

John Lewis Partnership Pensions Trust (“the Trust”) – Defined Benefit (“DB”) Section Annual Implementation Statement – Year ending 31 March 2025

1. Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustee has been followed during the year to 31 March 2025 (the “Trust Year”). This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, as amended, and the Department of Work and Pensions’ statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

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

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

2. Trust Governance

2.1. The Trustee Board

During the Trust Year, Carl Lee was elected as a Trustee Director, filling the vacancy left following Juliette Barnett’s resignation. Falcon Trustees LLP was appointed as a Corporate Trustee in February 2025, represented by Venetia Trayhurn.

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

The Trustee Board is supported in its activities by the in-house Trustee Services team at the Partnership. From an investment perspective Simon Lai of the Trustee Services Team provides investment support to the Trustee.

Over the year, Russell Investments (“Russell”) have been appointed as the Trust’s Outsourced Chief Investment Officer (“OCIO”) provider and have delegated responsibility for the implementation of investment decisions, including cashflow management and any rebalancing activity.

2.2. Trustee knowledge and understanding

During the Trust Year, the Trustee received a training session covering several aspects of the Trust’s Responsible Investment (“RI”) governance framework.

2.3. Holding advisers and managers to account

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

In December 2019, the Trustee put in place investment objectives for its DB Investment Consultant, Mercer Limited ("Mercer"), and Investment Advisers, Aksia and Hamilton Lane. Their performance relative to these objectives is reviewed on at least an annual basis. The objectives may be revised at any time but will be reviewed at least every three years and after any significant change to the Trust's investment strategy and objectives, as appropriate. The objectives were last reviewed just after the Trust year end in May 2025.

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

Following the appointment of Russell as the OCIO provider, Aksia's and Hamilton Lane's contracts were terminated in January and August 2025, respectively.

3. Statement of Investment Principles

3.1. Investment Objectives of the Trust

The Trustee aims to invest the assets of the Trust prudently with the objective of ensuring that the benefits promised to members are provided as they fall due. The funding plan, which was set as part of the 2022 Actuarial Valuation, is predicated on achieving an investment return over and above the return from government bonds (gilts). Beyond this, the Trustee aims to target full funding on a low dependency basis (also based on a return above government bonds) by 2034. The Trustee will pursue an investment strategy which aims to generate an investment return in excess of these returns (currently targeting gilts + 1.8% p.a. as agreed with the Sponsoring Employer), with a risk level commensurate with the strength of the covenant. The funding plan will be reviewed as part of the 31 March 2025 Actuarial Valuation.

It is recognised that the investment return on the Trust's assets will be driven by the Trust's asset allocation (which will move over time) and market conditions. The Trustee has implemented a

framework for monitoring the expected return of the Trust's investment strategy, with a view to maintaining the level of investment return closely in line with the target level over time.

3.2. Review of the SIP

This statement is based on, and should be read in conjunction with, the SIP dated September 2024 effective as at the end of the reporting period. The SIPs that were in force for each period of the Trust Year are noted below.

Effective Date	Period Covered
March 2024	March 2024 – August 2024
September 2024	September 2024 – March 2025

As required by legislation, the Trustee has consulted with the Partnership in the production of all versions of the SIP that were in force over the year.

The SIPs in force over the Trust Year are publicly available and can be accessed via these links:

<https://www.johnlewispartnership.co.uk/content/dam/cts/pdfs/Juniper/jlp-trust-for-pensions/DB-Section-SIP-March-2024.pdf>

<https://www.johnlewispartnership.co.uk/content/dam/cts/pdfs/Juniper/Pensions/JLPPT-DB-Section-SIP-September-2024.pdf>

3.3. Assessment of how the policies in the SIP have been followed for the year to 31 March 2025

The information provided in the following section highlights the work undertaken by the Trustee during the Trust year to 31 March 2025 and sets out how this work followed the Trustee's policies in the SIP.

In summary, it is the Trustee's view that the policies in the SIP have been followed during the Trust year to 31 March 2025.



Strategic Asset Allocation

Policy	Location in SIP	How the policy has been met over the year to 31 March 2025
1 Kind of investments to be held		<p>There have been no material changes to the kinds of investments held by the Trust over the Trust Year.</p> <p>During the Trust Year, the Trustee instructed sales of some private market assets, which will return capital to the Trust over time. Over the Trust Year, The Trustee has agreed a long-term investment strategy which it intends to move to over the coming years as this capital is returned. The arrangements in place will continue to be consistent with the policies in the SIP.</p>
2 The balance between different kinds of investments	Sections 7 – 13	<p>Over the Trust Year, the Trust implemented two new Multi-Asset Credit mandates. As part of the selection process, the Trustee ensured that the new allocations are (to the extent possible) managed in a way that is consistent with the new Responsible Investment policy, including the 2050 Net Zero objective.</p> <p>As at 31 March 2025 the level of protection against interest rates and inflation was 77% and 78%, respectively, of the Trust's Gilts+0.5% p.a. liabilities (broadly equivalent to 100% of the funded liabilities on the 2022 Technical Provisions basis), which is broadly in line with the position at the prior year-end.</p>
3 Risks, including the ways in which risks are to be measured and managed	Sections 25 - 29	<p>As detailed in the risk section of the SIP, the Trustee considers both quantitative and qualitative measures of risk when deciding investment policies, strategic asset allocation, the choice of investment managers, their funds and respective asset classes.</p> <p>The Trustee reviewed the measurement of a number of these risks on a quarterly basis during the year as part of their regular investment performance, risk and funding monitoring. Wider, more strategic, risks were also considered by the Trustee throughout the year, as discussions continued regarding the composition of the Trust's long-term investment strategy.</p>

			The Trustee also received ad-hoc updates from its DB Investment Consultant and the in-house Trustee Services team as and when required over the course of the year.
4	Expected Return on Investments	Sections 7, 14, and 27	<p>Investment performance was reviewed by the Trustee on a quarterly basis – this included the risk and return characteristics of the investment manager strategies used by the Trust.</p> <p>Individual managers were specifically monitored against their respective aims and objectives as well as being compared to peer group risk and return metrics.</p> <p>In consultation with the Partnership as part of the agreement for the 2022 actuarial valuation, the Trustee has agreed to target and maintain an investment strategy with an expected return of Gilts + 1.8% p.a.. The Trustee has agreed a monitoring framework which defines the parameters around which the Trustee is required to rebalance the investment strategy to maintain this expected return, should it move outside of a set tolerance range at the point of assessment. The Trustee will review the expected return on the investments on a quarterly basis and will take action in line with the framework if required.</p>



Investment Mandates

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2025
5	Securing compliance with the legal requirements about choosing investments	Sections 3 – 5	<p>The Trust's DB Investment Consultant attended all DB Sub-Committee ("DBC") meetings during the year, providing updates on fund performance and, where required, the appropriateness of the investments used by the Trust. Russell, in their capacity as the Trust's Outsourced Chief Investment Officer, also attended the DBC meetings. The DBC has delegated responsibility for the ongoing monitoring of fund performance for the DB section to Russell, supported by the in-house Trustee Services team and the DB Investment Consultant.</p> <p>The Trustee received investment advice in relation to all strategic decisions that were taken during the year.</p>

6	Realisation of Investments	Sections 12 – 13	<p>The Trust's investments as at the year-end consist of an LDI portfolio, an illiquid private markets portfolio, which cannot be readily traded, and two Multi-Asset Credit portfolios which are liquid and more easily traded. The Trust also maintains a cash buffer held outside the main investment strategy that is used to ensure benefit payments can be met as they fall due. The current investment arrangements are as a result of the gilt market crisis in Q3/4 2022, which forced the Trustee into sales of its liquid assets for the purpose of re-collateralising its LDI portfolio. The Trustee formally reviewed the investment strategy in June 2024 with advice from Mercer. The review focused on how to achieve the target investment return of gilts +1.8% p.a. over the long term. This resulted in an agreed long term investment strategy that allocates 40% to the Liability Matching Portfolio and 60% to the Return-Seeking Portfolio, noting that this cannot be achieved in the near-term given the liquidity characteristics of the current portfolio. The allocation to different sub-asset classes will ultimately be determined by the most efficient way to achieve the return target of gilts + 1.8% p.a.</p> <p>It is expected to take several years to transition to the long-term investment strategy, over which period the Trust will continue to review the appropriateness of the strategy and consider any refinements as required. The new investment strategy will be built up over time as the Private Market assets run off and capital is returned. In general, the investment managers have discretion in the timing of the realisations of investments within those strategies and in considerations relating to the liquidity of those investments within the mandate guidelines that have been agreed.</p> <p>As noted above, the Trustee maintains a minimum cash buffer to cover the cash requirements of the Trust. At the Trust year-end, c. 5% of assets were held in a range of liquidity funds. The threshold was monitored and maintained by the Trustee Services team, with the Trustee receiving quarterly updates on the cash balance during DBC meetings throughout the Trust Year.</p>
7	Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments	Sections 18, 29	<p>The Trustee views the key investment risks identified in Paragraph 29 of the SIP to be financially material.</p> <p>A number of the key investment risks identified in the SIP were measured and managed as part of discussions at DBC meetings. These included, but were not limited to, interest rate and inflation risk, currency hedging risk and liquidity risk.</p>

In addition to these key investment risks, the Trustee continued to consider more idiosyncratic risks (e.g. collateral sufficiency risk) during the Trust Year, both as part of ongoing monitoring and broader discussions on the investment strategy.

The Trustee monitors investment managers' absolute and relative performance against appropriate benchmarks on a quarterly basis. This assessment evaluates both short-term and long-term performance. It is recognised that the Trust is a long-term investor. As such, the Trustee does not intend to make regular to changes to the investment strategy, unless circumstances permit.

Section 18 of the SIP sets out the Trustee's belief that climate change is a systemic risk to the global economy, and the investments of the Trust. The Trustee has therefore agreed to target 'Net Zero' emissions by no later than 2050 on its investment portfolio. The Trustee will continue to develop its strategy and implementation plan to achieve this objective. The Trustee formally reviewed its RI beliefs over 2023-4, and as a result of this exercise documented a formal RI policy that covers both the DB and DC Sections of the Trust. The Trustee's RI policy will be reviewed at least every year, or without delay after any material change to the approach of the Trust's broader investment arrangements.

The Trustee formally considers the climate risk associated with its investments on an annual basis in the preparation of its Taskforce for Climate-Related Financial Disclosures (TCFD) report, in line with statutory requirements. The Trustee has set climate-related targets in line with these requirements, against which it monitors its investments. If one of its investment managers is not evidencing progress in this regard, the Trustee may consider its appointment. It should be noted that climate-related risk is considered in the context of other investment risks associated with the Trust's investments.

The Trust's third TCFD report covering the year ending 31 March 2024 was published during the Trust Year (October 2024). In this report the Trustee considered how climate related risks and opportunities are measured, monitored and managed in the Trust. The Trustee also reported on Scope 1 and 2 emissions, and Scope 3 emissions, where available, in accordance with statutory requirements.

The full report can be found here:

<https://www.johnlewispartnership.co.uk/content/dam/cws/pdfs/Juniper/jlp-trust-for-pensions/John-Lewis-TCFD-Report-2024.pdf>

As part of the quarterly reporting process, the Trustee monitors the extent to which each underlying fund integrates ESG considerations into its investment decision making process by reviewing the ESG rating assigned to each fund by our investment consultant. The Trustee believes that active ownership can enhance the value of the Trust's underlying portfolio and help manage risks. In September 2018, the Trustee became a signatory to the Principles for Responsible Investment. The Trustee reviews its stewardship policy annually to ensure that it continues to hold its investment managers to account on voting and engagement. The Trustee uses the results of the review to engage with the Trust's managers.

In line with the Statement of Investment Principles, non-financial matters have not been taken into consideration in respect of the DB Section's investments during the Trust Year.



Monitoring the Investment Managers

Policy	Location in SIP	How the policy has been met over the year to 31 March 2025
8 Incentivising investment managers to align their investment strategy and decisions with the Trustee's policies	Section 21	<p>The Trustee is comfortable that the contractual arrangements in place with the Trust's investment managers continue to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance.</p> <p>When reviewing and monitoring the Trust's DB investment managers, the Trustee takes into consideration the DB Investment Consultant's research ratings. The Trustee has also been assisted by the Trustee Services team in the assessment of the continued appointment of the Trust's investment managers.</p>

9	Incentivising the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer, and to engage with issuers in order to improve their performance in the medium to long-term	Section 20	<p>The Trustee monitored the performance of the Trust's investments throughout the year. Toward the end of the Trust Year, Russell took over the monitoring of the Trust's appointed investment managers, alongside the Trustee, and share this monitoring with the Trustee and DB Investment Consultant. Where a manager is deemed to be underperforming, the Trustee may ask the Trustee Services team and Russell to carry out a detailed assessment of the rationale for the investment manager's performance. The Trustee may also request a formal review from its appointed Investment Consultant.</p> <p>If following review, it is deemed that the investment manager no longer warrants a place within the Trust's portfolio, the Trustee will look to replace the investment manager (to the extent possible bearing in mind the liquidity of the mandates).</p>
10	Aligning the evaluation of the investment managers' performance and the remuneration for investment management services with the Trustee's policies	Section 24	<p>When considering investment performance, the Trustee primarily focuses on long-term performance given the Trust's expected investment time horizon. Shorter-term performance will also be taken into consideration as appropriate.</p> <p>The Trustee continues to monitor the performance of the Trust's investment managers. The Trustee is satisfied that investment managers' short-term performance incentives will not impact long-term goals. In particular, none of the funds have short-dated performance fees in place which could encourage managers to make short-term investment decisions to hit their short-term profit targets at the expense of longer-term performance.</p>
11	Monitoring portfolio turnover costs incurred by the investment managers	Section 23	<p>The Trustee monitors the net of fees performance of its investment managers, relative to their respective targets, and therefore considers the impact of ongoing costs on long-term performance.</p> <p>The Trustee may choose explicitly to monitor portfolio turnover costs in the future.</p>
12	The duration of the arrangement with the investment manager	Section 24	<p>The Trustee is a long-term investor which will not look to make frequent changes to the investment arrangements. The Trust's investment managers are however aware that their continued appointment is based on their success in delivering the mandate they have been appointed to manage.</p>

There are no set durations for the investment manager funds used by the Trust, with the exception of the closed ended funds that the Trust invests in which will typically return capital over an agreed lifetime.



ESG, Stewardship and Climate Change

Policy	Location in SIP	How the policy has been met over the year to 31 March 2025
13 Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustee would monitor and engage with relevant persons about relevant matters)	Section 18	<p>The Trustee incorporates into the SIP details on responsible investment, which covers ESG factors, stewardship, climate change and sustainable investing. The Trustee keeps the policies under regular review, with the SIP subject to review at least annually or following any material changes to the Trust's investment arrangements.</p> <p>The Trustee formally reviewed its RI beliefs over 2023-4, and has produced a standalone responsible investment policy, which will be maintained separately to the SIP and includes further detail on the Trustee's approach to investing responsibly, including the decision to target 'net zero' carbon emissions by 2050 (subject to further work to establish a plan to achieve this).</p> <p>The Trustee increasingly considers how ESG, climate change and stewardship are integrated within investment processes in monitoring existing managers. The Trustee considers the DB Investment Consultant's ESG ratings in its assessment of its DB investment managers.</p> <p>The Trustee's policy is that a change in ESG rating (or lack of ESG rating) does not mean that the investment manager will be removed automatically. Where managers may not be rated or highly rated from an ESG perspective, the Trustee has discussed the reasons with the DB Investment Consultant.</p> <p>Managers are expected to provide a summary of their ESG and stewardship policies and to comment on these issues as part of any meeting with the Trustee or its in-house team, OCIO or advisers. The Trustee collects data in relation to ESG issues as part of the data collection process for the TCFD reporting process.</p>

The Trustee recognises that where the Trust invests in pooled funds it is the investment manager which will engage with investee companies on behalf of its investors, and that the Trustee does not have direct control over the nature of these engagements.



Voting Disclosures

Policy	Location in SIP	How the policy has been met over the year to 31 March 2025
14 The exercise of the rights (including voting rights) attaching to the investments	Section 21	<p>As set out in the SIP, appointed investment managers have full discretion in evaluating ESG factors, including climate change considerations, exercising voting rights and meeting the stewardship obligations attached to the Trust's investments in accordance with their own corporate governance policies, and current best practice, including the UK Stewardship Code (where applicable).</p> <p>The Trustee believes that responsible share ownership and seeking the best long-term value for investment in shares requires active exercise of voting rights.</p> <p>The managers are authorised to exercise discretion to vote as they see fit, but in doing so should reflect the best interests of the Trust (or, where the Trustee invests through a pooled fund, the best interests of investors in the pooled fund, including the Trust). The Trustee does not use the direct services of a proxy voter, although the investment managers may employ the services of proxy voters in exercising their voting rights on behalf of the Trustee.</p> <p>At the year-end, the Trust did not have any material exposure to assets that had voting rights associated with them. The Trustee has asked that its investment managers provide examples of their engagement activity to demonstrate alignment with its stewardship priorities, some of which are included in the next section. The Trustee is satisfied on the basis of reporting that the managers' approach to engagement was aligned with the Trustee's policies during the period.</p>

Voting and Engagement Activity

The Trustee has established stewardship priorities in line with the requirements of the Guidance released by the Department for Work and Pensions (DWP) in July 2022. These stewardship priorities are as follows:

- **Environmental:** Climate change - low-carbon transition and physical damages resilience. Nature and biodiversity (added as an engagement priority in the prior Trust Year).
- **Social:** Human rights - modern slavery, pay & safety in workforce and supply chains, and abuses in conflict zones.
- **Governance:** Diversity, Equity and Inclusion (DEI) - inclusive & diverse decision making.

As noted above, the Trustee agreed to add nature & biodiversity as a stewardship priority in the last Trust Year. This was a result of training on topical ESG issues and the exercise to refresh the Trustee's beliefs. Further training has since been provided to the Trustee on this important issue.

Voting Activity during the Trust year

DWP requirements require the Trustee to report on what it considers to be the "most significant" votes carried out by its investment managers in accordance with the Trustee's stewardship priorities. To ensure the disclosures are manageable and meaningful, when determining what it considers to be a "most significant vote", the Trustee has agreed to apply a filter based on size when disclosing significant votes. The Trustee has chosen to focus specifically on stocks that represent the largest holdings in a particular portfolio, to ensure that the votes being classified as significant represent a meaningful portion of the relevant portfolio.

At the year-end, the Trust did not maintain an allocation to assets with associated voting rights. There were some residual holdings in legacy equity holdings (< 0.1% of DB Section assets), however these have been excluded from this analysis on materiality grounds. As such, there is no voting activity to report on during the Trust Year. It is anticipated that the Trust will be allocating to liquid investment mandates over the near term that have voting rights associated with them, and as such expect to report on voting activity in relation to the Trust's engagement priorities in future.

Engagement Activity during the Trust Year

In the absence of voting activity over the Trust Year, we have set out overleaf examples of engagement/active management activity completed within the Private Market portfolios that relate to each of the Trust's high-level stewardship priorities.

Climate: M&G engages with automotive manufacturing company on climate-target planning

M&G co-signed an investor letter requesting that Stellantis N.V. address an area of misalignment in its lobbying activities, specifically the difference between the European Automobile Manufacturers' Association (ACEA) position (which Stellantis rejoined on 1 January 2025) and that of Stellantis on 2025 CO2 targets.

The ACEA has pushed to weaken previously agreed 2025 CO2 targets and called to bring forward the CO2 regulation review for both light and heavy-duty vehicles to 2025. M&G believe that this appears to be at odds with Stellantis' stated commitment to the goals of the Paris Agreement, and its own internal plans and commitments including CO2 reduction and transition to electric vehicles.

M&G are encouraging the company, in its upcoming disclosure, to consider releasing a public statement/policy position on the EU's 2025, 2030 and 2035 CO2 targets for cars and vans. M&G are also calling for Stellantis to update its climate reporting to include a list of policy dependencies that it requires to successfully deliver its net zero target and climate transition plan.

Social: Aberdeen promotes the adoption of Human Rights policies

Over the year, Aberdeen promoted the adoption of Net Zero and Human Rights policies by sharing implementation templates across the portfolio. These templates included metrics such as; Share (%) of investments in investee companies that have been involved in violations of the United Nations Global Compact (UNGC) principles and average (%) unadjusted gender pay gap of investee companies. These results are then published in annual surveys on Aberdeen's sustainability platform.

For existing investments, there is an ongoing KYC compliance review which checks for engagement of key counterparties in any violations and controversies of UN GC and Organisation for Economic Co-operation and Development (OECD) guidelines for multinational companies as well as compliance checks in accordance with good governance practices that are monitored and reported annually.

Governance: Wellington assesses Wells Fargo's regulatory risk management

Wells Fargo faced substantial fines and legal actions due to historical conduct issues, which have necessitated significant improvements in board composition and oversight. Governance improvements have been crucial for restoring trust and ensuring long-term stability. In 2024, Wellington had several meetings with Wells Fargo to assess their progress in addressing regulatory concerns and to understand the implications of recent anti-money laundering (AML) headlines for their franchise. Wellington specifically requested updates on their regulatory risk management practices, including changes in processes and potential cost-saving opportunities as they near the completion of their remediation efforts. Wells Fargo has made significant improvements in regulatory risk management, moving closer to having the asset cap removed. Wells Fargo has implemented changes in their processes and identified potential cost-saving opportunities as they near the completion of their remediation efforts.