

**TERMS OF REFERENCE FOR THE  
ETHICS AND SUSTAINABILITY COMMITTEE  
OF THE BOARD OF JOHN LEWIS PARTNERSHIP PLC**  
(approved by the Partnership Board on 15 July 2021)

- Definitions:** “**Committee**” means the Ethics and Sustainability Committee.
- “**Company**” means John Lewis Partnership plc.
- “**Independent Directors**” means the Independent Directors who lead the independent function in the Partnership.
- “**Partnership Board**” means the Board of John Lewis Partnership plc.
- “**Partnership**” means John Lewis Partnership plc and its subsidiaries.
- Appointments:** Members of the Committee will be appointed and removed by the Partnership Board
- Membership:** The Committee shall comprise: the Chairman of the Partnership Board; the Executive Director, Finance, one independent Non-Executive Director, and one external independent member, both as recommended by the Nomination Committee; and the Executive Directors for John Lewis, Waitrose, and Strategy & Commercial Development.
- The Chair of the Committee shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- Chair of the Committee:** The Chair of the Committee shall be the Chairman of the Partnership Board.
- In the absence of the Chair of the Committee, the meetings will be chaired by a member appointed by the Chair of the Committee, or failing that the remaining members present will elect one of their number to chair the meeting.
- Secretary of the Committee:** The Company Secretary or a nominee appointed by the Company Secretary will act as Secretary to the Committee ensuring it has access to sufficient resources and all necessary support (including training to enable it to carry out its duties), including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.
- Meetings:** The Committee shall meet at least four times a year and otherwise at such other times as the Chair of the Committee may require. The timing and agenda of meetings shall be the responsibility of the Committee Chair supported by the Executive Director, Strategy & Commercial Development. Meetings will align with relevant Board and Executive calendars.
- Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no later than five calendar days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time, but Committee papers may be forwarded at shorter notice with the approval of the Chair of the Committee.
- Only members of the Committee and Independent Directors have the right to attend Committee meetings. However, other non-members may be invited to attend all or part of any meeting as and when appropriate with the agreement of the Chair of the Committee. At the discretion of the Chair of the Committee outside professional advisors may attend for certain agenda items.
- Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conference.

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**Quorum:** The quorum necessary for the transaction of business at a Committee meeting shall be three members, to include the Chair of the Committee (or his/her appointed deputy), with a majority of the attendees being comprised collectively of Partnership Board members and the external independent member.

If there is difficulty in achieving a quorum, independent Non-Executive Directors and Elected Directors of the Partnership Board, who are not members of the Committee, may be co-opted as members for individual meetings.

**Minutes of meetings:** Once approved, minutes shall be circulated to all other members of the Partnership Board, normally by them being tabled at the next Partnership Board meeting, unless in the opinion of the Chair of the Committee it would be inappropriate to do so.

A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

**Authority:** The Partnership Board authorises the Committee to:

- (a) exercise the functions and powers and investigate any activity within its terms of reference;
- (b) seek any information it requires within its terms of reference from any Partner and/or call any Partner to be questioned at a Committee meeting as and when required; and
- (c) have unrestricted access to the Partnership's documents and information and to obtain independent legal or professional advice, as and when required on any matter within its terms of reference as it considers necessary, at the Partnership's reasonable expense.

## **Purpose**

1. The purpose of the Committee is to assist the Board in fulfilling its responsibilities for setting Ethics & Sustainability (E&S) strategy in accordance with the Partnership's Purpose and Values and ensuring that the E&S strategy is embedded into the Partnership's operations by reviewing and monitoring:
  - a) the Partnership's conduct with regard to its obligation, reputation and opportunity as a responsible and progressive corporate citizen;
  - b) that E&S remains core to the Partnership, aligned to the Partnership's Purpose and Values;
  - c) the delivery of the Partnership's E&S commitments, consistent with the strategy; and
  - d) that external perspective is fully considered to ensure the Partnership's approach on E&S remains relevant and stretching.
2. In order to fulfil its purpose the Committee will carry out the duties described below.

## **Duties**

3. The Committee will:

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- a) review, approve and recommend changes to the Partnership's Ethics & Sustainability strategy, plans and relevant policies, to ensure they reflect best practice;
  - b) ensure the E&S strategy is embedded into the Partnership's operations and that E&S issues are considered when reviewing and guiding strategy, major plans of action, risks, annual budgets, and business plans for both the Partnership and its brands;
  - c) assess performance and progress against E&S plans and priorities, providing guidance and approval on any changes to approach required and support with unblocking barriers;
  - d) consider climate-related issues and additional investment necessary to ensure the Partnership can measure its climate impact - as well as the impact of climate change on its business;
  - e) monitor and review changes in the Partnership's reputation and its stakeholders' expectations on sustainability, and ensure the Board is kept appropriately informed;
  - f) review the Partnership's E&S statements, disclosure and reports, ensuring that it meets legal obligations and maximises positive impact. This includes reporting on climate risks and opportunities as aligned to the Taskforce on Climate-related Financial Disclosures (TCFD), the Modern Slavery Act, the E&S elements of the Partnership's Annual Report and Accounts, and other annual public reports as required;
  - g) bring best practice thinking and ongoing awareness of global developments in sustainability by considering inputs from the business and internal and external experts;
  - h) monitor and review Partner expectations for E&S, and ensure that an appropriate group or mechanism is in place in the Partnership to capture these and report them up to the Committee;
  - i) ensure that appropriate policies and practices are in place and working effectively to build and protect the Partnership's reputation in the areas of E&S internally and externally;
  - j) periodically review external communication approach activities to ensure a balanced approach;
  - k) facilitate detailed reviews on the progress of the implementation of the E&S strategy at the Board; and
  - l) subject to the next paragraph, monitor and review risks related to E&S, ensuring planned actions are aligned with risk appetite (and advise on risk appetite for relevant principal risks).
4. In fulfilling its duty to monitor and review risks related to E&S, including any relevant principal risks, the Committee will work within the Partnership's risk management framework. In addition, the Committee will provide input to the Audit and Risk Committee on issues relevant to the duties of the Committee outlined in these terms of reference, particularly as they relate to matters of risk management and internal control, to inform the Audit and Risk Committee's role to oversee the integrity of the Partnership's risk management and internal controls.
5. The Committee will review annually both its terms of reference and its own effectiveness and recommend any necessary changes to the Partnership Board.

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**Reporting Responsibilities**

6. The Chair of the Committee is responsible for:
- (a) providing regular reports on the Committee's activities at meetings of the Partnership Board;
  - (b) the preparation of a formal report on the Committee's work and activities to be included in the Company's Annual Report and Accounts;
  - (c) attending Partnership Council at the meeting at which it discusses the Partnership's annual performance with the Chairman ("holding to account") to report on and answer questions on the Committee's activities;
  - (d) ensuring that any feedback received from Partnership Council, Partners generally or other stakeholders is taken into account by the Committee in carrying out its duties.