pausing projects and change activity, deferring or cancelling discretionary spend (including discretionary Partner benefits), and reducing marketing spend.

If outcomes are unexpectedly significantly worse, the Directors may need to consider what additional mitigating actions were needed, for example, leveraging the value of our asset base to support liquidity.

Consequently, the Directors have concluded that the Partnership and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the Annual Report and Accounts and therefore have prepared the financial statements on a going concern basis.

1.1.2 BASIS OF CONSOLIDATION

The Partnership's consolidated financial statements incorporate the results for the Company and all entities controlled by the Company including its subsidiaries and the Partnership's share of its interest in joint ventures made up to the 52 week period ended 25 January 2025.

Notes to the consolidated financial statements (continued)

1.1 ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

1.1.3 SUBSIDIARIES AND RELATED UNDERTAKINGS

Subsidiary undertakings are all entities over which the Partnership has control. Control exists when the Partnership has the power to direct the relevant activities of an entity so as to affect the return on investment. Joint ventures are investments for which the Partnership shares joint control with a third party. All intercompany balances, transactions and unrealised gains are eliminated upon consolidation.

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the period ended 25 January 2025. Unless otherwise stated, the undertakings listed below are registered at 1 Drummond Gate, Pimlico, London, SW1V 2QQ, and all have a single class of ordinary share with a nominal value of £1.

Company name	Company number
BTR (Operating) Limited	14378218
Carlisle Place Ventures Limited (in liquidation)	02829583
Dishpatch Limited	12605276
Herbert Parkinson Limited	00318082
JLP Scotland Limited[1]	SC370158
John Lewis Car Finance Limited	04328890
John Lewis International Limited	07501166
John Lewis Finance Limited	15785347
John Lewis Partnership BTR (Bromley Development) Limited	14378526
John Lewis Partnership BTR Limited	14370559
John Lewis Partnership BTR (Reading Development) Limited	14378573
John Lewis Partnership BTR (West Ealing Development) Limited	14378612
John Lewis Partnership Pensions Trust	00372106
John Lewis PT Holdings Limited	07106855

[1] Registered office is John Lewis & Partners Edinburgh, 60 Leith Street, Edinburgh, EH1 3SP.

The following UK subsidiaries will take advantage of the exemption from preparing and filing individual accounts as set out within section 394A(1) and 448A of the Companies Act 2006 for the 52 week period ended 25 January 2025. Unless otherwise stated, the undertakings listed below are registered at 1 Drummond Gate, Pimlico, London, SW1V 2QQ, and all have a single class of ordinary share with a nominal value of £1.

Company name	Company number
Buy.Com Limited	03709785
Jonelle Jewellery Limited	00223203
Jonelle Limited[1]	00240604
Peter Jones Limited	00285318
The Odney Estate Limited	02828420

[1] Jonelle Limited has three classes of shares, each with a nominal value of £1.

In accordance with Section 479C of the Companies Act 2006, John Lewis Partnership plc or John Lewis plc guarantee all outstanding liabilities to which the subsidiary companies listed in the tables above are subject at the end of the financial year, until they are satisfied in full. The guarantee is enforceable against John Lewis Partnership plc or John Lewis plc as the parent undertaking, by any person to whom the subsidiary companies listed above are liable in respect of those liabilities.

Notes to the consolidated financial statements (continued)

1.1 ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

1.1.4 AMENDMENTS TO ACCOUNTING STANDARDS

The following standards, amendments and interpretations were applicable for the periods beginning after 1 January 2024 and therefore adopted by the Partnership for the period from 28 January 2024 to 25 January 2025. The adoption of these standards has not had a significant impact on the Partnership's consolidated results, financial position or disclosures:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 17 Insurance Contracts: Supplier Finance Arrangements;
- Amendments to IFRS 16 Lease liability in a Sale and Leaseback.

The Partnership is assessing the impact of the following new and amended standards, which have been issued or are awaiting endorsement by the UK Endorsement Board:

- Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective for periods starting on or after 1 January 2025);
- Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments (effective for periods starting on or after 1 January 2026);
- Annual Improvements to IFRS Accounting Standards - Volume 11 (effective for periods starting on or after 1 January 2026);
- IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements (effective for periods starting on or after 1 January 2027);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for periods starting on or after 1 January 2027).

1.1.5 SIGNIFICANT ACCOUNTING POLICIES

Where significant accounting policies are specific to a particular note, they are described within that note. Other significant accounting policies are included below.

Financial instruments

The Partnership uses derivative financial instruments to manage its exposure to fluctuations in financial markets, including foreign exchange rates, interest rates and certain commodity prices. Derivative financial instruments used by the Partnership include forward currency and commodity forward contracts and interest rate swaps.

Derivative financial instruments are initially measured at fair value. The fair value of a derivative financial instrument represents the difference between the value of the outstanding contracts at their contracted rates and a valuation calculated using the forward rates of exchange and interest rates prevailing at the balance sheet date. Subsequent to initial recognition, unless designated as hedging instruments, derivatives are measured at fair value and any gains or losses arising from changes in fair value are taken directly to the income statement.

Hedge accounting has been adopted for derivative financial instruments where possible. At the inception of designated hedging relationships, the risk management objective and strategy for undertaking the hedge is documented. Additionally, the Partnership documents the economic relationship between the item being hedged and the hedging instrument, and a qualitative and forward-looking approach is taken to assess whether the hedge will be effective on an ongoing basis. At the end of each financial reporting period, for each derivative financial instrument, prospective testing is performed to ensure that the economic relationship remains, the impact of credit risk on changes in values is reviewed, and the hedging ratio is reassessed.

Hedge accounting is discontinued when the hedging instrument matures, is terminated or exercised, the designation is revoked or it no longer qualifies for hedge accounting.

Notes to the consolidated financial statements (continued)
1.1 ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)
1.1.5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A cash flow hedge is a hedge of the exposure to variability of cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction. The effective portion of changes in the intrinsic fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. All other changes in fair value are recognised immediately in the income statement within other gains or losses. When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve is included directly in the initial cost of the non-financial item when it is recognised. For all other hedged forecast transactions, amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. Derivative financial instruments qualifying for cash flow hedge accounting are principally forward currency contracts.

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognised asset or liability. Derivative financial instruments qualifying for fair value hedge accounting are principally interest rate swaps.

The table below sets out the Partnership's accounting classification of each class of its financial assets and liabilities:

	Note	Measurement
Financial assets:		
Trade receivables	3.3	Amortised cost
Other receivables	3.3	Amortised cost
Derivative financial instruments	3.4	Fair value through profit and loss or other comprehensive income[1]
Short-term investments	4.2	Amortised cost
Cash and cash equivalents	4.3	Amortised cost
Financial liabilities:		
Borrowings and overdrafts	5.1	Amortised cost
Trade payables	5.2	Amortised cost
Other payables	5.2	Amortised cost
Accruals	5.2	Amortised cost
Partnership Bonus accrual	5.2	Amortised cost
Other liabilities held at amortised cost	5.3	Amortised cost
Lease liabilities	5.4, 5.5	Amortised cost
Derivative financial instruments	3.4	Fair value through profit and loss or other comprehensive income[1]

[1] Cash flow hedges designated as being in a hedged relationship upon initial recognition are measured at fair value with the effective portion of any changes in the intrinsic value recognised in equity.

Notes to the consolidated financial statements (continued)
1.1 ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)
1.1.5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting

Balance sheet netting only occurs to the extent that there is the legal ability and intention to settle net. As such, any bank overdrafts presented in current liabilities reflect there is no intention or legal right to offset with any cash balances.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. On translation of assets and liabilities in foreign currencies, movements go through the foreign currency translation reserve.

Government grants

The Partnership accounts for government grants on an accruals basis and has elected to present receipts relating to government grants as a deduction in reporting the related expense.

1.1.6 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including management's reasonable expectations of future events.

The preparation of the financial statements requires management to make estimates and judgements concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results. The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and management's key judgement in respect of presentation are:

Areas of key risk	Note	Critical accounting estimates and key judgements
Exceptional items	2.5	Key judgements
Impairment	3.2	Critical accounting estimates and critical accounting judgements
Retirement benefits	6	Critical accounting estimates

Notes to the consolidated financial statements (continued)
1.2 ALTERNATIVE PERFORMANCE MEASURES

PURPOSE
Our financial statements disclose financial measures which are required under UK-adopted IFRS. We also report additional financial measures that we believe enhance the relevance and usefulness of the financial statements. These are important for understanding underlying business performance, and they are described as alternative performance measures (APMs). In this note, we have explained what the primary APMs are and why we use them; these APMs may not be comparable with similarly labelled APMs of other companies. For definitions, and where applicable, reconciliations, of other APMs measures, please see the Glossary on pages 159 to 164*. Alternative performance measures do not replace IFRS requirements.*

1.2.1 TOTAL TRADING SALES
Total trading sales represents the full customer sales value including VAT as reported weekly to the Partnership's Executive Team, before adjustments for 'sale or return' sales and other accounting adjustments. This measure shows the headline sales trend and is used by the Executive Team to assess the performance of our Lines of Business.

1.2.2 ADJUSTED OPERATING PROFIT
Adjusted operating profit is an alternative performance measure derived from Operating profit. It excludes exceptional items, profit or loss on disposal of assets, net interest, bonus and tax. These items are outside of the control of the segments and are a function of the Partnership decision making process.

Adjusted operating profit is calculated for each segment using a direct and indirect allocation methodology to allocate centrally incurred costs to segments. Direct costs are those costs which are directly identifiable by segments. Indirect costs are the remaining costs which are incurred centrally for multiple segments and are allocated to a segment in order to assess performance, allocate future spend and manage targetry. The allocation is apportioned to each segment based on the type of spend. It is set at the start of each yearly budget/forecasting cycle and reviewed during the year.

The allocation of such central incurred costs to segments represents a change compared to the previously reported APM (Trading Operating Profit) and better reflects the controllable elements of the segment performance. Consequently, Adjusted operating profit is used by the Board to assess the performance of all Lines of Business and determine the allocation of resources to those segments.

1.2.3 EXCEPTIONAL ITEMS
The separate reporting of exceptional items helps to provide an indication of the Partnership's underlying business performance. Exceptional items relate to certain costs or incomes that individually or collectively, are significant by virtue of their size and nature; exceptional items include store impairment charges. In considering the nature of an item, management's assessment includes, both individually and collectively, each of the following:

- Whether the item is outside the ordinary course of the business;
- The specific circumstances which have led to the item arising;
- The likelihood of recurrence.

The reversal of an exceptional item is recorded in the income statement line it was originally charged to.

1.2.4 PROFIT BEFORE PARTNERSHIP BONUS, TAX AND EXCEPTIONAL ITEMS (PBTBE)
Profit before Partnership Bonus, tax and exceptional items is presented at the foot of the consolidated income statement. This measure is important as it allows for a comparison of the Partnership's underlying profitability, and is a core measure of performance for Partners.

1.2.5 NET DEBT
Net debt incorporates the Partnership's consolidated borrowings, bank overdrafts, fair value of derivative financial instruments and lease liabilities, less cash and cash equivalents, short-term investments and unamortised bond transaction costs. This measure indicates the Partnership's debt position, excluding any pension deficit/surplus.

Notes to the consolidated financial statements (continued)

2 PARTNERSHIP PERFORMANCE

2.1 SEGMENTAL REPORTING

PURPOSE

During the year we analysed our performance between our three reporting segments, Waitrose, John Lewis and Other Partnership, which includes John Lewis Money, Build to Rent and Enterprise. This analysis is consistent with how our Executive Team reviewed performance throughout the year.

ACCOUNTING POLICIES

Segmental reporting: *The Partnership's reporting segments are determined based on the internal financial reporting to the chief operating decision-maker (CODM), which is the Executive Team. Our segments are: John Lewis, Waitrose and Other Partnership (which includes John Lewis Money, Build to Rent and Enterprise). The Executive Team reviews the operating performance of our Lines of Business using two alternative performance measures: Total trading sales and Adjusted operating profit.*

Partnership Bonus: *Whether to award a Partnership Bonus is decided by the Partnership Board each March, having regard to performance in the past year and future financial obligations. The Partnership Bonus is recorded in the year it relates to rather than the year it was declared because there is a constructive obligation to pay a Partnership Bonus and the amount can be reliably estimated once the results for the year are known.*

IFRS 8 Operating Segments requires operating segments to be identified based on the way in which the Partnership's internal financial reporting is organised and regularly reviewed by the CODM to allocate resources and to assess the performance of the different operating segments.

During the year, the internal financial reporting to the CODM changed: the CODM now reviews performance by Line of Business from sales to Adjusted operating profit. The Lines of Business are Waitrose, John Lewis, John Lewis Money, Build to Rent and Enterprise. Enterprise represents costs specific to running the Partnership, which cannot be influenced or controlled at the Line of Business level.

This year, our reportable segments are Waitrose and John Lewis. The Other Partnership segment comprises John Lewis Money, Build to Rent and Enterprise, which have been combined because these segments do not require separate reporting as they do not make up more than 10% of sales, profit or assets. Previously, Waitrose and John Lewis were the only two reportable segments disclosed.

As a result of this change, the Partnership no longer reports Trading operating profit and now reports Adjusted operating profit (see note 1.2), which best reflects the controllable elements of segment performance and allocation of resources. The segmental disclosures have been updated accordingly.

Notes to the consolidated financial statements (continued)
2.1 SEGMENTAL REPORTING (CONTINUED)

2025	Waitrose	John Lewis	Other Partnership[1]	Partnership
	£m	£m	£m	£m
Total trading sales	**7,997**	**4,763**	**-**	**12,760**
Value added tax	(456)	(773)	-	(1,229)
Sale or return and other accounting adjustments	(69)	(349)	-	(418)
Revenue	**7,472**	**3,641**	**-**	**11,113**
Adjusted operating profit/(loss)[2]	**227**	**45**	**(48)**	**224**
Other operating expenses - exceptional items				(29)
Profit on property disposals				1
Operating profit				**196**
Operating profit margin[3]	3.0%	1.2%		2.0%
Other segmental information:				
Depreciation and amortisation[4]	(302)	(206)	(10)	**(518)**

[1] Other Partnership includes John Lewis Money, Build to Rent and Enterprise which do not require separate reporting.
[2] Included in Adjusted operating profit/(loss) is other operating income of which £117m (split between operating segments: £47m Waitrose, £48m John Lewis and £22m Other Partnership) represents further income from customers. This is reported to the CODM separately as part of other income and expenses.
[3] Operating profit margin is adjusted operating profit as a percentage of revenue.
[4] This measure is also included within Adjusted operating profit.

2024 - restated[5]	Waitrose	John Lewis	Other Partnership[1]	Partnership
	£m	£m	£m	£m
Total trading sales	**7,661**	**4,765**	**-**	**12,426**
Value added tax	(443)	(772)	-	(1,215)
Sale or return and other accounting adjustments	(81)	(349)	-	(430)
Revenue	**7,137**	**3,644**	**-**	**10,781**
Adjusted operating profit/(loss)[2]	**105**	**61**	**(44)**	**122**
Other operating expenses - exceptional items				14
Profit on property disposals				11
Operating profit				**147**
Operating profit margin[3]	1.5%	1.7%		1.1%
Other segmental information:				
Depreciation and amortisation[4]	(295)	(189)	(11)	**(495)**

[1] Other Partnership includes John Lewis Money, Build to Rent and Enterprise which do not require separate reporting.
[2] Included in Adjusted operating profit/(loss) is other operating income of which £116m (split between operating segments: £41m Waitrose, £50m John Lewis, and £25m Other Partnership) represents further income from customers (restated, see note 2.1 above). This is reported to the CODM separately as part of other income and expenses.
[3] Operating profit margin is Adjusted operating profit as a percentage of revenue.
[4] This measure is also included within Adjusted operating profit.
[5] See note 2.1 above.

Notes to the consolidated financial statements (continued)

2.2 REVENUE

PURPOSE

Revenue is generated solely from contracts with customers.

Revenue is measured based on the consideration specified in a contract with a customer. The Partnership recognises revenue when it transfers control over a good or service to a customer.

ACCOUNTING POLICIES

Revenue: *We evaluate our revenue with customers based on the five-step model under IFRS 15 Revenue from Contracts with Customers: (1) identify the contract with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to separate performance obligations, and (5) recognise revenues when (or as) each performance obligation is satisfied. We generate our revenue from the sale of goods or from providing services to our customers.*

Revenue from the sale of goods and services is recognised when the Partnership has satisfied its performance obligations by transferring a promised good or service to the customer. The good or service is considered to be transferred when the customer obtains control of that good, or the service is complete. Revenue in respect of 'sale or return sales' which represents concession income is stated at the value of the margin that the Partnership receives on the transaction. The Partnership acts as an agent in such arrangements as it does not own legal title to the inventory and has the right to return any unsold goods to suppliers. Revenue is also net of Partner and customer discounts and VAT, adjustments for the sale of free warranties and adjustments for expected customer returns. Revenue is recognised in respect of sales under bill and hold arrangements when the buyer takes control of the asset, even if it has not physically been transferred to the customer. Revenue under bill and hold arrangements is not recognised when there is an intention to acquire from the customer.

Sales of gift vouchers and gift cards are treated as contract liabilities, as payment has been received for a performance obligation which will be performed at a later point in time. Revenue is recognised when the gift vouchers or cards are redeemed against a later transaction. Non-redemption revenue is recognised in proportion to the pattern of rights exercised by the customer based on assumptions regarding redemption rates and time to expiry. Certain entities within the Partnership sell products with a right of return, and experience is used to estimate and provide for the value of such returns at the time of sale. This is further discussed in note 4.1.

Business is predominantly carried out in the United Kingdom and gross sales and revenue derive almost entirely from that source.

2.2.1 DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

We analyse our revenue between goods and services. Goods are split into four major product lines: Grocery, Home, Fashion and Technology. Services currently comprise free warranties on selected goods.

	2025 £m	2024 £m
Major product lines:		
Goods		
– Grocery	**7,443**	7,112
– Home[1]	**978**	1,021
– Fashion[1]	**1,214**	1,225
– Technology	**1,361**	1,315
Services		
– Free warranty	**17**	17
Other revenue	**100**	91
	11,113	10,781

[1] Included in the revenue for Home and Fashion categories are £3m and £201m respectively (2024: £3m and £209m respectively) relating to concession income from sales or return transactions.

Notes to the consolidated financial statements (continued)
2.2 REVENUE (CONTINUED)
2.2.2 REVENUE RECOGNITION POLICIES

Nature and timing of satisfaction of performance obligations
The major product and service lines generating revenue are Grocery, Home, Fashion and Technology.

Grocery products are principally sold by Waitrose and include food, drink, household and other items. Additionally, fuel sales and food halls are shown here. Customers pay at the point of sale in Waitrose shops. Where a grocery product is ordered online, it is fulfilled by a Waitrose shop or customer fulfillment centre. Customers are charged on the day of delivery.

Home products are principally sold by John Lewis and include items intended for use in the home environment. Fashion products are principally sold by John Lewis and include clothing, footwear, beauty, jewellery and other items. This also includes 'sale or return' sales. Technology products are principally sold by John Lewis and include televisions, computers, tablets and other electrical items. Customers pay at the point of sale in John Lewis shops. Where a product is ordered online, it is generally fulfilled from a centralised location.

Revenue from Grocery, Home, Fashion and Technology is recognised when the goods have been received by the customer and control obtained. Waitrose and John Lewis accept returns in accordance with a customer's statutory rights under consumer laws in the United Kingdom and have a discretionary goodwill policy. Under the goodwill policy, customers can return products up to 35 days after receipt, if not entirely satisfied. Adjustments to revenue are recorded for returns where material, based on historic trends and recent sales patterns. The right to return goods is included under inventory, note 4.1. For business to business customers, invoices are raised and are payable on a variety of payment terms up to 30 days.

Free warranties
A free service guarantee is provided with certain Technology products which are sold by John Lewis. Customers receive a free warranty of between two and five years on the purchase of specified Technology products. No separate payment is made for this free service guarantee.

When such Technology products are sold with a free warranty an element of the sales price is allocated to the performance of that service, estimated on a cost plus margin basis. This amount is deducted from revenue and deferred on the balance sheet. Revenue is then released to the income statement over the period of the guarantee on a straight-line basis. Deferred income is shown under trade and other payables, see note 5.2.

Other revenue
Other revenue products/services are principally sold by John Lewis and include catering and the non-redemption revenue relating to gift vouchers and gift cards that are never redeemed or expire unredeemed. Customers obtain control of other revenue products/services when the products/services have been rendered and the performance obligations have been met.

Customers pay at the point of sale in John Lewis shops. Where other revenue products/services are ordered online, it is generally fulfilled from a centralised location.

Revenue is recognised when the products/services have been received by the customer and the performance obligations have been met.

Non-redemption revenue is recognised in proportion to the pattern of rights exercised by the customer based on assumptions regarding redemption rates and time to expiry.

2.3 OTHER OPERATING INCOME

PURPOSE

Other operating income is income that does not satisfy the definition of revenue in that it does not relate to the main trading operations of the Partnership.

ACCOUNTING POLICIES

Other operating income includes:

Commissions, backhauling, car park income and licence fees: *Income is recognised when the Partnership has satisfied its performance obligation by delivering a promised service to the customer in accordance with the transaction price agreed.*

Rental income: *Rental income is recognised on a straight-line basis based over the length of the contract and when the performance obligation of the contract is satisfied.*

Other commission income: *Other income is recognised when the services have been rendered to the customer and performance obligations have been met.*

	2025 **£m**	2024 £m
Commissions	**86**	85
Rental income	**9**	9
Backhauling income	**7**	8
Car park income	**9**	9
Licence fees	**5**	4
Other commission income	**7**	9
	123	124

Other commission income mainly relates to concession income and data provision for industry research. It is made up of items that individually are not material and no other material groups were considered to be shown.

2.4 OPERATING AND ADMINISTRATIVE EXPENSES

PURPOSE

We analyse operating expenses into shop and online operating expenses and administrative expenses, as well as exceptional items and Partnership Bonus. Shop and online operating expenses are directly associated with the sale of goods and services. Administrative expenses are those which are not directly related to the sale of goods and services.

	2025 **£m**	2024 £m
Shop and online operating expenses	**(2,262)**	(2,233)
Administrative expenses	**(1,201)**	(1,149)
Exceptional items (net) - see note 2.5	**(29)**	14
Partnership Bonus	**-**	-
	(3,492)	(3,368)

Notes to the consolidated financial statements (continued)
2.5 EXCEPTIONAL ITEMS

PURPOSE
Exceptional items are items of income/expense that are significant by virtue of their size and nature (see note 1.2.4). We believe these exceptional items are relevant for a better understanding of our underlying business performance, and exceptional items are therefore highlighted separately on the face of the income statement. This note provides detail of the exceptional items reported in both the current and prior year.

KEY JUDGEMENTS
Exceptional items: *Exceptional items are those where, in management's opinion, their separate reporting provides a better understanding of the Partnership's underlying business performance; and which are significant by virtue of their size and nature; exceptional items include store impairment charges. In considering the nature of an item, management's assessment includes, both individually and collectively, whether the item is outside the ordinary course of the business; the specific circumstances which have led to the item arising; the likelihood of recurrence; and if the item is likely to recur, whether it is unusual by virtue of its size.*

No single criterion alone classifies an item as exceptional, and therefore management must exercise judgement when determining whether, on balance, presenting an item as exceptional will help users of the financial statements understand the Partnership's underlying business performance.

	2025 Operating (expense)/ income £m	**2025 Taxation credit/ (charge) £m**	2024 Operating (expense)/ income £m	2024 Taxation credit/ (charge) £m
Strategic restructuring and redundancy programmes:				
Productivity	**(32)**	**8**	(11)	3
Physical estate	**(8)**	**2**	10	(3)
Central operations reviews	**-**	**-**	1	-
	(40)	**10**	-	-
Store impairments - John Lewis	**(6)**	**3**	8	(6)
Store impairments - Waitrose	**17**	**(1)**	6	-
	(29)	**12**	14	(6)

Strategic restructuring and redundancy programmes
Our refreshed Partnership Plan is focused on providing a brilliant retail experience for our customers, inspired by our Partners. During the year, a number of ongoing transformation projects which were announced in previous years have continued. These are across our physical estate, shop operations and central operations.

The costs incurred over the life of the change programmes outlined are significant in value and, given the level of change, they are significant in nature, therefore the Partnership considers them exceptional items to provide a more meaningful view of the Partnership's underlying business performance. The financial impacts of these programmes are detailed below.

Notes to the consolidated financial statements (continued)
2.5 EXCEPTIONAL ITEMS (CONTINUED)

Productivity: Improving our productivity through being leaner, simpler and faster is a key pillar of the Partnership Plan. In 2025, a charge of £32m (2024: £11m) has been recorded, which is principally the redundancy and project costs for the reorganisations of central teams and John Lewis retail.

Physical estate: Since 2017, we have been working on our programme of rebalancing our existing estate; this includes ensuring that the size and shape of our physical estate is delivering on both our customer proposition and financial returns. With the launch of the Partnership Plan, and the acceleration of change we have seen in customer shopping behaviour, we have refocused on the need to ensure our stores reflect how our customers want to shop - 'right space, right place' - and as a result we anticipate these changes will extend to 2027/28.

In 2025, the charge of £8m principally relates to the closure of two Waitrose locations; the online customer fulfilment centre in Enfield, London, and the branch in Hall Green, Birmingham. The costs principally comprise redundancy and asset impairment.

In 2024, the release of £10m principally relates to the exit of the lease of a John Lewis store, the closure of which was announced in March 2021. The remaining lease liability was released to exceptional items, consistent with how John Lewis store closures in 2021 and 2022 were recorded.

Store impairments (John Lewis)
In 2025, a net impairment charge of £6m (2024: £8m release) was recognised. The cash flow forecasts for individual John Lewis stores at January 2025 have been updated and risk adjusted for the latest view of future trading, based on a scenario which excludes costs and benefits associated with capital investment.

The updated cash flow forecasts have led to new impairment charges of £89m and a reversal of impairment charges of £83m for existing provisions which were previously charged as exceptional. The charge has been recognised as exceptional in accordance with the accounting policy for exceptional items. See note 3.2 for further detail.

Store impairments (Waitrose)
In 2025, a net impairment release of £17m (2024: £6m release) was recognised. The cash flow forecasts for individual Waitrose stores at January 2025 have been updated and risk adjusted for the latest view of future trading, based on a scenario which excludes costs and benefits associated with capital investment.

The updated cash flow forecasts have led to new impairment charges of £26m and a reversal of impairment charges of £43m for existing provisions which were previously charged as exceptional. The charge has been recognised as exceptional in accordance with the accounting policy for exceptional items. See note 3.2 for further detail.

Notes to the consolidated financial statements (continued)
2.6 NET FINANCE COSTS

PURPOSE

Net finance costs include our costs in respect of interest payable on borrowings, our defined benefit pension, other employee benefit schemes and fair value movements. Finance income includes interest received from short-term deposits, short-term investments and fair value movements.

ACCOUNTING POLICY

Finance costs and income are presented in the consolidated income statement in the period in which they occur. In the consolidated statement of cash flows, finance costs are shown as operating activities and financing income is shown as investing activities. Interest paid on borrowings and other financial instruments has been presented in operating activities.

	2025 £m	2024 £m
Finance costs		
Net interest payable on:		
Commitment fees and bank overdrafts	**(2)**	(2)
Other loans repayable within five years[1]	**(33)**	(29)
Other loans repayable in more than five years	**(13)**	(12)
Interest payable in relation to lease liabilities (see note 5.5)	**(93)**	(89)
Amortisation of issue costs of bonds and credit facilities	**(2)**	(2)
Interest on other liabilities held at amortised cost	**(2)**	-
Share Incentive Plan dividends	**-**	-
Finance costs in respect of borrowings	**(145)**	(134)
Fair value measurements and other	**(1)**	2
Net finance costs arising on defined benefit retirement and employee benefit schemes	**(19)**	(6)
Total finance costs	**(165)**	(138)
Finance income		
Finance income in respect of cash and short-term investments[2]	**66**	48
Fair value measurements and other	**-**	(1)
Net finance income arising on other employee benefit schemes	**-**	-
Total finance income	**66**	47
Net finance costs	**(99)**	(91)

[1] Other loans repayable within five years includes interest payable on interest rate swaps of £10m (2024: £10m).
[2] Finance income in respect of cash and short-term investments includes interest receivable on interest rate swaps of £6m (2024: £6m).

Capitalised borrowing costs totalled £6m (2024: £2m) which were capitalised within intangible assets and property, plant and equipment.

Notes to the consolidated financial statements (continued)
2.7 PROFIT BEFORE TAX

PURPOSE

Detailed below are items (charged)/credited to arrive at our profit before tax as defined by UK-adopted IFRS and required to be reported under UK-adopted IFRS.

	2025 £m	2024 £m
Staff costs (note 2.9)	**(1,869)**	(1,794)
Depreciation[1]	**(348)**	(326)
Amortisation of intangible assets (note 3.1)	**(163)**	(155)
Net (loss)/profit on sale of property (including exceptional items)	**(1)**	10
Net loss on disposal of other plant and equipment and intangible assets	**(3)**	-
Net profit on lease exit[2]	**-**	12
Inventory – cost of inventory recognised as an expense	**(7,549)**	(7,391)
Sub-lease income – land and buildings	**10**	9

[1] Included within depreciation is a net impairment release of £6m (2024:£14m). See note 3.2.

[2] Includes gain from the early termination of lease liabilities, less cost of the corresponding right-of-use asset and any termination payments or receipts.

Total auditor's remuneration is included within administrative expenses and is payable to our auditor, KPMG LLP, as analysed below:

Auditor's remuneration	**2025 £m**	2024 £m
Audit and audit-related services:		
– Audit of the Company and consolidated financial statements	**(1)**	(1)
– Audit of the Company's subsidiaries	**(2)**	(2)
	(3)	(3)
Non-audit services:		
– Other assurance services	**-**	-
	-	-
Total fees	**(3)**	(3)

Non-audit services are other assurance services and amount to £0.1m (2024: £0.1m).

2.8 TAXATION

PURPOSE

Our tax charge for the year is shown below. This includes an explanation of how each item is calculated, a reconciliation of our effective tax rate to the UK standard tax rate, and an update on any tax rate changes. We have placed further explanatory boxes within the note to explain each table.

Our Tax strategy aligns to the Principles of our Constitution and, as a responsible leading retailer, we recognise that paying taxes arising from our activities is an important part of how our business contributes to the societies in which we operate. The Tax strategy adopted by the Partnership Board is available on the Partnership's website. In addition, our total tax contributions are shown on page 42.

ACCOUNTING POLICIES

Taxation: *Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income/(expense), in which case it is recognised directly in other comprehensive income/(expense).*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax arising from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are enacted or substantively enacted at the balance sheet date that are expected to apply to the period when the asset is realised or the liability is settled.

Notes to the consolidated financial statements (continued)
2.8 TAXATION (CONTINUED)
2.8.1 ANALYSIS OF TAX CHARGE FOR THE YEAR

PURPOSE

The components of our tax charge are below. The tax charge is made up of current and deferred tax. Current tax is the amount payable on the taxable income for the year, and any adjustments to tax payable in previous years. Current tax is charged through the consolidated income statement and consolidated statement of comprehensive income/(expense). Deferred tax is explained in note 2.8.3.

Tax (charged)/credited to the income statement	**2025 £m**	2024 £m
Current tax – current year	**(14)**	(13)
Current tax – adjustment in respect of prior years	**5**	(1)
Total current tax charge	**(9)**	(14)
Deferred tax – adjustment in respect of prior years	**11**	6
Deferred tax – current year	**(19)**	(7)
Total deferred tax charge	**(8)**	(1)
	(17)	(15)

Tax credited/(charged) to other comprehensive income	**2025 £m**	2024 £m
Current tax on pension scheme[1]	**-**	1
Total current tax credit	**-**	1
Deferred tax on pension scheme	**16**	46
Deferred tax on cash flow hedges	**(3)**	4
Total deferred tax credit	**13**	50
	13	51

[1] In 2024, an additional deficit funding contribution of £7m was paid by the Partnership in relation to the defined benefit pension scheme, resulting in a tax credit of £2m to the statement of other comprehensive income/(expense) and a corresponding reduction in our current tax liability.

2.8 TAXATION (CONTINUED)

2.8.2 FACTORS AFFECTING TAX CHARGE FOR THE YEAR

PURPOSE

Taxable profit differs from profits as reported in the income statement because some items of income or expense may never be taxable or deductible.

The table below shows the reconciliation between the tax charge on profits at the standard UK tax rate and the actual tax charge recorded in the income statement ignoring the effects of temporary differences. The effective tax rate is the tax charge as a percentage of Partnership profit before tax.

The tax charge for the year (2024: charge) is lower (2024: higher) than the standard corporation tax rate of 25.0% (2024: 24.0%). The differences are explained below:

	2025 £m	2024 £m
Profit before tax	**97**	56
Profit before tax multiplied by standard rate of corporation tax in the UK of 25.0% (2024: 24.0%)	**(24)**	(13)
Effects of:		
Adjustment in respect of prior years	**16**	5
Depreciation on assets not qualifying for tax relief	**(10)**	(12)
Difference between accounting and tax base for land and buildings	**(1)**	5
Differences in overseas tax rates	**1**	1
Sundry disallowables	**1**	2
Other	**-**	(3)
Total tax charge	**(17)**	(15)
Effective tax rate (%)	**17.5**	26.8

2.8.3 DEFERRED TAX

PURPOSE

Deferred tax is the tax expected to be payable or recoverable in the future due to temporary differences that arise when the carrying value of assets and liabilities differ between accounting and tax treatments. Deferred tax assets represent the amounts of income taxes recoverable in the future in respect of these differences, while deferred tax liabilities represent the amounts of income taxes payable in the future in respect of these differences. Here we show the movements in deferred tax assets and liabilities during the year.

Deferred tax is calculated on temporary differences using the rate of corporation tax which is 25%. The movement on the deferred tax account is shown below:

Deferred tax	**2025 £m**	2024 £m
Opening net asset	**50**	1
Charged to income statement	**(8)**	(1)
Credited to other comprehensive income	**13**	50
Closing net asset	**55**	50

2.8 TAXATION (CONTINUED)

2.8.3 DEFERRED TAX (CONTINUED)

The movements in deferred tax assets and liabilities during the year are shown below:

Deferred tax liabilities	Accelerated tax depreciation £m	Revaluation of land and buildings £m	Rollover gains £m	Other £m	Total £m
At 28 January 2023	(98)	(12)	(48)	(3)	(161)
Charged to income statement	(1)	-	-	-	(1)
Credited to other comprehensive income	-	-	-	4	4
At 27 January 2024	(99)	(12)	(48)	1	(158)
Charged to income statement	(17)	(1)	-	-	(18)
Credited/(charged) to other comprehensive income	-	-	-	-	-
At 25 January 2025	**(116)**	**(13)**	**(48)**	**1**	**(176)**

Deferred tax assets	Tax losses £m	Capital gains tax on land and buildings £m	Pensions and provisions £m	Other £m	Total £m
At 28 January 2023	75	36	33	18	162
(Charged)/credited to income statement	(3)	(2)	1	4	-
Credited to other comprehensive income	-	-	46	-	46
At 27 January 2024	72	34	80	22	208
Credited/(charged) to income statement	3	4	(1)	4	10
Credited/(charged) to other comprehensive (expense)/income	-	(1)	16	(2)	13
At 25 January 2025	**75**	**37**	**95**	**24**	**231**

The deferred tax asset in relation to the defined benefit pension scheme is £67m (2024: £49m asset).

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset):

Deferred tax	2025 £m	2024 £m
Deferred tax assets	**59**	55
Deferred tax liabilities	**(4)**	(5)
Deferred tax net	**55**	50

Notes to the consolidated financial statements (continued)
2.8 TAXATION (CONTINUED)
2.8.3 DEFERRED TAX (CONTINUED)

The recoverability of deferred tax assets is supported by the expected level of future profits in the countries concerned.
At the year end, the Partnership had approximately £297m (2024: £284m) of unutilised tax losses. Deferred tax assets have been recognised on the entire amount, the recovery of which is supported by forecasts of future profitability as set out in the Partnership Plan. Current forecasts indicate that losses will be utilised within approximately three years.

The deferred tax balance associated with the pension deficit has been adjusted to reflect the current tax benefit obtained in the financial year ended 30 January 2010, following the contribution of the limited partnership interest in JLP Scottish Limited Partnership to the pension scheme (see note 6.7). The deferred tax assets and liabilities are recoverable after more than one year.

As a result of exemptions on dividends from subsidiaries and capital gains on disposal there are no significant taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements.

2.8.4 FACTORS AFFECTING TAX CHARGES IN CURRENT AND FUTURE YEARS

PURPOSE
Here we explain any changes to the current or future tax rates that have been announced or substantively enacted.

The Partnership is aware of the Global Anti-Base Erosion Model Rules, which provide for an internationally co-ordinated system of taxation to ensure that large multinational groups pay a minimum level of corporate income tax in countries where they operate. The UK enacted the BEPS (Base Erosion and Profit Shifting) Pillar Two Minimum Tax legislation in July 2023 with effect for accounting periods beginning on or after 31 December 2023. From an initial review of the Partnership's business and tax profile, we expect the Partnership's operations in most territories in which it operates to fall within one of the safe harbour exemptions and as a result, top up taxes will not fall due. As a result of our initial review, we do not expect the rules to have a material impact on the Partnership's tax rate or tax payments.

Notes to the consolidated financial statements (continued)
2.9 PARTNERS

PURPOSE
The average number of Partners employed during the year, together with details of the area of the Partnership in which they work, and total employment-related costs are shown in the tables below. The average number of full time equivalent employees is 48,100 (2024: 50,800). At the end of the year, our total number of Partners was 66,400 (2024: 70,500). This note also covers Partner benefits, including pay for senior Partners and the Partnership Board.

2.9.1 PARTNER NUMBERS
During the year, the average number of Partners in the Partnership was as follows:

	2025	2024
John Lewis	**19,400**	20,500
Waitrose	**46,700**	49,600
Other	**2,900**	2,800
	69,000	72,900

2.9.2 PARTNER PAY AND BENEFITS
Employment and related costs were as follows:

	2025 **£m**	2024 £m
Staff costs:		
Wages and salaries	**(1,604)**	(1,538)
Social security costs	**(124)**	(115)
Partnership Bonus	**-**	-
Employers' National Insurance on Partnership Bonus	**-**	-
Other pension charge (note 6.3)	**(134)**	(134)
Long leave cost	**(7)**	(7)
Total before Partner discounts	**(1,869)**	(1,794)
Partner discounts (excluded from revenue)	**(97)**	(99)
	(1,966)	(1,893)

Notes to the consolidated financial statements (continued)

2.9 PARTNERS (CONTINUED)

2.9.3 KEY MANAGEMENT COMPENSATION

	2025 £m	2024 £m
Salaries and short-term benefits	**(8)**	(7)
Post-employment benefits[1]	**(1)**	(1)
Termination provisions[2]	**-**	(1)
	(9)	(9)

[1] Includes cash supplements in lieu of future pension accrual.
[2] Includes contractual payments and compensation for loss of office.

Key management includes the Directors of the Company and other officers of the Partnership. Key management compensation includes salaries, Partnership Bonus, National Insurance costs, pension costs and the cost of other employment benefits, such as company cars, private medical insurance and termination payments, where applicable. Costs of key management compensation are included within operating expenses and exceptional items as applicable.

Key management participate in the Partnership's long leave scheme, which is open to all Partners and provides up to six months' paid leave after 25 years' service. There is no proportional entitlement for shorter periods of service. It is not practical to allocate the cost of accruing entitlement to this benefit to individuals, and therefore no allowance has been made for this benefit in the amounts disclosed.

2.9.4 DIRECTORS' EMOLUMENTS

Directors' emoluments have been summarised below. Further details of the remuneration of Directors is included in the Remuneration Committee report on pages 70 to 76.

	2025 £m	2024 £m
Aggregate emoluments	**(3)**	(3)

The total remuneration of the highest paid director in the year was £1,307,000 (2024: £1,179,600).

Notes to the consolidated financial statements (continued)

2.10 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS BEFORE PARTNERSHIP BONUS

PURPOSE

We have analysed how our profit before tax reconciles to the cash generated from our operating activities before Partnership Bonus. Items added back to, or deducted from, profit before tax are non-cash items that are adjusted to arrive at cash generated from operations before Partnership Bonus which is shown in the consolidated statement of cash flows. Profit before tax includes investment costs which are not eligible to be capitalised.

	2025 £m	2024 £m
Profit before tax	**97**	56
Amortisation and write-offs of intangible assets	**163**	155
Depreciation[1]	**348**	326
Share of profit of joint venture (net of tax)	**(1)**	(1)
Net finance costs (see note 2.6)	**99**	91
Partnership Bonus	**-**	-
Loss/(profit) on disposal of property, plant and equipment, intangible assets and early termination of leases	**4**	(22)
(Increase)/decrease in inventories	**(46)**	27
Increase in receivables	**(26)**	(16)
Increase/(decrease) in payables	**64**	(70)
Decrease in retirement benefit obligations	**(3)**	(3)
Decrease in provisions	**(51)**	(13)
Cash generated from operations before Partnership Bonus	**648**	530

[1] Includes a net impairment release (2024: release). See note 3.2.

3 NON-CURRENT ASSETS

3.1 INTANGIBLE ASSETS

PURPOSE

Our balance sheet contains non-physical assets in relation to computer software which are used to support our business and the generation of our profits. This note shows the cost of the assets, which is the amount we initially paid for them, and details any additions and disposals during the year. Additionally, the note shows amortisation, which is an expense in the income statement to reflect the usage of these assets. Amortisation is calculated by estimating how many years we expect to use the assets, which is also known as the useful economic life (UEL). The amortisation charge reduces the initial value of the assets over time spread evenly over their UELs. The value after deducting accumulated amortisation is known as the net book value.

Each year we review the value of our assets to ensure that their expected future value in use (VIU) in the business has not fallen below their net book value. This might occur where there has been a system replacement in the year. If an asset's expected VIU falls below its net book value, this is reflected through an additional impairment expense, which reduces profit.

ACCOUNTING POLICIES

Intangible assets: *Intangible assets, comprising both purchased and internally developed computer software, are carried at cost less accumulated amortisation and impairments. The cost of internally developed software, including all directly attributable costs necessary to create, produce and prepare the software for use, is capitalised where the development meets the criteria for capitalisation required by IAS 38: Intangible Assets. This may include capitalised borrowing costs. Internally developed software assets that are not yet in use are reviewed at each reporting date to ensure that the development still meets the criteria for capitalisation, and is not expected to become impaired or abortive.*

Amortisation: *Once available for use, the purchased or internally developed software is amortised on a straight-line basis over its UEL, which is deemed to be between three and ten years. The assets' UELs are reviewed and adjusted if appropriate at each balance sheet date.*

Impairment: *Assets are reviewed for evidence of a trigger for potential impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable. An impairment loss is recognised for the amount by which the asset's amortised cost exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to dispose and VIU. The reversal of an impairment loss is recognised immediately as a credit to the income statement, through the income statement line it was originally charged to.*

Notes to the consolidated financial statements (continued)
3.1 INTANGIBLE ASSETS (CONTINUED)

	Computer software			
	Purchased	Internally developed	Work in progress	Total
	£m	£m	£m	£m
Cost				
At 28 January 2023	298	830	85	1,213
Additions[1]	-	-	121	121
Transfers	98	33	(131)	-
Disposals and write-offs	(19)	(55)	(3)	(77)
At 27 January 2024	**377**	**808**	**72**	**1,257**
Additions[1]	-	-	131	131
Transfers	78	51	(129)	-
Disposals and write-offs	(44)	(50)	(2)	(96)
At 25 January 2025	**411**	**809**	**72**	**1,292**
Accumulated amortisation				
At 28 January 2023	(202)	(569)	-	(771)
Charge for the financial year	(67)	(88)	-	(155)
Disposals and write-offs	19	55	-	74
At 27 January 2024	**(250)**	**(602)**	**-**	**(852)**
Charge for the financial year	(80)	(83)	-	(163)
Disposals and write-offs	43	51	-	94
At 25 January 2025	**(287)**	**(634)**	**-**	**(921)**
Net book value at 28 January 2023	96	261	85	442
Net book value at 27 January 2024	127	206	72	405
Net book value at 25 January 2025	**124**	**175**	**72**	**371**

[1] For the 52 week period ended 25 January 2025, additions for the year include the non-cash capital expenditure accrual on intangible assets of £3m (2024: £7m).

Intangible assets principally relate to customer and distribution projects with UELs of up to ten years. There are five individually significant assets (2024: five) within the total carrying amount of intangible assets as at 25 January 2025: three are customer projects (£156m, 2024: three projects, £178m) and two relate to distribution projects (£99m, 2024: two projects, £100m). These assets have remaining UELs ranging from three to ten years.

During the year to 25 January 2025, computer software valued at £129m (2024: £131m) was brought into use. This covered a range of selling, support, administration and information technology infrastructure applications, with UELs ranging from three to seven years.

Amortisation of intangible assets is charged within operating expenses.

An impairment test at the Partnership level compares the Partnership's estimated fair value less cost of disposal determined with reference to earnings multiples to the carrying value of intangible assets, plant, property and equipment and right-of-use assets. No impairment charges were identified.

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS

PURPOSE

Our balance sheet contains significant property, plant and equipment, and right-of-use assets, primarily comprising assets relating to stores, distribution centres, offices and vehicles.

This note shows the cost of the assets, which is the amount we initially paid for them, or deemed cost if the assets were purchased before 31 January 2004 when the Partnership transitioned to report under UK-adopted IFRS. For right-of-use assets, the cost is equivalent to the present value of the future lease payments relating to the leased assets. This note also details any additions and disposals during the year, and shows depreciation, which is an expense in the income statement to reflect the usage of these assets. Depreciation is calculated by estimating how many years we expect to use the asset; this is also known as the UEL. The depreciation charge reduces the initial value of the assets over time and spread evenly over their UELs. The value after deducting accumulated depreciation is known as the net book value.

ACCOUNTING POLICIES

Property, plant and equipment: *The cost of property, plant and equipment includes the purchase price and directly attributable costs of bringing the asset into working condition ready for its intended use. This may include capitalised borrowing costs.*

The Partnership's freehold and long leasehold properties were last revalued to fair value by the Directors, after consultation with CB Richard Ellis, Chartered Surveyors, as at 31 January 2004. These values have been incorporated as deemed cost, subject to the requirement to test for impairment in accordance with IAS 36: Impairment of Assets. The Partnership has decided not to adopt a policy of revaluation since 31 January 2004.

Right-of-use assets: *Right-of-use assets are initially measured at cost, which is an amount equal to the corresponding lease liabilities (present value of future lease payments) adjusted for any lease payments made at or before the commencement date, less any lease incentives received. See note 5.5 for the lease liabilities accounting policy.*

Depreciation: *No depreciation is charged on freehold land or assets in the course of construction. Depreciation is calculated for all other assets to write off the cost or valuation, less residual value, on a straight-line basis over the following expected UELs:*

- *Freehold and long leasehold buildings – 25-50 years;*
- *Other leaseholds – over the shorter of the UEL or the remaining period of the lease;*
- *Building fixtures – 10-40 years;*
- *Fixtures, fittings and equipment (including vehicles and information technology equipment) – 3-10 years.*

Property residual values are assessed as the price in current terms that a property would be expected to realise, if the buildings were at the end of their UEL. The assets' residual values and UELs are reviewed and adjusted if appropriate at each balance sheet date.

For right-of-use assets depreciation is calculated on a straight-line basis over the expected UEL of the lease. Judgement is applied to estimate the lease UEL. This is done on an individual lease basis and considers the lease terms and the enforceable period of the lease.

Impairment: *Assets are reviewed for evidence of a trigger for potential impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable. Impairment testing is performed on cash generating units (CGUs) which are individual stores (including an allocation of online), this being the lowest level of separately identifiable cash flows. An impairment loss is recognised for the amount by which the asset's net book value exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to dispose and VIU. VIU calculations are performed using cash flow projections, discounted at a pre-tax post-IFRS 16 rate, which reflects the asset specific risks and the time value of money.*

When an impairment loss subsequently reverses, the carrying amount of the CGU is increased to the revised estimate of the recoverable amount, but ensuring the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the CGU in prior years. A reversal of an impairment loss is recognised as a credit to the income statement when recovery of performance is considered reasonably certain and recorded through the income statement line it was originally charged to.

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

JUDGEMENTS

Depreciation: *Depreciation is recorded to write down property, plant and equipment and right-of-use assets to their residual values over their UELs. Management must therefore estimate the appropriate UELs to apply to each class of asset as set out in the accounting policy above. Changes in the estimated UELs would alter the amount of depreciation charged each year, which could materially impact the carrying value of the assets in question over the long term. UELs are therefore reviewed on an annual basis to ensure that they are in line with policy and that those policies remain appropriate.*

Application of residual values: *The application of residual values to shell assets on freehold and long leasehold properties is a key accounting judgement that impacts the depreciation charge recognised in respect of these assets. Management has assessed that it is appropriate to apply residual values to these assets as the buildings will retain significant value both during and at the end of their UELs. This residual value could be realised through a sale of the property or a subletting arrangement. Management has therefore concluded that the application of residual values is consistent with the definition set out in IAS 16.*

CRITICAL ACCOUNTING ESTIMATE

Impairment: *In line with the Partnership's accounting policy, management must assess the VIU and fair value less cost to dispose of each CGU when testing for impairment. This requires estimation of the present value of future cash flows expected to arise from the continuing operation of the CGU. These estimates require assumptions over various factors, in particular future sales and margin performance, future operating costs, the John Lewis online sales allocation and the allocation of central costs. Each of these four areas are critical in estimating the present value of future cash flows. Were there to be significant changes in these assumptions, the amount recognised in respect of impairment during the year could be materially impacted, or impairment charges recognised in previous years may be reversed. The impairment modelling is sensitive to changes and sensitivities are provided to illustrate reasonably plausible alternative scenarios.*

CRITICAL ACCOUNTING JUDGEMENT

Impairment - online sales: *The John Lewis online sales allocation reflects that, as an omnichannel retailer, the presence of a physical store plays an important role in generating and facilitating online sales. Judgement is required in relation to the proportion of online sales and costs allocated to the future cash flows of John Lewis stores to reflect the role that the stores play. The allocation of online sales and costs to the respective stores is based on customer sales data (which identifies omnichannel customers) and physical touchpoints with a store.*

OTHER KEY ASSUMPTIONS

Impairment - central costs: *Central costs are not typically incurred by a CGU including; costs for Head Office functions; Technology and Change, such as IT contracts and expenses; brand-focused marketing costs; and certain Property costs. Judgement is required in relation to the allocation of central costs to each CGU. Central costs are either allocated to a CGU in part, in full or not at all. The allocation considers the nature of each type of cost and its relevance to a CGU.*

Impairment - other: *The Partnership's impairment modelling contains a number of other inputs and judgements, including the discount rate.*

Notes to the consolidated financial statements (continued)
3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

Property, plant and equipment	Land and buildings	Fixtures, fittings and equipment	Assets in course of construction	Total
	£m	£m	£m	£m
Cost				
At 28 January 2023	4,464	1,845	132	6,441
Additions[1]	1	-	152	153
Transfers	71	97	(168)	-
Disposals and write-offs	(87)	(136)	(5)	(228)
At 27 January 2024	**4,449**	**1,806**	**111**	**6,366**
Additions[1]	-	-	203	203
Acquisition-related	-	1	-	1
Transfers	110	30	(140)	-
Disposals and write-offs	(55)	(216)	-	(271)
At 25 January 2025	**4,504**	**1,621**	**174**	**6,299**
Accumulated depreciation				
At 28 January 2023	(2,093)	(1,465)	-	(3,558)
Charge for the financial year[2]	(121)	(92)	-	(213)
Disposals and write-offs	41	126	-	167
At 27 January 2024	**(2,173)**	**(1,431)**	**-**	**(3,604)**
Charge for the- financial year[2]	(91)	(103)	-	(194)
Disposals and write-offs	52	213	-	265
At 25 January 2025	**(2,212)**	**(1,321)**	**-**	**(3,533)**
Net book value at 28 January 2023	2,371	380	132	2,883
Net book value at 27 January 2024	2,276	375	111	2,762
Net book value at 25 January 2025[3]	**2,292**	**300**	**174**	**2,766**

[1] For the 52 week period ended 25 January 2025, additions for the year include the non-cash capital expenditure accrual on property, plant and equipment of £31m (2024: £22m).

[2] For the 52 week period ended 25 January 2025, this includes an impairment release of £25m in land and buildings (2024: £14m charge) and an impairment charge of £16m in fixtures and fittings (2024: £5m release).

[3] Included within the net book value at 25 January 2025 are £3m (2024: £3m) of owned assets which are outside the Partnership's normal course of business.

Notes to the consolidated financial statements (continued)

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

Right-of-use assets	**Land and buildings**	**Fixtures, fittings and equipment**	**Total**
	£m	**£m**	**£m**
Net book value at 28 January 2023	1,285	34	1,319
Additions[1]	79	16	95
Disposals including lease terminations, modifications and reassessments	(11)	-	(11)
Depreciation charge	(104)	(9)	(113)
Net book value at 27 January 2024	**1,249**	**41**	**1,290**
Additions	108	18	126
Acquisition-related	1	-	1
Disposals including lease terminations, modifications and reassessments	(3)	-	(3)
Depreciation charge[2]	(142)	(12)	(154)
Net book value at 25 January 2025	**1,213**	**47**	**1,260**

[1] For the 52 week period ended 27 January 2024, this includes £35m of additions arising from the sale and leaseback of certain plant, property and equipment assets which met the sale criteria under IFRS 15. See also note 5.3.
[2] For the 52 week period ended 25 January 2025, this includes an impairment charge of £3m (2024: £23m release).

In accordance with IAS 36, the Partnership reviews its property, plant and equipment and right-of-use assets for evidence of a trigger for potential impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable. Each CGU that shows an indication of impairment is included in the impairment review.

For non-store assets, including corporate assets, these are not allocated to store CGUs as they cannot be reasonably allocated given (i) the complexity of multiple supply chain sites, (ii) the support provided to multiple and varying locations and (iii) the fact that operations are not typically affected by individual store openings or closures. These are subject to an impairment test at the Partnership level. An impairment test at the Partnership level compares the Partnership's estimated fair value less cost of disposal determined with reference to earnings multiples to the carrying value of intangible assets, plant, property and equipment and right-of-use assets. No impairment charges were identified in the current or prior year.

The impairment review compares the recoverable amount for each CGU to the carrying value on the balance sheet. It considers the VIU of a CGU compared to the carrying value in the first instance, and subsequently the fair value less cost to dispose (FVLCD) if the VIU is lower than the carrying value. For both Waitrose and John Lewis, the VIU calculation is based on three year cash flow projections using the latest forecast data and extended to a fourth and fifth year to adjust for specific cash flows. For John Lewis, different growth expectations are applied to online and store sales. The forecasts are then extrapolated beyond the five year period using a long-term growth rate of 2% for both Waitrose and John Lewis, up to the end of the lease term for leasehold properties and in perpetuity for freehold properties. There are four CGUs for which the recoverable amount is supported by the FVLCD. These are Level 3 assets valued with reference to an active market and other relevant market inputs such as investment value, vacant possession, rental yield and lease terms. The recoverable amounts of all other impaired CGUs are based on the VIU.

The growth rate and operating margins used to estimate cash flows are based on the Partnership three year plan approved by the Partnership Board which has been risk adjusted for impairment purposes.

The key assumptions used in the VIU calculation are the expected sales and margin performance, operating costs and the allocation of central costs to CGUs. For John Lewis stores specifically, the calculation also includes an allocation of online sales, associated operating costs and an allocation of central costs.

External market valuations are regularly obtained by the Partnership and used within the consideration of fair value less cost to dispose. This exercise considers the available market for properties.

Notes to the consolidated financial statements (continued)
3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

Cash outflows that are directly associated with CGUs have been included in the discounted cash flow modelling. These forecast cash flows take account of estimated climate change costs. Certain assets within the CGU are expected to be replaced at the end of their UEL by those that have a lower impact on the environment, such as refrigeration units.

Following the store impairment review, the Partnership recognised a net impairment release of £12m. Additionally, £3m of impairment charges were recognised primarily related to centrally operated office locations.

John Lewis store impairment
The carrying value of John Lewis plant, property and equipment and right-of-use assets that were subject to impairment testing is £604m, after the impairment provision. The cash flow forecasts for the individual stores have been updated for the latest view of future trading. For some stores, this is better than our previous expectations, whilst for other stores performance expectations have declined. The updated cash flow forecasts have led to a reversal of impairment charges of £83m and new impairment charges of £89m. The releases are due to improved store performance which has been judged to be sustainable. All new charges have been recorded in exceptional items, consistent with the accounting policy for exceptional items. Reversals have been recorded through the line they were originally recorded in, which is against exceptional items for all reversals this year.

Cash forecasts
The calculations use a pre-tax cash flow based on a three year plan approved by the Partnership Board. The forecasts exclude any costs or benefits associated with capital investments. The key assumptions in this plan are: sales growth and online sales allocation; margin rate which includes the effect of non-capital investment driven cost efficiencies; along with operating and central costs growth assumptions. The plan differentiates between online and store sales, which is relevant to our store CGUs that continue to include an allocation of online sales and associated costs.

Online sales allocation
Judgement is required as to whether online sales and associated costs should be attributed to John Lewis stores for the purposes of impairment evaluation. Our allocation of a proportion of online sales, made by customers who shop both online and in store (omnichannel), reflects the importance of stores to some of our omnichannel customers. This reflects the role our stores play in providing customers with an opportunity to browse, touch and feel our product range before purchasing online. The merchandising of the product offer in our physical estate provides inspiration for our customers who may then choose to purchase online (in particular for larger items and more considered purchases in our Home offer). Online sales are allocated to stores based on the connection of the store to our omnichannel customers and supported by detailed customer data, which is based on the number of branch visits. If no online sales and associated costs were attributed to John Lewis stores, then the impairment charge would be £188m higher.

Discount rate
The pre-tax post-IFRS 16 discount rate of 13.8% (2024: 14.8%) used to discount the cash flows is derived from the John Lewis Weighted Average Cost of Capital (WACC). The WACC has been calculated using the capital asset pricing model, which includes a risk free rate, equity risk premium and risk adjustment (beta). This WACC is grossed up to a pre-tax rate. The WACC factors in the nominal (i.e. inflation adjusted) nature of the cash flow forecasts within the impairment model.

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

Waitrose store impairment
The carrying value of Waitrose plant, property and equipment and right-of-use assets that were subject to impairment testing is £2,408m, after the impairment provision. The cash flow forecasts for the individual stores have been updated for the latest view of future trading. For some stores, this is better than our previous expectations, whilst for other stores performance expectations have declined. The updated cash flow forecasts have led to a reversal of impairment charges of £44m and new impairment charges of £26m. The releases are due to improved store performance which has been judged to be sustainable. All new charges have been recorded in exceptional items, consistent with the accounting policy for exceptional items. Reversals have been recorded through the line they were originally recorded in; this year £43m has been reversed through exceptional items, with a £1m reversing through operating and administrative expenses.

The impairment calculations for Waitrose stores use a pre-tax cash flow based on a three year plan approved by the Partnership Board. The forecasts exclude any costs or benefits associated with capital investments. The key assumptions in this plan are: sales which includes the recovery of volumes through price investment and year-on-year sales growth; margin rate which includes the effect of cost efficiencies; and operating and central costs growth assumptions. Waitrose online sales are allocated directly to the store that the online order is picked and fulfilled from. Online sales are therefore included in the Waitrose CGUs as the sales are directly attributable to store activity; this is not considered a key judgement.

The Waitrose Customer Fulfilment Centres (CFCs) have been included in the impairment review alongside the store CGUs in a way that reflects the commercial reality that the CFCs are designed to serve specific regional postcodes of the UK alongside the stores.

Discount rate
The pre-tax post-IFRS 16 discount rate of 10.7% (2024: 13.7%) used to discount the cash flows is derived from the Waitrose WACC. The WACC has been calculated using the capital asset pricing model, which includes a risk free rate, equity risk premium and risk adjustment (beta). This WACC is grossed up to a pre-tax rate. The WACC factors in the nominal (i.e. inflation adjusted) nature of the cash flow forecasts within the impairment model.

Sensitivities in the impairment modelling - John Lewis
The John Lewis impairment estimation is most sensitive to changes in the sales and margin forecasts, as well as the allocation of online sales and costs and the allocation of central costs. Sensitivity analysis reflects a reasonably plausible alternative scenario and has focused on these aspects of the impairment evaluation on stores triggered for impairment:

John Lewis sensitivity adjustment	Net Impairment impact
Sales growth by -2.0%	Additional charge of £47m
Sales growth by +2.0%	Additional release of £47m
Margin rate by -50 bps	Additional charge of £28m
Margin rate by +50 bps	Additional release of £29m
Increase allocation of central costs by 5%	Additional charge of £17m
Decrease allocation of central costs by 5%	Additional release of £17m
Reduction in number of branch visits by online customers by one visit	Additional release of £80m
Increase in number of branch visits by online customers by one visit	Additional charge of £45m
Discount rate by +100 bps	Additional charge of £11m
Discount rate by -100 bps	Additional release of £13m

3.2 PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

Sensitivities in the impairment modelling - Waitrose

The Waitrose impairment estimation is most sensitive to changes in the sales and margin forecasts and the allocation of central costs. Sensitivity analysis reflects a reasonably plausible alternative scenario and has focused on these aspects of the impairment evaluation on stores triggered for impairment:

Waitrose sensitivity adjustment	Net Impairment impact
Sales growth by -4.0%	Additional charge of £22m
Sales growth by +4.0%	Additional release of £18m
Margin rate by -50 bps	Additional charge of £12m
Margin rate by +50 bps	Additional release of £14m
Increase allocation of central costs by 5%	Additional charge of £4m
Decrease allocation of central costs by 5%	Additional release of £4m
Discount rate by +200 bps	Additional charge of £9m
Discount rate by -200 bps	Additional release of £17m

Recognition of impairment charges and reversals

Impairment of plant, property and equipment and right-of-use assets comprise charges and reversals arising from the annual tangible store impairment assessment exercise and charges arising on other sites including store closures. The table below sets out the total impairment charges and releases during the financial year.

2025	Other operating and administrative expenses before exceptionals	Exceptional items	Total
	£m	£m	£m
Impairment charges	(2)	(119)	(121)
Impairment reversals	1	126	127
Total	**(1)**	**7**	**6**

2024	Other operating and administrative expenses before exceptionals	Exceptional items	Total
	£m	£m	£m
Impairment charges	-	(110)	(110)
Impairment reversals	-	124	124
Total	**-**	**14**	**14**

3.3 TRADE AND OTHER RECEIVABLES

PURPOSE

Our receivables are amounts owed to the Partnership. This note provides a split of receivables into trade receivables, other receivables and prepayments and accrued income.

Trade receivables are amounts owed to us from customers and from suppliers if we are owed rebates. Other receivables include interest receivable from third parties and amounts due from our Partners in respect of the Partnership's car finance scheme. Prepayments are payments made in advance of the delivery of goods or rendering of services. Accrued income is income earned by the Partnership for providing a product or service which has not yet been invoiced.

Other receivables and prepayments are split into current and non-current to show those amounts due within one year and those which will be recovered over a longer period. Trade receivables are shown net of an allowance for debts which we do not consider to be recoverable.

ACCOUNTING POLICIES

Trade receivables: *Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less allowances for expected credit losses, using the simplified approach under IFRS 9 Financial Instruments. Such allowances are based on an individual assessment of each receivable, which is informed by past experience, and are recognised at amounts equal to the losses expected to result from all possible default events over the expected life of the financial asset. The Partnership also performs analysis on a case-by-case basis for particular trade receivables with irregular payment patterns or history.*

Supplier income (shown as part of accrued income): *The price that the Partnership pays suppliers for goods is determined through negotiations with suppliers regarding both the list price and a variety of rebates and discounts. The principal categories of rebate income are in the form of volume and marketing rebates. Supplier income is broadly split evenly between the two categories as follows:*

Volume rebates: *Volume rebates are earned based on sales or purchase triggers set over specific periods, such as the number of units sold to customers or purchased from the supplier. Volume rebates are recognised over the period set out in the supplier agreement;*

Marketing rebates: *Marketing rebates include promotions, mark downs or marketing support received from suppliers. Marketing rebates are agreed with suppliers for specific periods and products.*

Rebate income is recognised when the Partnership has contractual entitlement to the income, it can be estimated reliably and it is probable that it will be received. Rebate income receivable is shown as part of trade receivables.

Rebate income is recorded against cost of sales and inventory, which is adjusted to reflect the lower purchase cost for the goods on which a rebate has been earned. Depending on the agreement with suppliers, rebates invoiced are either received in cash from the supplier or netted off against payments made to suppliers.

For promotions which are confirmed after the balance sheet date, the Partnership is sometimes required to estimate the amounts due from suppliers at the year end. Estimates of supplier income are accrued within accrued income, and are based on a review of the supplier agreements in place and of relevant sales and purchase data.

The majority of rebates are confirmed before the year end, therefore the level of estimate and judgement required in determining the year end receivable is limited.

3.3 TRADE AND OTHER RECEIVABLES (CONTINUED)

	2025 £m	2024 £m
Current:		
Trade receivables	**81**	70
Other receivables	**49**	36
Prepayments	**106**	98
Accrued income	**59**	57
	295	261
Non-current:		
Other receivables	**16**	19
Prepayments	**6**	10
	22	29

Trade receivables are non-interest bearing and generally on credit terms of less than 90 days. Concentrations of credit risk are considered to be very limited. The carrying amount of trade and other receivables approximates to fair value and is denominated in Sterling. Within trade receivables is supplier income which has been invoiced where there is no legal right to offset. Included in trade payables are invoices for supplier income where there is a right to offset and the Partnership intends to offset against amounts owed to suppliers (see note 5.2).

Within accrued income, there is £28m (2024: £23m) in relation to supplier income which has not yet been invoiced. Additionally, accrued income includes £11m (2024: £12m) in relation to other operating income items (see note 2.3) which has not been billed at the reporting date. The unbilled amounts of other operating income is made up of items that are not individually material for further disclosures and had no significant changes during the period.

The Partnership recognises loss allowances for expected credit losses within operating and administrative expenses in the income statement. As at 25 January 2025, trade and other receivables of £nil (2024: £nil) were partially or fully impaired.

As at 25 January 2025, trade and other receivables of £25m (2024: £29m) were past due but not impaired. The ageing analysis of the past due amounts is as follows:

Ageing analysis	2025 £m	2024 £m
Up to 3 months past due	**25**	29
3 to 12 months past due	**-**	-
Over 12 months past due	**-**	-
	25	29

Notes to the consolidated financial statements (continued)
3.4 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES

PURPOSE
We use cash flow hedges to manage the risk of adverse currency movements.

This note details the fair value of these financial instruments and financial liabilities, together with the valuation techniques and key assumptions made in determining the fair value, as required by UK-adopted IFRS. The fair value represents the amount that would be received from the sale of an asset or the amount that would be paid to pass on a liability.

Fair value estimation
The different levels per the IFRS 13 Fair Value Measurement fair value hierarchy have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

During the 52 week period ended 25 January 2025, there have been no transfers between any levels of the IFRS 13 fair value hierarchy and there were no reclassifications of financial assets as a result of a change in the purpose or use of those assets.

3.4.1 FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS
The fair value of derivative financial instruments is as follows:

				2025				2024
	Assets	**Liabilities**	**Recognised in statement of changes in equity**	**Recognised in income statement**	Assets	Liabilities	Recognised in statement of changes in equity	Recognised in income statement
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Non-current								
Currency and commodity derivatives - cash flow hedge	**1**	**-**	**1**	**-**	1	(1)	(1)	-
	1	**-**	**1**	**-**	1	(1)	(1)	-
Current								
Currency and commodity derivatives - cash flow hedge	**5**	**(3)**	**2**	**-**	1	(11)	(10)	-
Other derivatives	**-**	**-**	**-**	**-**	-	(4)	-	(4)
	5	**(3)**	**2**	**-**	1	(15)	(10)	(4)

The fair value of a derivative financial instrument represents the difference between the value of the outstanding contracts at their contracted rates and a valuation calculated using the forward rates of exchange and interest rates prevailing at the balance sheet date.

The fair value of the derivative financial instruments held by the Partnership are classified as Level 2 under the IFRS 13 fair value hierarchy, as all significant inputs to the valuation model used are based on observable market data and are not traded in an active market.

Specific valuation techniques used to value the financial instruments include quoted market prices. There have been no changes in valuation techniques from the prior year.

Notes to the consolidated financial statements (continued)

3.4 DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL LIABILITIES (CONTINUED)

3.4.2 FAIR VALUE OF FINANCIAL LIABILITIES HELD AT AMORTISED COST

The following table compares the Partnership's liabilities held at amortised cost, where there is a difference between carrying value (CV) and fair value (FV):

		2025		2024
	CV £m	**FV £m**	CV £m	FV £m
Financial liabilities				
Listed bonds	**(295)**	**(229)**	(595)	(509)

The fair values of the Partnership's listed bonds have been determined by reference to market price quotations and are classified as Level 1 under the IFRS 13 fair value hierarchy.

For other financial liabilities, there are no material differences between carrying value and fair value because they are all of a short term nature.

Notes to the consolidated financial statements (continued)

3.5 INVESTMENT IN AND LOANS TO JOINT VENTURE

PURPOSE

Our balance sheet includes an investment in a joint venture, Clicklink Logistics Limited, which is used to support our business and the generation of our profits.

This note shows the cost of the investment in, and loans made to, the joint venture. It also includes details of the share of profit and any dividends received from the joint venture during the year.

ACCOUNTING POLICIES

Joint arrangements: *The Partnership applies IFRS 11 Joint Arrangements to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Partnership has assessed the nature of its joint arrangements and determined them to be joint ventures.*

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet.

The consolidated financial statements include the Partnership's share of the profit or loss and other comprehensive income of the equity accounted investees, from the date that joint control commences until the date that joint control ceases. John Lewis plc and GXO Logistics UK II Limited are both investors in Clicklink Logistics Limited. Each party owns 50% of the equity of Clicklink Logistics Limited and decisions regarding Clicklink Logistics Limited require the unanimous consent of both parties.

	Investment £m	Loan £m	Total £m
Cost			
At 28 January 2023	2	2	4
At 27 January 2024	2	1	3
At 25 January 2025	**2**	**1**	**3**
Share of profit			
At 28 January 2023	1	-	1
Share of profit	1	-	1
At 27 January 2024	2	-	2
Share of profit	1	-	1
At 25 January 2025	**3**	**-**	**3**
At 28 January 2023	3	2	5
At 27 January 2024	4	1	5
At 25 January 2025	**5**	**1**	**6**

3.6 COMMITMENTS AND CONTINGENCIES

PURPOSE

A commitment represents a contractual obligation to make a payment in the future. We have commitments for capital expenditure. Contingent liabilities are potential future cash outflows where the likelihood of payment is more than remote but is not considered probable or cannot be measured reliably.

In line with accounting standards, commitments and contingencies are not included within the balance sheet, but are detailed in the note below. The amounts below represent the maximum amounts that we are obliged to pay.

At 25 January 2025, contracts had been entered into for future capital expenditure of £24m (2024: £15m) of which £18m (2024: £11m) relates to property, plant and equipment and £6m (2024: £4m) relates to intangible assets.

4 CURRENT ASSETS

4.1 INVENTORIES

PURPOSE

Our inventory is the stock available for sale or for manufacturing our products. This note sets out the make-up of our inventories between raw materials, work in progress and finished goods and goods for resale. Our raw materials and work in progress are primarily related to Herbert Parkinson and Leckford Farm. Slow-moving and obsolete inventory is assessed each reporting period and an appropriate provision is made against the inventory balance. The value of inventory is shown net of provisions. Once the inventory is sold, it is charged to cost of sales in the consolidated income statement.

ACCOUNTING POLICIES

Inventory valuation: *Inventory is stated at the lower of cost, which is computed on the basis of average unit cost, and net realisable value. Inventory excludes merchandise purchased by the Partnership on a sale or return basis, where the Partnership does not have the risks and rewards of ownership. Slow-moving and obsolete inventory is assessed for impairment at each reporting period based on past experience and an appropriate provision is made. Inventory also includes a 'right to return goods' asset, which represents the value of inventory expected to be returned as a result of customers exercising their rights under the Partnership's returns policy. The expected level of returns is based on past experience.*

	2025	2024
	£m	£m
Raw materials	**3**	4
Work in progress	**1**	1
Finished goods and goods for resale	**718**	673
	722	678

Provisions against inventories of £28m were charged (2024: £32m charged) to cost of sales.

Finished goods and goods for resale includes £11m (2024: £11m), representing inventory we expect to be returned from sales to customers made this financial year.

4.2 SHORT-TERM INVESTMENTS

PURPOSE

Our short-term investments represent amounts on short-term deposits. They are deposited for a period of greater than 90 days but less than one year with financial institutions.

ACCOUNTING POLICIES

Short-term investments: *Short-term investments comprise tradable securities and deposits with original maturities of greater than 90 days but less than one year. Maturity periods are not the sole factor. Investments in Variable Net Asset Values with a weighted average maturity of less than 90 days are included within short-term investments due to the fact they do not bear an insignificant risk of changes in value.*

	2025	2024
	£m	£m
Short-term investments	**153**	260

For the 52 week period ended 25 January 2025, the effective interest rate on short-term investments was 5.3% (2024: 5.4%) and these investments had an average maturity of 134 days (2024: 109 days). Maturities on the £153m go out to May 2025.

Notes to the consolidated financial statements (continued)

4.3 CASH AND CASH EQUIVALENTS

PURPOSE

Our cash and cash equivalents include cash in hand and cash placed on short-term deposits of less than 90 days with financial institutions and money market funds.

ACCOUNTING POLICIES

Cash and cash equivalents: *Cash and cash equivalents on the balance sheet comprise cash at bank and in hand and short-term deposits with original maturities of less than 90 days which are subject to an insignificant risk of changes in value. In the consolidated statement of cash flows, net cash and cash equivalents comprise cash and cash equivalents, as defined above, net of bank overdrafts.*

	2025 **£m**	2024 £m
Cash at bank and in hand	**159**	147
Short-term deposits	**766**	881
	925	1,028

For the 52 week period ended 25 January 2025, the effective interest rate on short-term deposits was 5.0% (2024: 4.2%) and these deposits had an average maturity of eight days (2024: two days).

At 25 January 2025, £14m (2024: £16m) of the Partnership's cash balance was pledged as collateral. This is part of the Partnership's insurance arrangements and the release of these funds is subject to approval from third parties.

Cash at bank and in hand includes cash equivalents of credit and debit card transactions not yet settled and other cash in transit balances of £94m (2024: £79m).

Notes to the consolidated financial statements (continued)

5 LIABILITIES - NON-CURRENT AND CURRENT

5.1 BORROWINGS AND OVERDRAFTS

PURPOSE

Our borrowings comprise bonds, bank loans, bank overdrafts and Share Incentive Plan shares, which are held in trust for the benefit of Partners.

ACCOUNTING POLICIES

Borrowings: *Borrowings are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost. Where there is an effective related fair value hedge, the movement in the fair value attributable to the hedged risk is separately disclosed.*

Arrangement costs for bonds and loan facilities in respect of debt are capitalised and amortised over the life of the debt at a constant rate. Finance costs are charged to the income statement, based on the effective interest rate of the associated borrowings.

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised. Qualifying assets are those that take a substantial period of time to get ready for their intended use. Capitalisation commences when both expenditure on the asset and borrowing costs are being incurred. Capitalisation ceases when the asset is ready for its intended use. The capitalisation rate used to determine the borrowing costs eligible for capitalisation is 7.8% (2024: 6.8%).

Share Incentive Plan: *The Share Incentive Plan (SIP or BonusSave) is initially measured at fair value and the liability is subsequently measured at amortised cost. It is de-recognised once the liability has been settled.*

	2025 £m	2024 £m
Current:		
6⅛% Bond, 2025[1]	**-**	(300)
Fair value adjustment for hedged element on bonds	**-**	4
Share Incentive Plan shares (SIP)	**(8)**	(12)
	(8)	(308)
Non-current:		
Bank loan[2]	**(131)**	(131)
4¼% Bond, 2034	**(300)**	(300)
Unamortised bond and loan transaction costs	**5**	6
	(426)	(425)

[1] During the year, the Partnership repaid the 6⅛% £300m bond at maturity in January 2025. See note 7.1.2.
[2] The £131m bank loan is repayable in December 2027.

All borrowings are unsecured, denominated in Sterling and are repayable on the dates shown, at par.

The Partnership operates the BonusSave scheme, a Share Incentive Plan (SIP) which allowed Partners to elect to invest part of their Partnership Bonus back into the Partnership. The BonusSave scheme is closed to new entrants and investments. SIP shares were issued as part of the BonusSave scheme. Partners who have invested part of their Partnership Bonus in SIP shares are entitled to a dividend, the amount of which is determined from year to year by the Partnership Board. The amounts receivable in a winding up would be limited to the amounts that have been paid on the SIP shares. The amounts in respect of SIP shares are classified as debt as the Partnership has a clear obligation to repay the amounts.

Notes to the consolidated financial statements (continued)

5.1 BORROWINGS AND OVERDRAFTS (CONTINUED)

The BonusSave scheme is operated by John Lewis Partnership Trust Limited which purchased SIP shares on behalf of Partners who previously chose to invest a portion of their bonus for this purpose. At 25 January 2025, the value of SIP shares held by John Lewis Partnership Trust Limited on behalf of Partners was £8m (2024: £12m), following redemptions during the year. This is £96m lower than the value of SIP shares issued of £104m (2024: £104m).

The SIP shares shown as current borrowings above reflect amounts owed directly to Partners in respect of the scheme. The cash flow movement as a result of the net subscriptions and redemptions of shares of £4m (2024: £5m) is shown as an operating cash flow in the consolidated statement of cash flows alongside the Partnership Bonus, if paid during the year.

5.2 TRADE AND OTHER PAYABLES

PURPOSE

Trade and other payables include amounts owed by the Partnership. We owe payments to suppliers for goods or services that have been invoiced or accrued, and to HMRC in the form of taxes and social security. Amounts are payable to our Partners through salaries and our annual profit share, the Partnership Bonus. Deferred income includes amounts owed to customers through goods or services to be delivered, including in respect of free warranties. Non-current trade and other payables and non-current deferred income balances are not expected to be settled within the next financial year.

ACCOUNTING POLICIES

Trade payables: *Trade payables are initially recognised at fair value and subsequently measured at amortised cost.*

Deferred income: *Deferred income is recognised when the Partnership has received cash in advance of providing a good or service. It includes revenue in respect of free warranties for Technology products. The Partnership allocates a portion of the consideration received for the Technology product to the free warranty on a cost plus margin basis. The amount allocated to the free warranty is deferred and recognised as revenue over the period of the guarantee on a straight-line basis.*

ACCOUNTING ESTIMATES

Liabilities: *Liabilities recognised in this note at the reporting date include amounts for unredeemed gift vouchers and gift cards. In order to estimate these liabilities, management must make assumptions around likely redemption rates. Management must therefore exercise a degree of estimation when predicting redemption patterns based on actual experience over the most recent 24 months.*

Deferred income: *In relation to free warranties, deferred income is based on the expected future repair or replacement costs for all goods sold with a free warranty, plus a margin. The expected future costs are based on historical evidence of claims and costs to repair or replace. Management exercise a degree of estimation regarding the margin percentage.*

	2025 £m	2024 £m
Current:		
Trade payables	**(1,130)**	(1,092)
Other payables	**(160)**	(158)
Other taxation and social security	**(159)**	(145)
Accruals	**(142)**	(126)
Deferred income	**(72)**	(67)
Partnership Bonus	**-**	-
	(1,663)	(1,588)
Non-current:		
Deferred income	**(26)**	(29)
	(26)	(29)

5.2 TRADE AND OTHER PAYABLES (CONTINUED)

The carrying amount of trade and other payables approximates their fair value.

Other payables principally relate to liabilities in respect of unredeemed gift cards and gift vouchers £105m (2024: £116m). During the year £430m (2024: £436m) of gift cards and gift vouchers were issued and £441m (2024: £418m) was recognised in the income statement.

Included in deferred income are contract liabilities for free warranties of £24m (2024: £26m) and payments from customers for goods and services in advance of providing a good or service at the balance sheet date of £54m (2024: £45m). During the year an amount of £17m (2024: £17m) was recognised in the income statement over the period covered by the free warranties. The deferral for the year was £15m (2024: £17m). All of the contract liabilities for goods and services sold but not delivered at 27 January 2024 have been recognised as revenue in the 52 week period ended 25 January 2025.

5.3 OTHER LIABILITIES HELD AT AMORTISED COST

PURPOSE

Other liabilities at amortised cost are amounts owed by the Partnership in respect of certain property transactions included as part of a sale and leaseback transaction. In these transactions, certain plant, property and equipment assets did not meet the sale criteria in IFRS 15 Revenue from Contracts with Customers. The accounting therefore reflects that these plant, property and equipment assets have not been sold and remain on the balance sheet. In substance, these are financing transactions. Non-current other liabilities at amortised cost are not expected to be settled within the next financial year.

ACCOUNTING POLICIES

Other liabilities at amortised cost: *Other liabilities at amortised cost are initially recognised at fair value and subsequently measured at amortised cost. They are increased by the interest charge and decreased by the payments made.*

	2025 £m	2024 £m
Current:		
Other liabilities held at amortised cost	**(2)**	(2)
	(2)	(2)
Non-current:		
Other liabilities held at amortised cost	**(58)**	(60)
	(58)	(60)

Notes to the consolidated financial statements (continued)

5.4 ANALYSIS OF NET DEBT

PURPOSE

Net debt summarises our debt position as at the year end, excluding any pension deficit. Net debt incorporates the Partnership's borrowings, bank overdrafts, fair value of derivative financial instruments, other liabilities held at amortised cost and obligations under leases. These liabilities are offset by cash and cash equivalents, short-term investments and a portion of debt transaction costs that relate to the remaining duration of the debt. This note shows how our net debt position has moved from the prior year end, split out between cash movements and non-cash movements.

	2024	Cash movements	Non- cash movements		**2025**
			Fair value gains/(losses)	Other, including lease additions, terminations, modifications and reassessments	
	£m	£m	£m	£m	**£m**
Non-current assets					
Derivative financial instruments	1	-	-	-	**1**
	1	-	-	-	**1**
Current assets					
Cash and cash equivalents	1,028	(103)	-	-	**925**
Short-term investments	260	(107)	-	-	**153**
Derivative financial instruments	1	(3)	7	-	**5**
	1,289	(213)	7	-	**1,083**
Current liabilities					
Borrowings and overdrafts	(312)	304	-	-	**(8)**
Fair value adjustment for hedged element on bonds	4	-	(4)	-	**-**
Other liabilities held at amortised cost	(2)	2	-	(2)	**(2)**
Lease liabilities	(146)	234	-	(240)	**(152)**
Derivative financial instruments	(15)	17	(5)	-	**(3)**
	(471)	557	(9)	(242)	**(165)**
Non-current liabilities					
Borrowings	(431)	-	-	-	**(431)**
Unamortised debt transaction costs	6	-	-	(1)	**5**
Fair value adjustment for hedged element on bonds	-	-	-	-	**-**
Other liabilities held at amortised cost	(60)	-	-	2	**(58)**
Lease liabilities	(1,703)	-	-	51	**(1,652)**
Derivative financial instruments	(1)	-	1	-	**-**
	(2,189)	-	1	52	**(2,136)**
Total, and movements	(1,370)	344	(1)	(190)	**(1,217)**

5.4 ANALYSIS OF NET DEBT (CONTINUED)

Reconciliation of net cash flow to net debt

	2025 £m	2024 £m
Decrease in net cash and cash equivalents in the year	**(103)**	(10)
Cash inflow from borrowings	**-**	(131)
Cash outflow from borrowings	**300**	50
Cash (inflow)/outflow from movement in short-term investments	**(107)**	260
Cash outflow from SIP shares	**4**	5
Cash outflow/(inflow) from other liabilities held at amortised cost	**2**	(62)
Cash outflow from movement in other net debt items	**248**	227
Cash movement in net debt for the year	**344**	339
Opening net debt	**(1,370)**	(1,520)
Non-cash movement in net debt for the year	**(191)**	(189)
Closing net debt	**(1,217)**	(1,370)

Our total borrowings and lease liabilities are summarised below.

	Borrowings £m	Lease liabilities £m	**Total £m**
At 28 January 2023	(667)	(1,903)	**(2,570)**
Movements arising from operating cash flows	5	89	**94**
Movements arising from financing cash flows	(81)	143	**62**
Other non-cash movements	-	(178)	**(178)**
At 27 January 2024	(743)	(1,849)	**(2,592)**
Movements arising from operating cash flows	4	93	**97**
Movements arising from financing cash flows	300	141	**441**
Other non-cash movements	-	(189)	**(189)**
At 25 January 2025	**(439)**	**(1,804)**	**(2,243)**

Other non-cash movements in lease liabilities reflect the unwind of the discount on the lease liability and changes to lease agreements such as changes to future rental charges, extensions and new leases.

Borrowings exclude unamortised bond transaction costs of £4m (2024: £5m), unamortised loan transaction costs of £1m (2024: £1m) and the fair value adjustment for hedged element on bonds of £nil (2024: £4m gain).

5.5 LEASE LIABILITIES

PURPOSE

The Partnership enters into leases for property, plant and equipment. The Partnership's lease portfolio principally comprises property leases of land and buildings in relation to Waitrose and John Lewis shops, distribution centres and head offices. The leases typically run for terms between five and 100 years and may include break clauses or options to renew beyond the non-cancellable periods. The majority of the Partnership's lease payments are subject to market review, usually every five years, and some lease agreements include rental payments contingent on turnover or economic indices. These contingent lease payments are excluded from the calculation of lease liabilities under IFRS 16 Leases.

ACCOUNTING POLICIES

Lease liabilities: *The Partnership assesses whether a contract is or contains a lease based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.*

At inception or on reassessment of a contract that contains a lease component, the Partnership allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

Under IFRS 16, the Partnership recognises right-of-use assets and lease liabilities at the lease commencement date. The lease liabilities are initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Partnership's incremental borrowing rate. Generally, the Partnership uses the incremental borrowing rate as the discount rate and this rate is determined on a portfolio basis, in relation to asset type and location.

Lease liabilities are subsequently measured at amortised cost and are increased by the interest charge and decreased by the lease payments made. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or, as appropriate, changes in the assessment of whether a renewal or purchase option is reasonably certain to be exercised or a break clause is reasonably certain not to be exercised.

The Partnership has elected to apply the exemption for recognising right-of-use assets and lease liabilities on the balance sheet where the underlying asset is of low value. Lease expenses relating to low value assets will be recognised in the income statement on a straight-line basis.

In relation specifically to vehicle leases, the Partnership has also elected to apply the exemption for short-term leases and therefore will not recognise right-of-use assets and lease liabilities on the balance sheet for vehicle leases of less than 12 months in duration.

Contingent rentals are recognised as an expense in the income statement when incurred.

Sub-lease income is recognised as other operating income on a straight-line basis over the sub-lease term, less allowances for situations where recovery is doubtful.

Sale and leaseback: *A sale and leaseback transaction is where the Partnership sells an asset and immediately leases back the same asset from the buyer. On sale, the property, plant and equipment asset is derecognised from the balance sheet and the Partnership measures a right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the rights of use retained by the Partnership. The Partnership also recognises a lease liability at the date of the transaction. Any gain or loss that relates to the rights of the buyer is recognised in the income statement. Judgement is exercised in assessing whether assets have been sold in accordance with IFRS 15 Revenue from Contracts with Customers.*

Notes to the consolidated financial statements (continued)
5.5 LEASE LIABILITIES (CONTINUED)

The following amounts are included in the Partnership's consolidated financial statements in respect of its leases:

	2025 £m	2024 £m
Depreciation charge for right-of-use assets (excluding impairment) (see note 3.2)	**(151)**	(136)
Interest expense on lease liabilities (see note 2.6)	**(93)**	(89)
Expense relating to short-term leases	**(3)**	(3)
Expense relating to variable lease payments not included in lease liabilities	**(3)**	(4)
Total cash outflow for leases comprising interest and capital payments (see note 5.4)	**(234)**	(232)
Additions to right-of-use assets (see note 3.2)	**126**	95
Carrying amount of right-of-use assets (see note 3.2)	**1,260**	1,290
Gains arising from sale and leaseback transactions	**-**	8
Income from sub-leasing right-of-use assets	**10**	9

Gains arising from prior year sale and leaseback transactions resulted from the derecognition of certain plant, property and equipment assets and recording of a right-of-use asset. See notes 3.2 and 5.3.

We do not disclose potential future undiscounted lease payments not included in lease liabilities as these are subject to a high level of judgement regarding expected lease extension terms and future end dates. Additionally, the values of rental payments are subject to future market rates applicable as at the date of extension which are parameters not yet publicly known. As a result, we do not consider the potential future undiscounted lease payments to be able to be reliably estimated. There were no leases not yet commenced to which the Partnership is committed that are not included in lease liabilities as at year end.

Notes to the consolidated financial statements (continued)

5.6 PROVISIONS

PURPOSE

We incur liabilities which have some uncertainty regarding the timing or the future cost required to settle them. These are termed provisions and have been estimated and provided for at the year end. Our provisions primarily relate to the expected cost of long leave, expected customer refunds, insurance claims, reorganisation costs and property-related costs.

ACCOUNTING POLICIES

Provisions: *Provisions are recognised when the Partnership has an obligation in respect of a past event, it is more likely than not that payment (or a non-cash settlement) will be required to settle the obligation and where the amount can be reliably estimated. Provisions are discounted when the time value of money is considered material.*

Employee benefits: *The Partnership has a scheme to provide up to six months' paid leave after 25 years' service (long leave). The cost of providing the benefits under the scheme is determined using the projected unit credit actuarial valuation method. The current service cost is included within operating profit in the consolidated income statement. The financing elements of long leave are included in finance costs in the consolidated income statement. Actuarial gains or losses are taken directly to the consolidated income statement.*

ACCOUNTING ESTIMATES

Provisions: *As the provision for liabilities under the long leave scheme is assessed on an actuarial basis, estimates are required for the appropriate discount rate, staff turnover, salary increases and inflation.*

	Long leave £m	Customer refunds £m	Insurance claims £m	Reorganisation £m	Other £m	Total £m
At 27 January 2024	(122)	(22)	(24)	(8)	(38)	(214)
Charged in the financial year	(6)	(20)	(8)	(42)	(9)	(85)
Released in the financial year	-	-	1	11	-	12
Utilised	14	22	9	31	13	89
At 25 January 2025	**(114)**	**(20)**	**(22)**	**(8)**	**(34)**	**(198)**
Of which:						
Current	(41)	(20)	(13)	(8)	(9)	(91)
Non-current	(73)	-	(9)	-	(25)	(107)

The Partnership has a long leave scheme, open to all Partners, which provides up to six months' paid leave after 25 years' service. There is no proportional entitlement for shorter periods of service. The provision for the liabilities under the scheme is assessed on an actuarial basis, reflecting Partners' expected service profiles, salary growth, National Insurance and overtime earnings assumptions. The real discount rate applied differs from the real discount rate used for the Partnership's retirement benefits (note 6.1) as it reflects a rate appropriate to the shorter duration of the long leave liability, so as to accrue the cost over Partners' service periods.

Provisions for customer refunds reflect the Partnership's expected liability for returns of goods sold based on experience of rates of return.

The provision for insurance claims covers potential liabilities arising from claims that fall below certain thresholds. These claims relate to the Partnership's employer's, public and vehicle third party liability insurances. The provision is recognised when there is a present obligation arising from a past event, including both reported and incurred but not reported claims as of the reporting date. The provision is calculated using independent actuarial assessments.

Provisions for reorganisation reflect restructuring and redundancy costs, principally in relation to productivity reviews, central operations reviews, shop closures and the review of shop management structures (note 2.5).

5.6 PROVISIONS (CONTINUED)

Other provisions primarily include property-related costs, principally dilapidations provisions. Dilapidations provisions are calculated with reference to specific lease terms, where we can reliably estimate the expected cost and payment for dilapidations is probable. In making this assessment, we consider the recent history of dilapidations payments and the time horizon for any payments. The effect of discounting non-current provisions is not individually material.

6 RETIREMENT BENEFITS

PURPOSE

The Partnership's pension scheme is made up of two parts: the defined benefit section and the defined contribution section. The defined benefit section provides a non-contributory pension in retirement based on Partners' pensionable pay and pensionable service. The defined contribution section is where contributions made by Partners and the Partnership are invested in a choice of funds and then the contributions and investment returns are used to buy benefits on retirement.

The consolidated balance sheet includes a net retirement benefit asset or liability, which is the expected future cash flows to be paid out by the defined benefit section of the pension scheme, offset by assets held by the scheme to meet these liabilities. The expected liabilities are calculated by an actuary using a number of financial and demographic assumptions whilst the assets are held at fair value. The defined benefit section of the scheme closed to future accrual on 1 April 2020.

The defined contribution section of the scheme is available to all Partners and pays fixed contributions into individual investment funds on Partners' behalf. There is therefore no liability on the Partnership balance sheet relating to the defined contribution section of the pension scheme, other than any accrual for the previous period's monthly defined contribution payments.

This note details the financial and demographic assumptions made in estimating the defined benefit obligation, together with an analysis of the components of the pension liability. It also explains where these amounts have been recorded in the consolidated balance sheet and the consolidated income statement.

ACCOUNTING POLICIES

Employee benefits: *The defined benefit scheme assets are held separately from the Partnership. The cost of providing benefits under the defined benefit section of the scheme is determined using the projected unit credit actuarial valuation method, which measures the liability based on service completed and allows for projected future increases.*

Remeasurements of defined benefit pension schemes due to experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income during the period in which they arise.

There are a number of unfunded pension liabilities, where the actuarially assessed costs of providing the benefit are charged to the consolidated income statement. There are no assets supporting these arrangements.

Contributions to the Partnership's defined contribution section are charged to the income statement as they are incurred. The Partnership has no further obligation once the contributions have been made.

CRITICAL ACCOUNTING ESTIMATES

Retirement benefits: *This section details the assumptions used to calculate the total defined benefit pension obligation. This is the estimate of the current cost of meeting future benefits to be paid out by the pension scheme. The calculation requires the application of a discount rate to estimate the present day fair value of the pension payments, as well as assumptions on mortality rates and inflation. Given the size of the Partnership's defined benefit obligation, relatively small movements in these assumptions could cause a material adjustment to the carrying amount of the obligation. Sensitivity analysis on the key assumptions is provided in note 6.6. The pension scheme asset includes a variety of assets including those where a market quotable price is not available (Level 3). The assets are valued by third party fund managers using a variety of valuation models (see note 6.5).*

Notes to the consolidated financial statements (continued)
6.1 RETIREMENT BENEFITS

The pension scheme operated by the Partnership is the John Lewis Partnership Trust for Pensions. The scheme is governed by a corporate trustee which is independent of the Partnership. The Trustee is responsible for the operation and governance of the scheme, including making decisions regarding the scheme's investment strategy.

The scheme includes a funded final salary defined benefit section, providing pensions and death benefits to members. This scheme closed to new members and future accrual on 1 April 2020 and all active members of the scheme moved to become deferred members.

All contributions to the defined benefit section of the pension scheme to meet the obligations are funded by the Partnership. The scheme also includes a defined contribution section. Contributions to the defined contribution section of the scheme are made by both Partners and the Partnership.

There are a number of unfunded pension liabilities, where the actuarially assessed costs of providing the benefit are charged to the consolidated income statement. There are no assets supporting these arrangements.

Actuarial valuation

The pension scheme is subject to a full actuarial valuation every three years using assumptions set by the Trustee following consultation with the Partnership and Scheme Actuary. The valuation determines if the pension scheme has sufficient assets available to meet future benefit payments. If a deficit exists, the Trustee and Partnership must agree to the corrective action(s) required to repair the deficit.

The most recent valuation was carried out by an independent professionally qualified actuary as at 31 March 2022, and resulted in an actuarial surplus of £320m (31 March 2019: deficit of £58m). The market value of the assets of the scheme as at 31 March 2022 was £6,934m (31 March 2019: £6,012m). The actuarial valuation showed that these assets were sufficient to cover 105% (31 March 2019: 99%) of the benefits which had accrued to members. As a result of the 2022 valuation, the Partnership and the Trustee agreed to stop making deficit reducing contributions. These were previously £10m per annum. The next triennial actuarial valuation of the scheme will take place as at 31 March 2025 and is expected to conclude in 2026.

Notes to the consolidated financial statements (continued)
6.1 RETIREMENT BENEFITS (CONTINUED)

Pension commitments recognised in these accounts have been calculated based on the most recent actuarial valuation, as at 31 March 2022, which has been updated by actuaries to reflect the assets and liabilities of the scheme as at 25 January 2025, calculated on assumptions that are appropriate for accounting under IAS 19.

IAS 19 accounting valuation

In the financial statements the liabilities are determined in accordance with IAS 19: Employee Benefits. At the year end, there was an IAS 19 accounting pension deficit of £363m (£296m after deferred tax), compared to £287m (£239m after deferred tax) as at 27 January 2024. The accounting position reflects the gap between the market value of pension assets held by our defined benefit scheme and the IAS 19 value of our pension liabilities.

At the year end, IAS 19 pension liabilities for the defined benefit obligation for funded arrangements were £3,834m, down from £4,017m at 27 January 2024, with the reduction largely attributable to an increase in the discount rate as a result of increasing interest rate expectations, partly offset by this year's inflation figure being higher than expected. The market value of pension assets was £3,484m, down from £3,743m at January 2024.

Differences between the actuarial valuation and accounting valuation

Differences arise between the actuarial valuation and accounting valuation, mainly due to the use of different assumptions to value the liabilities and the different calculation dates. The discount rate used for the accounting valuation is prescribed by the accounting standard and assumes that pension assets are invested in high quality (AA) corporate bond yields of an appropriate term. The actuarial discount rate is determined based on assumptions set by the Trustee following consultation with the Partnership and Scheme Actuary, and takes into account the scheme's actual investment strategy, expected evolution of the investment strategy (the journey plan) and the Trustee's view of the Partnership's covenant.

Whilst the accounting valuation is useful for comparing pension schemes across different businesses, it does not take into account the scheme's actual investment strategy, often producing a higher value of liabilities than the technical provisions valuation, and therefore it is of less use for scheme funding purposes. It is the actuarial valuation that determines the funding position of the scheme and any deficit reducing contributions that may be required.

Investment strategy

The Trustee's investment strategy is consulted upon with the Partnership. The investment strategy is designed to ensure the scheme can pay members' benefits as they fall due, while also targeting full funding on a low dependency basis. The Trustee will pursue an investment strategy that generates investment returns in excess of government bonds but with a risk level that is commensurate with the strength of the covenant.

The Trustee continues to manage scheme risks carefully and appropriately. It has a hedge in the form of a liability matching strategy designed to protect against movements in interest rates and inflation on the actuarial basis. At 31 December 2024 the hedge was at c.78% of low dependency liabilities, within the tolerance range of the target hedge ratio of 79%, equivalent to 100% of funded technical provisions liabilities. The pension scheme remains liquid and well funded.

Notes to the consolidated financial statements (continued)
6.1 RETIREMENT BENEFITS (CONTINUED)

Risk management

The cost of the scheme to the Partnership depends upon a number of assumptions about future events. Future contributions may be higher or lower than those currently agreed if these assumptions are not borne out in practice or if different assumptions are agreed in the future.

Specific risks include:

- Changes in future expectations of price inflation: the majority of the scheme's benefit obligations are linked to inflation (subject to a cap) and higher inflation will lead to higher liabilities. Changes in the liabilities due to changes in inflation expectations are broadly offset by the Trustees' liability matching strategy as detailed in note 6.5 (the liability matching scheme is designed to hedge the actuarial liabilities and not the accounting measurement of liabilities);
- Changes in the discount rate used to value pension liabilities: a lower discount rate will lead to higher liabilities. On an actuarial basis, changes in the technical provision liabilities due to changes in the discount rate are broadly offset by the Trustees' liability matching strategy as detailed above. On an accounting basis, if the change in the discount rate is driven solely by a change in credit spreads (and not gilt movements which is what the liability matching strategy hedges) then there will not be an offsetting impact on the assets for accounting purposes;
- The return on assets being lower than assumed: if the rate of growth in assets falls below the discount rate used to value the liabilities then the pension deficit (surplus) will increase (reduce). This is offset in part by the Trustee's investment strategy of holding a diversified portfolio of assets as detailed in note 6.5;
- Falls in asset values not being matched by similar falls in the value of liabilities: a fall in plan assets will lead to an increase (reduction) in the deficit (surplus). This is offset in part by the Trustee's investment strategy of holding a diversified portfolio of assets as detailed in note 6.5;
- Unanticipated increase in life expectancy leading to an increase in the scheme's liabilities: an increase in life expectancy would mean pensions are expected to be paid for a longer period, increasing the obligations and increasing (decreasing) the scheme's deficit (surplus). This is mitigated in part by the benefit design including a Life Expectancy Adjustment Factor, whereby future pensions coming into payment are adjusted to allow for increases in life expectancy.

6.2 ASSUMPTIONS

PURPOSE

This section details the assumptions used to calculate the total defined benefit pension obligation. This is the estimate of the current cost of meeting future benefits to be paid out by the pension scheme. The calculation includes applying a discount rate to estimate the present day fair value of the pension payments, allowing for future expected increases in earnings and pension payments and the life expectancy of the members of the pension scheme.

Notes to the consolidated financial statements (continued)
6.2 ASSUMPTIONS (CONTINUED)

Financial assumptions
Scheme assets are stated at market values at 25 January 2025. The following financial assumptions have been used to value the obligation:

	2025	2024
Discount rate	**5.72%**	5.28%
Future Retail Price Index (RPI) inflation	**3.02%**	2.85%
Future Consumer Price Index (CPI) inflation	**2.70%**	2.50%
Increase in pensions – in payment		
Pre-April 1997	**1.89%**	1.81%
April 1997-April 2016	**2.84%**	2.73%
Post-April 2016	**1.89%**	1.81%
Increase in pensions – deferred	**2.70%**	2.50%

Nominal discount rate: IAS 19 requires that the nominal discount rate is set by reference to market yields on high quality (AA) corporate bonds of a suitable term consistent with the scheme cash flows. The Partnership's pension scheme has cash flows spanning out over 50 years and a duration of 15 years. The model adopted by the Partnership is a yield curve approach, based on high quality corporate bonds. Where there are no high quality corporate bonds of appropriate duration to reference, an extrapolation from other bond yields is required. Following actuarial advice, the criteria used to determine which bonds are included in the model has been updated during the year, to ensure the discount rate remains robust to changes in bond yields. This change in estimate has lowered the discount rate at 27 January 2024 by 17 bps, which would have increased the defined benefit pension obligation reported at that date by an estimated £103m. It has not been possible to quantify the impact of the change in discount rate methodology on the current year defined benefit pension obligation as the discount rate at 25 January 2025, based on the previously adopted methodology, is not available.

Future RPI and CPI inflation: The inflation assumptions used to calculate the Partnership's defined benefit pension obligations are based on a cash flow weighted UK Government bond market implied rate of RPI, which is then adjusted for inflation risk. The Partnership has reflected the impact of RPI reform to align RPI with CPIH (a variant of the Consumer Price Index that includes an estimate of housing costs) expected from 2030 onwards. An inflation risk premium of 0.3% has been applied until 2030, increasing to 0.4% beyond this date. A long-term gap of 1.0% between RPI and CPI has been applied until 2030, reducing to 0.1% beyond this date.

Demographic assumptions
The post-retirement mortality assumptions used in valuing the pension liabilities were based on the S3 (2024: S3) series standard tables. Based on scheme experience, the probability of death at each age was multiplied by 112% for males and 95% for females who were non-pensioners and 103% for males and 92% for females who were pensioners (2024: 112% for males and 95% for females who were non-pensioners and 103% for males and 92% for females who were pensioners). Future improvements in life expectancy have been allowed for in line with the Continuous Mortality Investigation (CMI) 2023 improvements model with a smoothing parameter of 7.0 (2024: CMI 2022, smoothing parameter of 7.0) subject to a long-term trend of 1.25%.

The average life expectancies assumed were as follows:

		2025		2024
	Male	**Female**	Male	Female
Average life expectancy for a 65 year old (in years)	**21.2**	**24.1**	21.3	24.0
Average life expectancy at age 65, for a 50 year old (in years)	**21.5**	**24.9**	21.5	24.9

Notes to the consolidated financial statements (continued)

6.3 AMOUNTS RECOGNISED IN THE FINANCIAL STATEMENTS

PURPOSE

This section details the amounts recognised in our consolidated financial statements in relation to the defined benefit section of our pension scheme. This consists of the net pension asset and liability, recognised on our balance sheet, the cost of providing the pension benefit over the year, recognised in the income statement, and actuarial gains and losses (being changes in assumptions, or assumptions not being borne out in practice), which are recognised in the statement of comprehensive income/(expense). The movements are broken down into the key components that impact the defined benefit section of the pension scheme.

Amounts recognised in the balance sheet	2025 £m	2024 £m
Defined benefit obligation for funded arrangements	**(3,834)**	(4,017)
Total value of scheme assets	**3,484**	3,743
Total funded defined benefit liability at end of financial year	**(350)**	(274)
Defined benefit obligation for unfunded arrangements	**(13)**	(13)
Defined benefit liability at end of year (net)	**(363)**	(287)

PURPOSE

The cost of providing the pension scheme over the year, recognised in the consolidated income statement, is broken down as follows:

- *Service cost is the cost to the Partnership of future benefits earned by members which is attributable to members' service in the current period. Following the closure of the defined benefit section of the pension scheme on 1 April 2020, no further service costs will be recognised;*
- *Contribution expense is in respect of the Partnership's contributions to the defined contribution section of the pension scheme and cash supplements in respect of certain Partners in lieu of future pension accrual;*
- *Administrative expenses are in relation to the pension scheme. Net interest on the net defined benefit liability is made up of the interest cost on pension liabilities and interest income on pension assets.*

Amounts recognised in the income statement	2025 £m	2024 £m
Contribution expense[1]	**(120)**	(115)
Administrative expenses – funded by the pension scheme	**(4)**	(4)
Administrative expenses – funded by the employer	**(10)**	(15)
Total operating expense	**(134)**	(134)
Net interest on net defined benefit liability	**(15)**	(5)
Total pension charge	**(149)**	(139)

[1] Includes Partnership contributions to the defined contribution section of the pension scheme of £119m (2024: £114m), together with cash supplements in respect of certain Partners in lieu of future pension accrual of £1m (2024: £1m).

Notes to the consolidated financial statements (continued)
6.4 RECONCILIATION OF RETIREMENT BENEFITS

Amounts recognised in equity	**2025 £m**	2024 £m
Return on plan assets less than interest income	**(248)**	(657)
Remeasurements:		
– Gain from changes in financial assumptions	**188**	483
– Gain from changes in demographic assumptions	**7**	40
– Experience losses	**(11)**	(57)
Total loss recognised in equity	**(64)**	(191)

PURPOSE

The net defined benefit pension asset/(liability) is the difference between the total pension liability (being the expected cost of making future defined benefit pension payments) and scheme assets. The table below details movements in the net defined benefit pension asset/(liability) during the year. Movements in scheme assets are explained further in 6.5.

Movements in the net defined benefit asset/(liability) are as follows:

- *Pension expense, which is the cost associated with providing defined benefit pension benefits over the year. This is equal to the pension operating expense set out above in 6.3, but excluding contribution expense and administrative expenses met directly by the employer;*
- *Contributions paid into the scheme will increase the value of the net pension asset;*
- *Gains or losses recognised in equity relating to returns on plan assets being different to the interest income and remeasurements (explained further below).*

Reconciliation of net defined benefit (liability)/asset	**2025 £m**	2024 £m
Net defined benefit liability at beginning of year	**(287)**	(102)
Pension charge	**(19)**	(9)
Contributions	**7**	15
Total losses recognised in equity	**(64)**	(191)
Net defined benefit liability at end of year	**(363)**	(287)

PURPOSE

The total pension liability (or defined benefit obligation) represents the current cost of meeting the future benefits to be paid out by the scheme. The movements in the defined benefit obligation are broken down into key areas that impact the obligation as follows:

- *Future pension obligations are stated at present value. A discount rate is used to calculate the current value of the future liability;*
- *The interest on pensions liabilities is the unwinding of this discount rate and is charged to the income statement within net finance costs.*

Remeasurements arise from the uncertainty in making assumptions about future events when calculating the liability. These may arise from changes in assumptions, for example movements in the discount rate, or experience adjustments which result from differences between the assumptions made and what actually occurred over the period. Remeasurements are recognised in equity and shown in the statement of comprehensive income/(expense).

Any cash benefits paid out by the scheme will reduce the defined benefit obligation.

6.4 RECONCILIATION OF RETIREMENT BENEFITS (CONTINUED)

Reconciliation of defined benefit obligation	**2025 £m**	2024 £m
Defined benefit obligation at beginning of year	**(4,030)**	(4,490)
Interest on pension liabilities	**(208)**	(204)
Remeasurements:		
– Gain from changes in financial assumptions	**188**	483
– Gain from changes in demographic assumptions	**7**	40
– Experience losses	**(11)**	(57)
Benefits paid	**207**	198
Defined benefit obligation at end of year	**(3,847)**	(4,030)

The scheme liabilities are 56.0% (2024: 54.8%) in respect of deferred scheme participants and 44.0% (2024: 45.2%) in respect of retirees.

The weighted average duration of the scheme liabilities at the end of the year is 15 years (2024: 16 years).

PURPOSE

The pension scheme holds a number of investments to meet future pension payments, referred to as the assets of the scheme. This note details movements in the value of pension assets during the year. The movements are broken down into key areas that impact the pension assets as follows:

- *Interest income on assets represents the expected return on investments if it is in line with the discount rate. It is calculated as the discount rate at the beginning of the year multiplied by the value of the assets at the beginning of the year. This is recognised within net finance costs in the income statement;*
- *Return on plan assets greater/(less) than interest income represents how much greater or less the actual return is than the interest income. This is recognised in equity and shown in the statement of comprehensive income/(expense).*

Any cash benefits paid out or expenses paid by the scheme will reduce the value of the scheme's assets.

Contributions paid into the scheme will increase the value of the scheme's assets.

Reconciliation of value of assets	**2025 £m**	2024 £m
Value of assets at the beginning of year	**3,743**	4,388
Interest income on assets	**193**	199
Return on plan assets less than interest income	**(248)**	(657)
Benefits paid	**(207)**	(198)
Administrative expenses paid	**(4)**	(4)
Contributions	**7**	15
Value of assets at the end of year	**3,484**	3,743

Notes to the consolidated financial statements (continued)
6.5 ANALYSIS OF ASSETS

				2025				2024
	Quoted £m	**Unquoted £m**	**Total £m**	**Total %**	Quoted £m	Unquoted £m	Total £m	Total %
Equities								
UK	**-**	**-**	**-**	**0.0%**	-	-	-	-
Rest of the world	**-**	**-**	**-**	**0.0%**	-	-	-	-
Bonds								
Government – Rest of the world	**-**	**-**	**-**	**0.0%**	-	-	-	-
Corporates – UK	**-**	**-**	**-**	**0.0%**	-	-	-	-
Corporates – Rest of the world	**-**	**-**	**-**	**0.0%**	-	-	-	-
Property								
UK	**-**	**304**	**304**	**8.7%**	-	542	542	14.5%
	-							
Alternative assets								
Liability driven investments	**1,946**	**14**	**1,960**	**56.3%**	-	1,872	1,872	50.0%
Hedge funds	**-**	**110**	**110**	**3.2%**	-	139	139	3.7%
Private equity	**-**	**367**	**367**	**10.5%**	-	367	367	9.8%
Other alternative assets	**-**	**451**	**451**	**12.9%**	-	510	510	13.6%
Cash and other	**292**	**-**	**292**	**8.4%**	313	-	313	8.4%
Total market value of assets	**2,238**	**1,246**	**3,484**	**100.0%**	313	3,430	3,743	100.0%

Equities and bonds which are traded on active markets are included at the quoted price, which is normally the bid price. Level 3 assets are investments where a market quotable price is not available. The fair values of these assets are derived in accordance with IFRS 13 and provided by the relevant fund manager. Final audited year end valuations for some of these assets are not available until after the Partnership's annual financial statements have been signed.

Freehold properties are stated at fair value as determined by CBRE Ltd, who are Royal Institution of Chartered Surveyors (RICS) Registered Valuers. Valuations included in the financial statements are valued as at 31 December 2024 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 are based. The fair value of the indirect property assets is based on the most recent available fund valuation at 31 December 2024 adjusted for cash flows to year end.

Hedge funds, private equity funds, private credit funds, insurance linked funds and infrastructure funds are valued at fair value by the investment managers or their third party agents, having regard to professional valuations, asset values and other appropriate financial information. Hedge funds and insurance linked funds are valued monthly including at the end of January. For private equity funds, private credit funds and infrastructure funds, fair values are based on the most recently available quarterly valuations adjusted where relevant for cash flows to year end. This is 31 December 2024 for all funds with the exception of £118m of private equity funds for which this is 30 September 2024. Various different valuation methods and assumptions are utilised by the fund managers as appropriate for the underlying investment including discounted cash flows, enterprise value, cost plus accrued interest and external pricing. Where internal cash flow modelling has been performed, significant assumptions will include discount rate and expected cash flows. The sensitivity of significant assumptions to the valuation of Level 3 assets has not been disclosed as the diversified nature of the portfolio and the wide range of different assumptions adopted by each fund manager make disclosure impractical.

Due to the complex nature of valuing the quarterly priced assets, which includes private equity funds, private credit funds, infrastructure funds and property, no estimate has been used to determine the year end valuation for these assets to 25 January 2025 as any valuation difference is not expected to be material.

Assets sold after the year end and prior to signing of the financial statements are stated at the realised value within 'cash and other'.

Financial instruments including derivatives are valued in accordance with note 1.1.5.

Liability driven investments previously held in a Legal & General unit linked insurance policy fund were transferred into a portfolio of directly held securities during the year. At the year end the portfolio included Government bonds and cash equivalents valued at £2,537m (2024: £2,553m) and associated repurchase agreements and swaps valued at £(577)m (2024: £(681)m). This is part of the Trustee's interest rate and inflation hedging strategy (liability matching strategy).

Other alternative assets include investments in infrastructure funds of £172m (2024: £172m) and private debt £278m (2024: £337m).

Property assets include a segregated property portfolio valued at £219m (2024: £432m) and property assets held in private investment companies valued at £85m (2024: £110m).

Cash and other includes cash deposits of £287m (2024: £299m), pending cash for unsettled transactions of £5m (2024: £nil), forward foreign exchange contracts of £(7)m (2024: £nil) and other items valued at £7m (2024: £14m).

Actual return on assets	**2025 £m**	2024 £m
Interest income on assets	**193**	199
Return on plan assets less than interest income	**(248)**	(657)
Actual return on assets	**(55)**	(458)

6.6 SENSITIVITY ANALYSIS

PURPOSE

The defined benefit obligation is volatile given that it is based on a number of long-term assumptions, which are likely to change over time. Illustrated below is the sensitivity of the defined benefit obligation to changes in key assumptions.

The sensitivities have been derived using approximate methods which are consistent with the rest of the disclosure and calculated by changing the relevant assumption while holding all other assumptions constant, except where this directly impacts other assumptions, such as pension increase assumptions which are also based on consumer price inflation indices:

	£m	**% change**
Defined benefit obligation as at 25 January 2025	(3,847)	
Sensitivity of:		
– 0.1% pts increase to discount rate[1]	55	1.4%
– 1.0% pts increase to discount rate[1]	495	12.9%
– 0.1% pts increase to retail price inflation	(16)	-0.4%
– 0.1% pts increase to consumer price inflation	(20)	-0.5%
– a one-year increase in life expectancy	(98)	-2.5%

[1] The discount rate and inflation sensitivities do not allow for the impact of the liability matching strategy, which is designed to hedge interest rate (based on movements in gilts) and inflation risks related to the pension scheme's liabilities (as measured on the actuarial basis). It is not feasible to disclose the sensitivity of the liability matching strategy to movements in IAS 19 assumptions as the liability matching strategy has been put in place by the Trustee to match the actuarial liability not the IAS 19 liability to which the sensitivities disclosed above relate.

Notes to the consolidated financial statements (continued)
6.7 OTHER ARRANGEMENTS

JLP Scottish Limited Partnership

On 30 January 2010, the Partnership entered into an arrangement with the Trustee to address an element of the scheme deficit that existed at that time.

The Partnership established two partnerships, JLP Scottish Limited Partnership and JLP Scottish Partnership, which are both consolidated within these Partnership financial statements.

Together with another Partnership company, JLP Scottish Limited Partnership provided sufficient capital to JLP Scottish Partnership to enable it to procure property assets with an original market value of £151m from other Partnership companies in 2010. The Partnership retains control over these properties, including the flexibility to substitute alternative properties. The properties held in JLP Scottish Partnership have been leased back to John Lewis plc and Waitrose Limited.

As a partner in JLP Scottish Limited Partnership, the pension scheme is entitled to an annual share of the profits of the JLP Scottish Limited Partnership each year over 21 years, from 2010. At the end of this period, the Partnership capital allocated to the pension scheme will be reassessed, depending on the funding position of the pension scheme at that time, with a potential value of up to £100m. At that point, the Partnership may be required to transfer this amount in cash to the scheme.

Under IAS 19, the investment held by the pension scheme in JLP Scottish Limited Partnership, a consolidated entity, does not represent a plan asset for the purpose of the Partnership's consolidated financial statements. Accordingly, the pension deficit position presented in these consolidated accounts does not reflect the £88m (2024: £80m) investment in JLP Scottish Limited Partnership held by the pension scheme. The distribution of JLP Scottish Limited Partnership profits to the pension scheme is reflected as pension contributions in these consolidated financial statements on a cash basis.

John Lewis Properties plc guarantee
As part of agreeing the funding valuation in 2017, John Lewis Properties plc provided a corporate guarantee to the pension scheme. This guarantee, which was amended in 2020, means that if John Lewis plc fails to make any payments due to the scheme, then the pension scheme can claim against John Lewis Properties plc for those payments. As part of the guarantee, John Lewis Properties plc is required to maintain an adjusted net asset value of at least £800m, or £760m if any reduction in this value results from a fall in the market value of properties.

Waitrose Limited guarantee
As part of agreeing the funding valuation in 2020, Waitrose Limited provided a corporate guarantee to the pension scheme. This guarantee means that if John Lewis plc fails to make any payments due to the scheme, then the pension scheme can claim against Waitrose Limited for those payments. There is no requirement for Waitrose Limited to maintain a minimum net asset position.

The guarantees have improved the recovery to the pension scheme in the event of insolvency of the Partnership. The pension scheme would be entitled to claim against either or both of John Lewis Properties plc and Waitrose Limited under these arrangements. The fair value of these guarantees is immaterial as there is negligible credit risk. This reflects that the Partnership is a going concern and therefore the probability of the guarantees being exercised by the Trustee is considered remote.

Notes to the consolidated financial statements (continued)
7 FINANCIAL RISK MANAGEMENT
7.1 MANAGEMENT OF FINANCIAL RISKS

PURPOSE
The principal financial risks that we are exposed to relate to the capital structure and long-term funding of the Partnership and also to the markets and counterparties we are exposed to in our operations. These risks can be summarised as: capital and long-term funding risk, liquidity risk, interest rate risk, foreign currency risk, credit risk and energy risk. This note details how each of these risks is managed.

7.1.1 CAPITAL AND LONG-TERM FUNDING RISK
The Partnership's objectives when managing capital are to safeguard its ability to continue as a going concern, provide returns for its Partners and to maintain a prudent level of funding. The Partnership is a long-term business, held in trust for the benefit of its Partners.

The Partnership's capital management strategy is to maintain a prudent capital structure, seeking to maintain a financial risk profile consistent with an investment grade credit rating to ensure the long-term financial sustainability of the Partnership. Although the Partnership does not have an external credit rating, it routinely monitors its capital and liquidity requirements, whilst maintaining an appropriate level of liquidity (cash plus undrawn committed credit facilities) and a managed debt maturity profile to reduce refinancing risk and ensure continuity of funding. Forms of borrowing include bond issues, bank debt, assets acquired via leases, any pension deficit and Share Incentive Plan shares as part of the BonusSave scheme.

7.1.2 LIQUIDITY RISK
In line with the Partnership Board approved Treasury Standard, the Partnership is required to hold a minimum amount of liquidity, made up of a mixture of cash and undrawn committed credit facilities. Liquidity requirements are managed in line with short- and long-term cash flow forecasts and reviewed against the Partnership's debt portfolio and maturity profile. Surplus cash is invested in accounts, short-term deposits and other short-term investments with sufficient, prudent liquidity determined by the above mentioned cash flow forecasts. The Partnership actively reviews and manages its cash holdings, sources of debt and committed credit facilities. Greater emphasis has been placed on cash balances providing a material portion of the Partnership's overall liquidity, with undrawn committed credit facilities complementing these balances.

At the year end, the Partnership had an undrawn committed credit facility of £420m (2024: £420m). This facility matures in October 2026. In addition to this facility the Partnership had a listed bond at the year end totalling £300m (2024: £600m), due to mature in 2034. The bond has a fixed coupon. The Partnership repaid a £300m listed bond at maturity in January 2025. The maturity profiles of financial debt are set out below.

The Partnership's listed bonds, bank loans and committed credit facilities contain financial covenants. Throughout the year, the Partnership maintained comfortable headroom against its covenants. The following analysis shows the contractual undiscounted cash flows payable under financial liabilities and derivative financial liabilities at the balance sheet date:

	Carrying amount £m	Total contractual cash flows £m	Due within 1 year £m	Due between 1 and 2 years £m	Due 2 years and beyond £m
Non-derivative financial liabilities					
Borrowings and overdrafts	(434)	(439)	(8)	-	(431)
Interest payments on borrowings	-	(156)	(23)	(23)	(110)
Other liabilities held at amortised cost	(60)	(82)	(4)	(4)	(74)
Lease liabilities[1]	(1,804)	(2,918)	(237)	(230)	(2,451)
Trade and other payables	(1,432)	(1,432)	(1,432)	-	-
Derivative financial liabilities					
Derivative contracts – receipts	-	372	322	50	-
Derivative contracts – payments	-	(371)	(321)	(50)	-
At 25 January 2025	**(3,730)**	**(5,026)**	**(1,703)**	**(257)**	**(3,066)**

[1] The lease liabilities due two years and beyond can be further broken down as £(625)m 2-5 years, £(827)m 5-10 years, £(482)m 10-15 years and £(517)m 15 years and beyond.

7.1 MANAGEMENT OF FINANCIAL RISKS (CONTINUED)

7.1.2 LIQUIDITY RISK (CONTINUED)

	Carrying amount £m	Total contractual cash flows £m	Due within 1 year £m	Due between 1 and 2 years £m	Due 2 years and beyond £m
Non-derivative financial liabilities					
Borrowings and overdrafts	(733)	(743)	(312)	-	(431)
Interest payments on borrowings	-	(188)	(42)	(23)	(123)
Other liabilities held at amortised cost	(62)	(86)	(4)	(4)	(78)
Lease liabilities[1]	(1,849)	(2,885)	(226)	(213)	(2,446)
Trade and other payables	(1,376)	(1,376)	(1,376)	-	-
Derivative financial liabilities					
Derivative contracts – receipts	-	385	327	58	-
Derivative contracts – payments	-	(400)	(341)	(59)	-
At 27 January 2024	**(4,020)**	**(5,293)**	**(1,974)**	**(241)**	**(3,078)**

[1] The lease liabilities due two years and beyond can be further broken down as £(588)m 2-5 years, £(789)m 5-10 years, £(494)m 10-15 years and £(575)m 15 years and beyond.

For the purposes of this note, the foreign currency element of forward foreign currency contracts is translated at spot rates prevailing at the year end.

7.1.3 INTEREST RATE RISK

In order to manage the risk of interest rate fluctuations on the Partnership's financial debt and cash, the Partnership maintains a mix of fixed and floating rate debt (68% fixed) in line with the Partnership Board approved Treasury Standard. An analysis of the Partnership's financial liabilities is detailed below. Exposures to interest rate fluctuations are managed, when required, using interest rate derivatives. The interest rate swap contracts were designated as fair value hedges and fair value movements were recognised within the income statement. Derivative financial instruments recognised as fair value hedges during the year were effective.

7.1.4 FOREIGN CURRENCY RISK

The Partnership uses derivative financial instruments to manage exposures to movements in exchange rates arising from transactions with overseas based suppliers and other organisations. A foreign exchange management committee exists and meets regularly to oversee the foreign exchange purchasing activities for each brand. Foreign currency exposures are hedged primarily using forward foreign exchange contracts covering up to 100% of forecast direct exposures on a rolling basis. Forward foreign exchange contracts used to hedge forecast currency requirements are designated as cash flow hedges with fair value movements recognised in equity. Derivative financial instruments that were designated as cash flow hedges during the year were effective. At the balance sheet date, the notional value of open forward foreign currency contracts of £372m (2024: £378m) had been entered into, to hedge purchases in foreign currencies which will mature over the next 24 months.

Notes to the consolidated financial statements (continued)

7.1 MANAGEMENT OF FINANCIAL RISKS (CONTINUED)

7.1.5 CREDIT RISK

The Partnership has no significant exposure to an individual customer's credit risk due to transactions being principally of a high volume, low value and short maturity. Cash deposits and other financial instruments give rise to credit risk on the amounts due from counterparties. These risks are managed by restricting such transactions to an approved list of counterparties, who have an investment grade credit rating by at least two of the three primary rating agencies. Appropriate credit limits are designated to each counterparty.

The Partnership considers its maximum exposure to credit risk is as follows:

	2025	2024
	£m	£m
Trade and other receivables	**146**	**125**
Short-term investments	**153**	**260**
Cash and cash equivalents	**925**	**1,028**
Derivative financial instruments	**6**	**2**
	1,230	**1,415**

7.1.6 ENERGY RISK

The Partnership actively manages the energy cost risk associated with the Partnership's activities. The Partnership regularly reviews its pricing exposure to diesel, electricity and gas consumption and determines strategies for forward purchasing and hedging of energy costs using flexible purchase contracts and by entering into over-the-counter diesel swap contracts.

Road fuel cost exposures are hedged primarily using over-the-counter diesel and gas swaps covering up to 100% of forecast direct exposures on a rolling basis. Swaps used to hedge forecast road fuel requirements are designated as cash flow hedges with fair value movements recognised in equity. Derivative financial instruments that were designated as cash flow value hedges during the year were effective. At the balance sheet date, the notional value of open swaps of £7m (2024: £6m) had been entered into, to hedge future purchases of road fuel.

7.1.7 SENSITIVITY ANALYSIS

The following analysis illustrates the sensitivity of the Partnership's financial instruments to changes in market variables, namely UK interest rates and the US Dollar and Euro to Sterling exchange rates. The level of sensitivities chosen, being 1% movement in Sterling interest rates and a 10% movement in Sterling when compared to the US Dollar and Euro, provide a reasonable basis to measure sensitivity whilst not being the Partnership's view of what is likely to happen in the future.

The analysis excludes the impact of movements in other provisions and market variables on the carrying value of pension, which are included in notes 5.6 and 6.6.

The analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating rate borrowings and the proportion of financial instruments in foreign currencies are constant throughout the year, based on positions as at year end.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of interest costs to movements in interest rates is calculated using floating rate debt and investment balances prevailing at the year end;
- Changes in the carrying value of derivative financial instruments not in hedging relationships are assumed only to affect the income statement;
- All derivative financial instruments designated as hedges are assumed to be fully effective.

Notes to the consolidated financial statements (continued)
7.1 MANAGEMENT OF FINANCIAL RISKS (CONTINUED)
7.1.7 SENSITIVITY ANALYSIS (CONTINUED)

	2025		2024	
	Income statement +/- £m	**Equity +/- £m**	Income statement +/- £m	Equity +/- £m
UK interest rates +/- 1% (2024: +/- 1%)	**8**	**-**	6	-
US Dollar exchange rate (GBP/USD) +/- 10% (2024: +/- 10%)	**-**	**23**	-	21
Euro exchange rate (GBP/EUR) +/- 10% (2024: +/- 10%)	**-**	**11**	-	12

7.2 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

PURPOSE

This note sets out the currency exposure of our financial assets and liabilities. The currency analysis details the amount of financial assets, primarily cash and cash equivalents, and financial liabilities, held in Sterling or other currencies, together with the amounts at floating or fixed interest rates. The maturity analysis provides an indication of repayment phasing for the financial liabilities.

7.2.1 ANALYSIS OF FINANCIAL ASSETS

Short-term trade and other receivables and derivative financial assets are excluded from this analysis, on the basis that they are primarily non-interest bearing and denominated in Sterling.

Currency analysis	**Floating rate £m**	**Non-interest bearing £m**	**Total £m**
Sterling financial assets	969	109	1,078
Other financial assets	-	-	-
At 25 January 2025	969	109	1,078
Sterling financial assets	1,190	97	1,287
Other financial assets	1	-	1
At 27 January 2024	1,191	97	1,288

Floating rate assets are short-term deposits and investments at market rates or the base rate of the relevant currency. Non-interest bearing balances include cash in shops and credit and debit card transactions not yet settled.

7.2.2 ANALYSIS OF FINANCIAL LIABILITIES

Short-term trade payables are excluded from this analysis on the basis that they are all non-interest bearing.

Currency analysis	**Fixed rate £m**	**Floating rate £m**	**Total £m**
All Sterling			
At 25 January 2025	**(2,160)**	**(138)**	**(2,298)**
At 27 January 2024	(2,348)	(240)	(2,588)

Notes to the consolidated financial statements (continued)

8 OTHER NOTES

8.1 SHARE CAPITAL

PURPOSE

Share capital consists of ordinary shares. It is measured as the number of shares issued and fully paid, multiplied by their nominal value.

	2025	2024
	Issued and fully paid £m	Issued and fully paid £m
Equity		
Deferred ordinary shares		
612,000 of £1 each	**1**	1

The deferred ordinary shares rank in all respects as equity shares except that each share has 1,000 votes in a vote taken on a poll.

The deferred ordinary shares are held by John Lewis Partnership Trust Limited in trust for the benefit of Partners. Ultimate control rests with John Lewis Partnership Trust Limited.

8.2 RELATED PARTY TRANSACTIONS

PURPOSE

Two or more parties are considered to be related if one party has direct or indirect control or significant influence over financial or operating policies of the other party. We have a number of related parties with whom we transact, including the Pension Scheme Trustee, key management personnel and certain related charities. We are required by UK-adopted IFRS to detail the transactions made in the year with related parties to draw attention to the possibility that our financial position and results may have been affected by them. This disclosure allows us to demonstrate that we are transacting fairly with all our related parties.

8.2.1 SUBSIDIARIES AND RELATED UNDERTAKINGS

All transactions between the Partnership and its direct and indirect subsidiaries and related undertakings are eliminated upon consolidation, and therefore do not need to be disclosed separately. A list of subsidiaries and related undertakings within the Partnership is included within note 16. Loans to joint ventures are disclosed in note 3.5.

8.2.2 ARRANGEMENTS WITH PENSION SCHEME TRUSTEE

The Partnership entered into an arrangement with the Pension Scheme Trustee on 30 January 2010. Details of this arrangement are set out in note 6.7.

8.2.3 OTHER TRANSACTIONS

Key management compensation has been disclosed in note 2.9.3.

During the year the Partnership provided administrative support services to charities related to the Partnership. The estimated value of these support services is £0.2m (2024: £0.2m). The Partnership also made donations totalling £2m (2024: £1m) to the John Lewis Partnership Foundation.

8.3 SUBSEQUENT EVENTS

PURPOSE

Events that take place after the balance sheet date of 25 January 2025 and before the date the financial statements are signed are recorded in this note. In order to be disclosed, these events must be sufficiently material to warrant disclosure.

Since 25 January 2025, there have been no subsequent events which require disclosure in the financial statements.

COMPANY FINANCIAL STATEMENTS

COMPANY BALANCE SHEET as at 25 January 2025

A financial snapshot of the Company, showing our assets and how they are financed.

Notes		2025 £m	2024 £m
	Current assets		
	Trade and other receivables	**-**	1
	Non-current assets		
11	Investments	**111**	113
	Total assets	**111**	114
	Current liabilities		
13	Trade and other payables	**-**	(1)
	Non-current liabilities		
12	Borrowings	**(104)**	(104)
	Total liabilities	**(104)**	(105)
	Net assets	**7**	9
	Equity		
14	Share capital	**1**	1
	Capital redemption reserve	**5**	5
	Retained earnings	**1**	3
	Total equity	**7**	9

The Company's loss for the financial year was £2m (2024: £3m loss).

The financial statements on pages 151 to 156 were approved by the Board of Directors on 10 April 2025 and signed on its behalf by Jason Tarry and Andy Mounsey, Directors, John Lewis Partnership plc.

Jason Tarry and Andy Mounsey
Directors, John Lewis Partnership plc
10 April 2025

Registered number 00238937

The accompanying notes are an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY for the 52 week period ended 25 January 2025

Notes		Share capital £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
	Balance at 28 January 2023	1	5	6	12
10	Loss for the year and total comprehensive income	-	-	(3)	(3)
	Balance at 27 January 2024	1	5	3	9
10	Loss for the year and total comprehensive income	-	-	(2)	(2)
	Balance at 25 January 2025	**1**	**5**	**1**	**7**

The accompanying notes are an integral part of the financial statements.

Notes to the Company financial statements

9 ACCOUNTING POLICIES

PURPOSE

John Lewis Partnership plc (the Company) prepares its accounts in compliance with UK-adopted IFRS and in conformity with the requirements of the Companies Act 2006. Below we set out significant accounting policies applied by the Company in the current reporting period where they are different, or additional, to those used by the Partnership. The accounting policies are set in line with the requirements of UK-adopted IFRS and there have been no changes in accounting policies during the year other than those set out under 'Amendments to accounting standards' in note 1.1.4 to the Partnership's consolidated financial statements.

Basis of preparation

The separate financial statements of the Company are drawn up in accordance with UK-adopted IFRS and in conformity with the requirements of the Companies Act 2006. The Company's accounting policies are aligned with the Partnership's accounting policies as described in note 1 to the Partnership's consolidated financial statements. Additional accounting policies are noted below.

John Lewis plc settles transactions on behalf of John Lewis Partnership plc for administrative convenience, including amounts in respect of subscription for BonusSave, dividend payments and amounts owed to tax authorities. The settlement of these transactions is reflected in the intercompany loan. As a result, no cash flows through John Lewis Partnership plc and no cash is generated from its operations, so a Company cash flow statement is not required.

Going concern

In determining the appropriate basis of preparation of the financial statements for the 52 week period ended 25 January 2025, the Directors are required to consider whether the Company can continue in operational existence for a period of at least 12 months from the approval of the financial statements.

The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the Company in the context of the trading position of the Company, for the reasons set out in note 1.1.1 to the Partnership's consolidated financial statements. Consequently, the Directors have concluded that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Investment in subsidiary undertakings

The Partnership has a number of investments in subsidiary companies. Investments are valued at cost, less allowances for impairment. Investments are reviewed for evidence of a trigger for potential impairment at least annually or whenever events or circumstances indicate that the value on the balance sheet may not be recoverable.

10 PROFIT AND LOSS OF THE COMPANY FOR THE 52 WEEK PERIOD

PURPOSE

The Company is exempt from disclosing a full income statement as allowed by the Companies Act 2006, therefore the profit for the Company for the year is disclosed within this note.

As permitted by Section 408 of the Companies Act 2006, John Lewis Partnership plc has not presented its own income statement or statement of comprehensive income/(expense). The result dealt with in the accounts of the Company amounted to £2m loss (2024: £3m loss).

Details of auditor's remuneration are provided in note 2.7 to the Partnership's consolidated financial statements.

Notes to the Company financial statements (continued)

11 INVESTMENTS

PURPOSE

This note sets out the value of the shares owned or amounts loaned to subsidiary companies directly invested in by the Company, which, together with their own subsidiaries, consolidate to form the Partnership.

The Company has the following investments at 25 January 2025:

	Subsidiary		Other	
	Shares in John Lewis plc	**Loan to John Lewis plc**	**Shares in John Lewis Partnership Trust Limited**	**Total**
	£m	**£m**	**£m**	**£m**
At 27 January 2024	11	102	-	113
Movements	-	(2)	-	(2)
At 25 January 2025	**11**	**100**	**-**	**111**

The intercompany loan from the Company to John Lewis plc is non-interest bearing with no specific repayment terms, principally in relation to the Share Investment Plan and other intercompany balances.

12 BORROWINGS

PURPOSE

Borrowings consist of long-term loans from funds managed by John Lewis Partnership Trust Limited in respect of Share Incentive Plan shares, which are allocated to Partners who are entitled to a dividend.

	2025 **£m**	2024 £m
Non-current:		
Loans from Partnership companies	**(104)**	(104)
	(104)	(104)

Loans from Partnership companies are unsecured, repayable on demand and interest free. There is a corresponding loan receivable from John Lewis plc in respect of the Share Investment Plan shares (see note 11).

13 TRADE AND OTHER PAYABLES

PURPOSE

Trade and other payables include amounts we owe in respect of BonusSave dividends, and to HMRC in the form of taxes.

	2025 **£m**	2024 £m
Other payables	**-**	(1)

All of the Company's trade and other payables are current. The carrying amount of trade and other payables approximates to fair value.

Notes to the Company financial statements (continued)

14 SHARE CAPITAL

PURPOSE
Share capital consists of ordinary shares and is measured as the number of shares issued and fully paid multiplied by their nominal value.

	2025	2024
	Issued and fully paid £m	Issued and fully paid £m
Equity		
Deferred ordinary shares		
612,000 of £1 each	**1**	1

The deferred ordinary shares rank in all respects as equity shares except that each share has 1,000 votes in a vote taken on a poll.

The deferred ordinary shares are held by John Lewis Partnership Trust Limited in trust for the benefit of Partners. Ultimate control rests with John Lewis Partnership Trust Limited.

15 RELATED PARTY TRANSACTIONS

PURPOSE
Two or more parties are considered to be related if one party has direct or indirect control or significant influence over financial or operating policies of the other party. We have a number of related parties with whom we transact, including the Pension Scheme Trustee. We are required by UK-adopted IFRS to detail the transactions made in the year with related parties to draw attention to the possibility that our financial position and results may have been affected by them. This disclosure allows us to demonstrate that we are transacting fairly with all our related parties.

15.1 LOAN TO JOHN LEWIS PLC

The loan to John Lewis plc has been disclosed in note 11.

15.2 OTHER TRANSACTIONS

Arrangements with the Pension Scheme Trustee are disclosed within note 8.2 to the Partnership's consolidated financial statements.

Notes to the Company financial statements (continued)

16 SUBSIDIARIES AND RELATED UNDERTAKINGS

The Company has a number of subsidiaries and related undertakings which contribute to the overall profitability of the Partnership. In accordance with section 409 of the Companies Act 2006 and Schedule 4 of The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, a full list of related undertakings, registered office addresses and the percentages of share class owned as at 25 January 2025 are disclosed below.

The Company's two direct 100% owned subsidiaries as at 25 January 2025 were:

Name	Principal activity	Country of incorporation	Class of share	Percentage shareholdings
John Lewis Partnership BTR Limited	Holding company	England & Wales[1]	Ordinary	100%
John Lewis plc	Retailing and corporate services	England & Wales[1]	Ordinary	100%

[1] The address of the registered office is 1 Drummond Gate, Pimlico, London, SW1V 2QQ.

John Lewis Partnership BTR Limited is a holding company set up in connection with a venture with aberdeen for our build to rent property business.

The whole of the ordinary share capital of the subsidiary undertakings of John Lewis plc and John Lewis Partnership BTR Limited as shown below and on the next page are held within the Partnership. Except where noted, all of these subsidiary undertakings operate wholly or mainly in the United Kingdom.

Subsidiary and related undertakings of John Lewis Partnership BTR Limited:

Name	Principal activity	Country of incorporation	Class of share	Percentage shareholdings
BTR (Operating) Limited	Property management company	England & Wales[1]	Ordinary	100%
John Lewis Partnership BTR (Bromley Development) Limited	Property holding company	England & Wales[1]	Ordinary	100%
John Lewis Partnership BTR (Reading Development) Limited	Property holding company	England & Wales[1]	Ordinary	100%
John Lewis Partnership BTR (West Ealing Development) Limited	Property holding company	England & Wales[1]	Ordinary	100%

[1] The address of the registered office is 1 Drummond Gate, Pimlico, London, SW1V 2QQ.

Notes to the Company financial statements (continued)
16 SUBSIDIARIES AND RELATED UNDERTAKINGS (CONTINUED)

Subsidiary and related undertakings of John Lewis plc:

Name	Principal activity	Country of incorporation	Class of share	Percentage shareholdings
Admiral Park Retail Management Limited	Property holding company	Guernsey[1]	Ordinary	54%
Buy.Com Limited	Dormant	England & Wales[2]	Ordinary	100%
Carlisle Place Ventures Limited (in liquidation)	Home services	England & Wales[2]	Ordinary	100%
Clicklink Logistics Limited	Joint venture	England & Wales[3]	Ordinary	50%
Dishpatch Limited	Food retailing	England & Wales[2]	Ordinary	100%
Herbert Parkinson Limited	Manufacturing and making up	England & Wales[2]	Ordinary	100%
JLP Insurance Limited	Insurance	Guernsey[4]	Ordinary	100%
JLP Scotland Limited	Non-trading	Scotland[5]	Ordinary	100%
JLP Scottish Limited Partnership[11]	Investment holding undertaking	Scotland[5]	Partnership interest	100%
JLP Scottish Partnership[12]	Investment holding undertaking	Scotland[5]	Partnership interest	100%
John Lewis Car Finance Limited	Car finance	England & Wales[2]	Ordinary	100%
John Lewis Finance Limited	Financial services	England & Wales[2]	Ordinary	100%
John Lewis Hong Kong Limited	Sourcing company	Hong Kong[6]	Ordinary	100%
John Lewis India Private Limited	Sourcing company	India[7]	Ordinary	100%
John Lewis International Limited	International retail	England & Wales[2]	Ordinary	100%
John Lewis Partnership Pensions Trust	Non-trading	England & Wales[2]	Ordinary	100%
John Lewis Properties plc	Property holding company	England & Wales[2]	Ordinary	100%
John Lewis PT Holdings Limited	Holding company	England & Wales[2]	Ordinary	100%
Jonelle Jewellery Limited	Dormant	England & Wales[2]	Ordinary	100%
Jonelle Limited	Dormant	England & Wales[2]	Ordinary[10]	100%
Park One Management Limited	Provision of management services	England & Wales[8]	Ordinary	37%
Peter Jones Limited	Dormant	England & Wales[2]	Ordinary	100%
The Odney Estate Limited	Dormant	England & Wales[2]	Ordinary	100%
Waitrose (Jersey) Limited	Food retailing	Jersey[9]	Ordinary	100%
Waitrose (Guernsey) Limited	Food retailing	Guernsey[1]	Ordinary	100%
Waitrose Limited	Food retailing	England & Wales[2]	Ordinary	100%

[1] The address of the registered office is Redwood House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 3WA.
[2] The address of the registered office is 1 Drummond Gate, Pimlico, London, SWIV 2QQ.
[3] The address of the registered office is Lancaster House, Nunn Mills Road, Northampton NN1 5GE.
[4] The address of the registered office is PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey GY1 4ET.
[5] The address of the registered office is John Lewis & Partners, 60 Leith Street, Edinburgh EH1 3SP.
[6] The address of the registered office is Suite 3201, Jardine House, 1 Connaught Place, Central, Hong Kong.
[7] The address of the registered office is 3rd Floor, Tower B, Signature Towers, South City, Sector - 30, Gurgaon, Haryana 122001, India.
[8] The address of the registered office is Number 22 Mount Ephraim, Tunbridge Wells, Kent TN4 8AS.
[9] The address of the registered office is 3rd Floor, 44 Esplanade, St Helier, Jersey JE4 9WG.
[10] Jonelle Limited has three classes of shares, each with a nominal value of £1.
[11] John Lewis Partnership Pensions Trust and JLP Scotland Limited are the Limited Partners. John Lewis plc is the General Partner.
[12] JLP Scottish Limited Partnership and John Lewis Properties plc are the General Partners.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS

The Directors are responsible for preparing the Annual Report and Partnership and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Partnership and Company financial statements for each financial year. Under that law they have elected to prepare the Partnership financial statements in accordance with UK-adopted international accounting standards (UK-adopted IFRS) and have elected to prepare the Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and Company and of their profit or loss for that period. In preparing each of the Partnership and Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- For the Partnership and Company financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards (UK-adopted IFRS);
- Assess the Partnership and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Use the going concern basis of accounting unless they either intend to liquidate the Partnership or Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Partnership and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Partnership's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board,

Jason Tarry
Director, John Lewis Partnership plc
10 April 2025

FIVE YEAR FINANCIAL RECORD for the 52 week period ended 25 January 2025

Income statement	**2025 £m**	2024 £m	2023 £m	2022 £m	2021 £m
Revenue					
Waitrose	**7,472**	7,137	6,750	6,984	7,044
John Lewis	**3,641**	3,644	3,784	3,854	3,728
	11,113	10,781	10,534	10,838	10,772
Adjusted operating profit[1]					
Waitrose	**227**	105			
John Lewis	**45**	61			
Other Partnership	**(48)**	(44)			
	224	122			
Operating profit/(loss)	**196**	147	(160)	118	(360)
Net finance costs	**(99)**	(91)	(74)	(145)	(157)
Profit before Partnership Bonus, tax and exceptional items	**126**	42	(78)	181	131
Exceptional items	**(29)**	14	(156)	(162)	(648)
Partnership Bonus	**-**	-	-	(46)	-
As a percentage of eligible pay	**-**	-	-	3%	-
Profit/(loss) before tax	**97**	56	(234)	(27)	(517)
Taxation	**(17)**	(15)	36	(41)	65
Profit/(loss) for the financial year	**80**	41	(198)	(68)	(452)
Number of Partners at financial year end	**66,400**	70,500	74,300	78,600	80,900
Average number of full-time equivalent employees	**48,100**	50,800	53,300	56,000	56,800

[1] As described in note 2.1, the Partnership's internal financial reporting changed and only 2024 has been restated.

Balance sheet	**2025 £m**	2024 £m	2023 £m	2022 £m	2021 £m
Non-current assets	**4,485**	4,547	4,674	5,362	5,117
Current assets	**2,105**	2,233	2,026	2,423	2,368
Total assets	**6,590**	6,780	6,700	7,785	7,485
Current liabilities	**(1,924)**	(2,162)	(1,987)	(2,175)	(1,993)
Non-current liabilities	**(2,636)**	(2,625)	(2,609)	(2,862)	(3,568)
Total liabilities	**(4,560)**	(4,787)	(4,596)	(5,037)	(5,561)
Net assets	**2,030**	1,993	2,104	2,748	1,924
Borrowings	**(434)**	(733)	(655)	(815)	(904)
Net debt	**(1,217)**	(1,370)	(1,520)	(1,294)	(1,439)

GLOSSARY

Throughout the Annual Report and Accounts, alternative performance measures (APMs) have been reported. These are presented to provide stakeholders with additional financial information on the performance of the Partnership. These APMs should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

The measures detailed below are not defined by UK-adopted IFRS and therefore may not be directly comparable with other companies' APMs - this includes those in the retail industry.

Adjusted cash flow

Operating profit before Partnership Bonus, exceptional items, depreciation and amortisation, but after lease adjusted interest and tax. This measure is important to assess our Debt ratio.

	2024/25 £m	2023/24 £m
Operating profit	**196**	147
add back		
Depreciation, amortisation and write-offs	**518**	495
Exceptional items (net)	**29**	(14)
Partnership Bonus	**-**	-
less		
Lease adjusted interest	**(98)**	(93)
Tax excluding tax on exceptional items	**(29)**	(9)
Adjusted cash flow	**616**	526

Debt ratio

Comparison of our Total net debts to Adjusted cash flow. This measure is important as it provides an indication of our ability to repay our debts.

	2024/25 £m	2023/24 £m
Total net debts	**(1,640)**	(1,740)
Adjusted cash flow	**616**	526
Debt ratio	**2.66x**	3.31x

Profit before Partnership Bonus, tax and exceptional items (PBTBE)

Profit before Partnership Bonus, tax and exceptional items. This measure is important as it allows for a comparison of underlying profit performance.

	2024/25 £m	2023/24 £m
Profit before tax, Partnership Bonus and exceptional items	**126**	42
Exceptional items	**(29)**	14
Partnership Bonus	**-**	-
Profit before tax	**97**	56

GLOSSARY (CONTINUED)

Total net debts

The Partnership's borrowings and overdrafts, lease liabilities, derivative financial instruments and IAS 19 pension deficit (net of deferred tax), less any liquid cash, short-term deposits and investments.

	2024/25 £m	2023/24 £m
Borrowings and overdrafts	**(434)**	(733)
Derivative financial instruments	**3**	(14)
Pension deficit (after deferred tax)	**(296)**	(239)
Other liabilities held at amortised cost	**(60)**	(62)
Lease liabilities	**(1,804)**	(1,849)
Liquid cash, short-term deposits and investments	**951**	1,157
Total net debts	**(1,640)**	(1,740)

Adjusted operating profit

Adjusted operating profit represents operating profits used to assess the performance of all the Lines of Business of the Partnership and to determine the allocation of resources. It excludes exceptional items, profit or loss on disposal of property, net interest, Partnership Bonus and tax. Refer to note 2.1 for further detail.

2024/25	**Waitrose £m**	**John Lewis £m**	**Other Partnership £m**	**Partnership £m**
Adjusted Operating Profit	**227**	**45**	**(48)**	**224**
Other operating expenses - exceptional items				(29)
Profit on property disposals				1
Operating profit				**196**

2023/24	**Waitrose £m**	**John Lewis £m**	**Other Partnership £m**	**Partnership £m**
Adjusted Operating Profit	**105**	**61**	**(44)**	**122**
Other operating expenses - exceptional items				14
Profit on property disposals				11
Operating profit				**147**

GLOSSARY (CONTINUED)

Reconciliation of Total trading sales to Revenue

2024/25	Waitrose £m	John Lewis £m	Partnership £m
Total trading sales	**7,997**	**4,763**	**12,760**
Deduct:			
Value added tax	(456)	(773)	(1,229)
Sale or return and other accounting adjustments	(69)	(349)	(418)
Revenue	**7,472**	**3,641**	**11,113**

2023/24	Waitrose £m	John Lewis £m	Partnership £m
Total trading sales	**7,661**	**4,765**	**12,426**
Deduct:			
Value added tax	(443)	(772)	(1,215)
Sale or return and other accounting adjustments	(81)	(349)	(430)
Revenue	**7,137**	**3,644**	**10,781**

Reconciliation of Operating profit to PBTBE

	2024/25 £m	2023/24 £m
Operating profit	**196**	147
Add back:		
Exceptional items	**29**	(14)
Partnership Bonus	**-**	-
Deduct:		
Net finance costs	**(99)**	(91)
Profit before Partnership Bonus, tax and exceptional items	**126**	42

Reconciliation of Profit before tax to PBTBE

	2024/25 £m	2023/24 £m
Profit before tax	**97**	56
Add back:		
Exceptional items	**29**	(14)
Partnership Bonus	**-**	-
Profit before Partnership Bonus, tax and exceptional items	**126**	42

Reconciliation of Cash to Total liquidity

	2024/25 £m	2023/24 £m
Cash and cash equivalents	**925**	1,028
Short term investments	**153**	260
Undrawn credit facility	**420**	420
Total liquidity	**1,498**	1,708

GLOSSARY (CONTINUED)

TERM	DEFINITION
Adjusted operating profit	Represents operating profits used to assess the performance of all the Lines of Business of the Partnership and to determine the allocation of resources. It is Operating profit before exceptional items and property profit/(loss). See note 2.1 for further details.
Amortisation	An expense recorded to write down intangible assets to their residual values over their useful economic lives (UELs).
Amortised cost	The value of an intangible asset after accounting for amortisation and impairment. Sometimes referred to as carrying value or net book value.
Assets	Something of value that the Partnership owns, benefits from, or has use of, in generating income or cash.
Auditor	An individual or body who undertakes the work required for an audit. The Partnership's auditor is KPMG LLP.
Average hourly rate	The pay received per hour, calculated from pay received divided by hours worked.
Balance sheet	A financial statement that shows assets, liabilities and capital/equity at a particular point in time, giving a summary of what the Partnership/Company owns and what it owes.
Biomethane	An alternative to fossil fuels, similar to natural gas, which is produced from organic waste, and is suitable for use as vehicle fuel.
Capital investment/ expenditure	Cash outflows in relation to additions to tangible fixed assets (property, plant and equipment) and intangible assets (IT software) recognised on the balance sheet.
Cash equivalents	Short-term deposits which the Partnership can quickly and easily convert into cash.
Cash flow (statement of)	A financial statement that shows how changes in balance sheet accounts, income and expenses affect cash and cash equivalents. It breaks the analysis down to operating, investing and financing activities. It is a measure of cash generation, working capital efficiency and capital discipline of the business.
Click & Collect	A service offered through johnlewis.com to enable customers to buy or order goods and collect from a local Waitrose or John Lewis as well as selected local convenience shops.
Committed credit facilities	Similar to a personal overdraft, this is an agreement with banks to provide the Partnership with additional funds as and when we might require.
Cost of sales	The cost to the business of producing and purchasing goods sold over a specific period of time.
Debt	Money the Partnership has borrowed which it is required to repay.
Depreciation	An expense recorded to write down non-current assets to their residual values over their UELs.
Exceptional items	Items of income and/or expense which are significant by virtue of their size and nature are presented as exceptional items. The separate reporting of exceptional items helps to provide an indication of the Partnership's underlying business performance.
Executive Team	Responsible for developing and recommending Partnership strategy to the Partnership Board and setting the direction for the Partnership in the execution of that strategy; and responsible for prioritising the allocation of capital and resources.
Financial year	The period of 364 days, or 52 weeks, running from 28 January 2024 to 25 January 2025.
Foreign exchange exposure	The risk that the Partnership faces when a financial transaction is denominated in a currency other than GBP (Sterling). This will primarily be for products the Partnership sells which we buy from suppliers in another currency.

TERM	DEFINITION
Full-time equivalent	The hours worked by one Partner on a full time basis. The concept converts the hours worked by several part time Partners into the hours worked by full time Partners to enable like-for-like comparisons of resources.
Hedging	A risk management strategy that helps to reduce the effects of future financial market movements on the Partnership's assets.
HMRC	His Majesty's Revenue and Customs
IAS	International Accounting Standards
UK-adopted IFRS	UK-adopted international accounting standards
Impairment	A reduction in the value of an asset due to a fall in the expected future economic benefits generated by the asset.
Investment	Total investment spend includes capital investment, revenue investment, restructuring and redundancy costs, and lease disposal costs.
KPI	Key Performance Indicator - a type of performance measurement used by businesses to check progress towards their goals.
Lease	A contract in which one party lends land, property or services to another for a specified period of time, usually in return for payment.
Liquid cash	Immediately available cash in bank.
Long leave	The long leave scheme provides Partners up to six months' paid leave after 25 years' Partnership service.
Margin (gross)	The difference between the selling price of a product or service and the cost of its purchase/production.
Material items	Items in the financial statements are material if their omission or misstatement could influence the economic decisions of users. Items may be material by size or by nature.
Materiality concept	The universally accepted accounting principle that all material matters should be disclosed in the accounts.
Net book value	The value of an asset after accounting for amortisation/depreciation and impairment. Sometimes referred to as carrying value.
Net finance costs	Interest payable on our borrowings, our defined benefit pension scheme and long leave scheme, offset by interest received from investments.
Net Promoter Score (NPS)	An external benchmark which calculates a measure between -100 and +100, that shows the willingness of customers to recommend products and services to others. A larger positive figure represents a higher level of customer satisfaction and loyalty to a brand.
Non-management Partners	Level 9 and Level 10 Partners, excluding those in management roles.
Operating profit margin	Adjusted operating profit as a percentage of revenue.
Partners (members)	The name given to all employees of the Partnership.
Pension funding deficit (actuarial/funding)	The actuarial or funding deficit is a measure that is used to judge the money that the Partnership needs to contribute to the pension scheme based on predicted growth rates and risks specific to the Partnership's scheme.
Profit before tax (PBT)	Profit generated by the Partnership over a specific period of time, before accounting for tax.

TERM	DEFINITION
Qualifying services	A person's services as a Director of the company and their services at any time while they are a Director of the company.
Residual value	Property residual values are assessed as the price in current terms that a property would be expected to realise if the building were at the end of their useful economic life.
Restructuring	A change to internal organisational structures, designed to streamline processes and create more efficient and cost-effective ways of working.
Revenue investment	Investment spend recognised directly in the income statement.
Sale and leaseback	A sale and leaseback transaction is where the Partnership sells an asset and immediately leases back the same asset from the buyer.
Short-term investments	Cash placed with financial institutions (such as banks) for a period of between three months and one year. The Partnership receives more interest on these short-term investments compared to immediately accessible cash kept in bank accounts.
Solvency	Ability of the Partnership to meet its long-term financial obligations (e.g. repayment of its debts).
Total liquidity	The cash, short term investments and undrawn committed credit facilities we have available to us, which we can use to settle financial commitments as they fall due.
Total trading sales	The full customer sales value, including VAT, that is used to assess ongoing sales performance. It is before adjustments for sales or return sales and other accounting adjustments. A reconciliation between Total trading sales and Revenue is provided above.
Value added tax (VAT)	A tax on the sales value of a product or service which is collected by HMRC.
Variable Net Asset Value	Fund prices change on a daily basis in relation to the net asset value of the underlying holdings included within the fund.
Working capital	The cash the Partnership utilises as part of its day-to-day trading operations. This includes aspects such as the money tied up in stock, the money we owe to suppliers for goods we have not yet paid for, and any money we may be owed from customers and suppliers.

KPMG

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF JOHN LEWIS PARTNERSHIP plc

1. Our opinion is unmodified

We have audited the financial statements of John Lewis Partnership plc (“the Company”) for the 52 week period ended 25 January 2025 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows, Company balance sheet, Company statement of changes in equity and the related notes, including the accounting policies in note 1 of the consolidated financial statements of the group (also termed as “the Partnership”) and the accounting policies in note 9 of the Company financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the parent Company’s affairs as at 25 January 2025 and of the Group’s profit for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards, and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. Our audit opinion is consistent with our report to the Audit and Risk Committee. We have fulfilled our ethical responsibilities under, and we are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, these matters were addressed, in the context of, our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of store CGUs (Cash Generating Units)

- Property, plant and equipment – specific CGUs within the overall balance of £2,766m (2024: £2,762m)
- Right-of-use assets – specific CGUs within the overall balance of £1,260m (2024: £1,290m)

Our assessment of the risk is that it has reduced since the prior year.

Refer to pages 113-114 (accounting policies), and pages 115-119 (financial disclosures).

The risk	*Our response*
Forecast-based assessment Under IAS 36 'Impairment of Assets', the Group is required to complete an impairment review of its store CGUs where there are indicators of impairment or impairment reversal. Judgement is required in identifying indicators of impairment charges or reversals and estimation is required in determining the recoverable amount of the Group's store portfolio. The Group has significant property, plant and equipment (PPE) and right-of-use assets (ROUAs) on the consolidated balance sheet. In the period, a net impairment reversal of £6m was recognised in relation to store CGUs of the John Lewis and Waitrose operating segments. There is a risk that the carrying value of store CGUs may be higher than their recoverable amounts. Where there is an indicator of impairment and a review for impairment is conducted, the recoverable amount is determined based on the higher of 'value-in-use' (VIU) or 'fair value less costs of disposal'. The recoverable amount is calculated at a CGU level, and individual stores are considered to be individual CGUs. The recoverable amount of a CGU relies on a number of assumptions, most notably short-term sales growth, gross profit margin, and specifically for John Lewis CGUs, the online sales allocation, all of which involve a high degree of estimation uncertainty. Auditor judgement is also required to assess whether the financial statement disclosures in note 3.2 over the sensitivities estimated by the Group for these assumptions, as well as for other assumptions such as central costs allocation, is acceptable. The effect of these matters is that, as part of our risk assessment, we determined that the carrying value of Waitrose and John Lewis store CGUs had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In conducting our final audit work, we reassessed the degree of estimation uncertainty for Waitrose store CGUs to be less than materiality. The financial statements (note 3.2) disclose the sensitivity estimated by the Partnership for the John Lewis store CGUs.	**Our procedures included:** **Methodology choice:** We evaluated the methodology, completeness and accuracy of the Group's impairment triggers using our knowledge of the Group, its operating environment, our industry knowledge of current market conditions and other information obtained during the audit. **Model principles and reperformance:** We tested the design, completeness and accuracy of the VIU model against the requirements of the accounting standard and involved our Data Analytics specialists to reperform the Group's VIU calculations. **Methodology assessment:** We assessed the reasonableness of the methodology for allocation of online revenue and related cost to John Lewis CGUs, using our understanding of market practice and changes in customer purchasing behaviours. **Control operation:** We engaged our IT Audit specialists to evaluate the design and implementation, and operating effectiveness of relevant IT controls used in deriving elements of the online sales allocation rates for CGUs within the John Lewis operating segment. **Our sector experience:** We evaluated assumptions used by the Group, in particular those relating to forecast revenue growth and profit margins. **Benchmarking assumptions:** We compared the Directors' key assumptions to externally derived data. We engaged our macro-economic specialists to provide historical and forecast benchmark data for growth in the sectors the Group operates. We compared the Directors' forecasts to our own, after adjustments for the Group's relative historic performance against the sectors more broadly. We critically assessed the Directors' key assumptions relating to forecast profit margins against historical performance and assessed the reasonableness of margin-improvement plans.

The risk	*Our response*
	Sensitivity analysis: We performed sensitivity analysis to stress-test the impairment calculation to changes in key assumptions and critical judgments for triggered CGUs to assess their impact on the recoverability of the store CGUs. **Assessing transparency**: We assessed the Group's disclosures in respect of impairment, including the sensitivity disclosures for changes in the key assumptions. We performed the tests above rather than seeking to rely on further controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results:** We found the carrying amount of store CGUs and the related impairment charge and disclosure to be acceptable (2024: acceptable).

Defined benefit pension schemes

Net defined benefit liability of £363m (2024: £287m)

- Gross defined benefit liability of £3,847m (2024: £4,030m)
- Level 3 assets of £1,232m (2024: £1,558m)

Our assessment of the risk is that it has remained unchanged for the gross defined benefit liability, and that it has reduced for the Level 3 assets since the prior year.

Refer to page 135 (accounting policies), and pages 136-145 (financial disclosures).

The risk	*Our response*
Subjective valuation A significant level of estimation is required in order to determine the valuation of the gross defined benefit liability. Small changes in the key assumptions (in particular, discount rates, inflation and mortality rates) can have a material impact on the carrying amount. In addition, within the pension asset portfolio there are a number of assets whose valuation requires significant judgement as a result of quoted prices being unavailable (Level 3 assets). Certain of these include assets for which a net asset valuation ('NAV') is not readily available, and therefore additional audit procedures are necessary given the nature of the valuation.	**Our procedures over the gross defined benefit liability included:** **Assessing assumptions:** We used our actuarial specialists to challenge the key assumptions used to estimate the defined benefit obligation (in particular, the discount rate, inflation and mortality rates). This involved comparing the assumption to available market data and our expectations based on the scheme profile. **Assessing base data:** We assessed whether the data used in the current year defined benefit obligation valuation is consistent with that prepared at the triennial valuation as at 31 March 2022. We used our actuarial specialists to challenge the methodology used to roll-forward the results of the triennial valuation as at 31 March 2022.

The risk	*Our response*
Level 3 asset holdings together represented £1,232m (2024: £1,558m) out of which £277m (2024: £515m) are investment properties. The effect of these matters is that, as part of our risk assessment, we determined that the valuation placed on the net defined benefit liability carries a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In 2024, the asset class where significant audit effort and judgement was focused were investment properties. We assess the risk related to the valuation of investment properties to have decreased from 2024 and this has been removed from the Key Audit Matter; reflecting the reduced holdings in properties as a result of divestments during the year, our observation that divestments achieved proceeds consistent with their historical carrying values and the results of our historical testing that have not identified material discrepancies in their carrying values. The financial statements (note 6.6) disclose the sensitivity estimated by the Partnership for the gross defined benefit liability.	**Our procedures over Level 3 assets included:** **Tests of details:** We assessed historical accuracy of valuations for a sample of assets to help inform whether current valuations were appropriate. Additionally, we obtained direct confirmations from third party fund managers to support the valuation of assets stated in the financial statements. **Methodology choice:** We assessed the valuation methodologies used with reference to the Royal Institute of Chartered Surveyors for property and the International Private Equity and Venture Capital Valuation guidance (IPEV) for private equity funds. For private credit and infrastructure funds we assessed the valuation methodologies adopted for fair value principles consistent with the accounting framework. **Our procedures over disclosures included:** **Assessing transparency:** We considered the adequacy of the Group's disclosures in respect of the sensitivity of the defined benefit obligation to these assumptions and disclosure of estimation uncertainty over the valuation of Level 3 pension assets. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balances is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results:** We found the valuation of the Gross defined benefit liability and valuation of Level 3 assets to be acceptable (2024: acceptable).

Recoverability of parent Company's investment in subsidiary

- Investment of £111m (2024: £113m)

Our assessment of the risk is that it is consistent with the prior year.

Refer to page 153 (accounting policies and financial disclosures).

The risk	*Our response*
Low risk, high value The carrying value of the parent Company's investment in subsidiary balance amounts to £111m (2024: £113m). The recoverability of the balance is not at a high risk of significant misstatement or subject to significant judgment. However, due to the materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effort on our overall parent Company audit.	**Our procedures included:** **Test of details:** We compared the carrying value of the investment in subsidiary with the net assets of the relevant subsidiary included within the Group consolidation, to identify whether the net asset values of the subsidiary, being an approximation of its minimum recoverable amount, were in excess of the carrying amount. **Assessing subsidiary audit:** We assessed the work performed over its subsidiary and considered the results of the work on the subsidiary's profit and net assets. We performed the tests above rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results** We found that the Company's conclusion that there is no impairment of its investment in subsidiary to be acceptable (2024: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Our application of materiality

Materiality for the Group financial statements as a whole was set at £28.0m (2024: £25.0m), determined with reference to a benchmark of Group revenue as disclosed in note 2.1, of which it represents 0.25% (2024: 0.23%). We consider total revenue to be the most appropriate benchmark as it provides a more stable measure year on year than profit before tax.

Materiality for the parent Company financial statements as a whole was set at £3.4m (2024: £3.4m), determined with reference to a benchmark of Company total assets, of which it represents 3.1% (2024: 3.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2024: 75%) of materiality for the financial statements as a whole, which equates to £21.0m (2024: £18.7m) for the Group and £2.6m (2024: £2.6m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £1.4m (2024: £1.3m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ("RMMs"). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed centrally and at component level and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 26 components, having considered our evaluation of the Group's legal and operational structure, existence of common information systems and level of controls as at the aggregated legal entity level, and our ability to perform audit procedures centrally.

Of those, we identified two quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

We also identified three components as requiring special audit consideration, owing to Group risks relating to impairment of non-financial assets residing in these components and one component which contained a key audit matter.

Accordingly, we performed audit procedures on six components including the parent company, of which we involved component auditors in performing the audit work on one component.

The Group auditor instructed the component auditor as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back.
We set the component materialities, ranging from £3.4m to £19.0m, having regard to the mix of size and risk profile of the Group across the components.

Certain areas within the financial reporting process, including the consolidation process and management override of controls, entity-level controls, intercompany transactions, assessment of applicable laws and regulations, related party balances, derivatives, tax, payroll and provisions were performed at group level.

Our audit procedures covered 98% of group total revenue. We performed audit procedures in relation to components and consolidation adjustments that overall accounted for 96% of the total profit and losses that make up group profit before tax (PBT) and the debits and credits that make up 98% of the group total assets.

For the remaining components for which we performed no audit procedures, no component represented more than 2% of Group total revenue or Group total assets. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted the risk assessment and planning discussion meetings with the component auditor to discuss Group audit risks relevant to the component, including the key audit matter in respect of recoverability of store CGUs.

We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed, with a particular focus on work related to recoverability of store CGUs.

We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.

4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1.1.1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of Directors, the Audit and Risk Committee, internal audit, legal counsel, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board, Audit and Risk Committee and Remuneration Committee minutes;
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team including the component auditor and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited perceived pressure on management to achieve an expected revenue target, no indicators that management possess the attitude, character or ethical values which would cause them to knowingly commit a dishonest act, and limited opportunity to commit fraud.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test at the Group level based on risk criteria relevant to the Group and comparing the identified entries to supporting documentation. These included journal entries posted by senior management, journal entries posted in seldom used accounts by irregular users, journal entries posted and approved by irregular users, journal entries posted and approved by the same user, and material post close journal entries.
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence, and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group auditor to component auditors of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, pensions legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines, litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: General Data Protection Regulation (GDPR) compliance, Employment and social security legislation, including minimum wage and pension auto-enrolment, Tax legislation, Fraud, Bribery and Corruption, Money laundering, Foreign Corrupt Practices Act, Environmental protection legislation, including emissions trading and Climate Change Act 2008, Export control, Consumer Rights Act 2015 and Sale of Goods Act, Distance selling regulations, Market abuse regulation, Food Standards Act, certain Financial services regulations, Competition Law and Groceries Supply Code of Practice recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 157, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company'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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Lourens de Villiers

(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 SGL
11 April 202

GENERAL INFORMATION

John Lewis Partnership plc is a public company limited by shares, incorporated and registered in England & Wales under company number 00238937.

INDEPENDENT AUDITOR
KPMG LLP

REGISTERED OFFICE
John Lewis Partnership plc, 1 Drummond Gate, Pimlico, London, SW1V 2QQ

PREFERENCE SHARES
Any remaining queries relating to the Preference Shares previously in issue (which were cancelled in November 2016) should be directed to the Company Secretariat, John Lewis Partnership plc,1 Drummond Gate, Pimlico, London, SW1V 2QQ .

MORE INFORMATION
For more information about the John Lewis Partnership please visit:
www.johnlewispartnership.co.uk
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CONTACT INFORMATION
You are invited to contact us with your enquiry or comments. To enable us to respond to your enquiry as quickly as possible, please use the ‘Contact us’ section on the John Lewis Partnership website.