



John Lewis Partnership Board: Reserved Matters

Approved by the Partnership Board, 14 June 2023

The Experiment

1. The two Settlements in Trust 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 (employees), who are Partners from the day they join. This was Spedan Lewis' experiment in industrial democracy. He described it as "an attempt so to organise and conduct a business that all the advantages whatsoever of owning it shall be shared as fairly as possible by all who are working in it and that the qualification for having a position in it shall be ability (without overstrain) and will to fill that position in a way reasonably first-rate for the service of the general community, the service by which the business has to live."¹

Partnership Purpose and Values

2. Power in the Partnership is shared between three governing authorities: the Partnership Council, the Partnership Board and the Chairman. 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 an entrepreneurial spirit but must not risk any loss of financial independence.² Their power to direct the Partnership's affairs depends on the consent of Partners.³
3. The Partnership's Purpose is to work in Partnership for a happier world. We work together to create a successful business and a fairer, more sustainable future for Partners, customers, suppliers and communities. The three Partnership Principles are Happier people; Happier business and Happier world. Because the Partnership is owned in trust by Partners, they share the responsibilities of ownership as well as its rewards – knowledge, power and profit.⁴

Purpose, Role and Responsibilities of the Partnership Board

4. Within the shared aim of the three governing authorities of the Partnership, the Partnership Board's **purpose** is to support the Executive Team in its mission to ensure that the Partnership's continuing experiment succeeds.
5. The Partnership Board's **role**⁵ is:
 - a. To promote the Partnership Purpose and Principles;
 - b. To provide the Executive with constructive challenge and make its advice, experience and specialist knowledge available to both the Executive and the Partnership Council;
 - c. To ensure that in delivering the continuing experiment the Partnership's financial condition remains sound and that the Founder's principle of "safety first" is upheld;
 - d. To ensure proper governance for the Partnership.

¹ Partnership For All (1948)

² Constitution: Rule 4

³ Constitution: Rule 2

⁴ Constitution: Parts and 3

⁵ Minute 51171 of 10 September 2019

6. In performing its role, the Partnership Board's **responsibilities**⁶ are:
- a. approving the Partnership Strategy and Business Plan and setting risk appetite, and encouraging creativity and an entrepreneurial spirit, whilst not risking any loss of financial independence and satisfying itself that the Strategy and Business Plan will (in line with Rule 4) safeguard the Partnership's future, enhance its prosperity and ensure its integrity;
 - b. overseeing and monitoring that the Business Plan is delivered in a way that promotes Spedan's "experiment in industrial democracy" and takes full commercial advantage of sharing knowledge, power and profit so that it is a better form of business;
 - c. overseeing behaviours within the Partnership to ensure that they are aligned and consistent with the Purpose and Principles of the Constitution;
 - d. ensuring 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 including its customers to satisfy itself that the business is operated in a way that is consistent with the experiment and the Principles of the Constitution;
 - e. considering and approving any matters that are reserved for the Partnership Board's decision, including Partnership Bonus, capital and revenue expenditure plans, viability and liquidity;
 - f. ensuring that as Directors they fulfil their legal duties to promote the success of the company.

Matters for the decision of the Partnership Board

7. The following matters are reserved for the decision of the Partnership Board.

Strategy and Resources

For items in this section, a decision to grant high-level approval as part of a strategic or business planning process is preferred. Any such approval will likely be broadly drawn, and therefore should set out the tolerances beyond which the matter should be referred to the Board again.

8. The Partnership Board approves the Partnership's Objectives, strategy, business plan and risk appetite; and, in line with the Contract & Spending Rules, the allocation of financial and other resources to achieve these.
- Through the Ethics and Sustainability Committee the Partnership Board sets the Ethics & Sustainability (E&S) strategy in accordance with the Partnership's Purpose and Principles and seeks to ensure that the E&S strategy is embedded into the Partnership's operations.
9. The Partnership Board has ultimate responsibility for issues of major policy.
10. The Partnership Board decides the Partnership's policy for the prudent and adequate financing and development of its business, and monitors its efficient implementation. It approves changes to the Partnership's capital structure including reduction of capital, share issues and share buybacks⁷ and any major changes to the Partnership's corporate structure including acquisitions or disposals. It approves cash and profit forecasts sufficiently far ahead

⁶ Minute 51171 of 10 September 2019

⁷ However, see Schedule of Delegations below for delegations relating to the BonusSave Plan.

to satisfy itself that the Partnership is not overreaching its financial and personnel resources.⁸

11. The Partnership Board either authorises commitments to be made on behalf of the Partnership or delegates authority to individuals to make commitments on its behalf.⁹ Those delegations, and the matters which are reserved for the Board, are set out in the Partnership's Contract and Spending Rules which the Board approves from time to time.
12. The Partnership Board determines each year the amount of the Partnership's profits that should be reserved for the maintenance and development of the Partnership's business, and thus the rate at which Partnership Bonus may be paid.¹⁰
13. The Partnership Board approves the extension of the Partnership's activities into new business concepts or areas, and the cessation of all or any material part of the Partnership's business. The Partnership Board approves the Group Subsidiary Governance Framework. [See Schedule of delegations below.]

Performance

14. The Partnership Board monitors the effective delivery of the Partnership strategy by the Executive Team, within the risk appetite as set out in the Partnership Business Plan, ensuring that the right outcomes are being achieved, approving adjustments where necessary and ensuring that knowledge gained from past delivery and implementation is taken into account when planning future activity.
15. The Partnership Board approves and monitors performance against the Partnership's annual budget including its revenue and capital spending and liquidity.¹¹ It ensures that the Partnership pays its debts promptly, and does not enter into undertakings which would prevent it from making all payments immediately they become due.¹² It examines and approves each year the size and security of the Partnership's liquid reserves and unused borrowing facilities.¹³
16. It takes responsibility for preparing financial statements, which must give a fair, balanced and understandable assessment and a full and fair view of the state of affairs of the company.¹⁴
17. Through the Audit and Risk Committee, the Partnership Board satisfies itself that proper systems of audit and control are in place throughout the Partnership.¹⁵ This includes 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 auditors and the internal and external audit process; and the effectiveness of

⁸ Constitution: Rule 39(vii)

⁹ Constitution: Rule 5

¹⁰ Constitution: Rule 39(iv)

¹¹ Constitution: Rule 39(iii)

¹² Constitution: Rule 39(v)

¹³ Constitution: Rule 39(vi)

¹⁴ Constitution: Rule 38

¹⁵ Constitution: Rule 39(viii)

the Partnership's systems and controls for the detection of fraud, anti-money laundering and the prevention of bribery, and processes for compliance with laws and regulations.

Distinctive Character

18. The Partnership Board will assure itself that the Partnership's Purpose and Principles as set out in the Constitution are effectively embedded in operational policies and practices, and that behaviours within the Partnership are aligned and consistent with the Purpose and Principles. It will satisfy itself that the Partnership is building relationships with customers, suppliers and other stakeholders and takes account of the impact of the Partnership's operations on the community and the environment in decision making, in order to be successful over the long-term.¹⁶
19. The Partnership Board will ensure that there are means for Partners and the broader workforce to raise concerns in confidence and – if they wish – anonymously and, supported by the Audit and Risk Committee, will routinely review this and the reports arising from its operation.

Governance

20. In carrying out their duties the Chairman will accept as fully as possible the recommendations of the Partnership Council. Before rejecting any, they must consult the Partnership Board.¹⁷

Partners

21. Through the Nomination Committee, the Partnership Board ensures that: there are plans in place for orderly succession to Senior Management¹⁸ and that there is a diverse talent pipeline for succession; and there is a formal, rigorous and transparent procedure for appointments to Senior Management.
22. Through the Remuneration Committee, the Partnership Board ensures that the Partnership's Pay Policy and practices and any variations to it which apply to Senior Management: support the Partnership Strategy to promote the long-term sustainable success of the Partnership; are aligned to the Partnership's Purpose and Principles; and drive the right behaviours.
23. The Partnership Board approves the Chairman and CEO's objectives and pay.¹⁹ Through the Remuneration Committee, it approves the pay ranges for executive directors.
24. The Partnership Board considers any proposal that places 12 or more Partners at potential risk of redundancy, either as part of the Business Plan or on a case by case basis.²⁰ It also considers proposals for the outsourcing of work which affects more than 100 Partners.

¹⁶ Section 172, Companies Act 2006

¹⁷ Constitution: Rule 45(ii)

¹⁸ "Senior Management" means the Partnership's Deputy Chairman (if a Partner) and the first layer of management below Partnership Board level, including Executive Directors, General Counsel & Company Secretary and those other Partners at "Director" level within the Partnership reporting to the Chairman or CEO. For the avoidance of doubt Senior Management does not include the Partnership's Independent Directors and the President of the Partnership Council.

¹⁹ Constitution: Rule 39(x)

²⁰ Constitution: Rule 39(ix)

25. No Partnership contract of employment will have a notice period longer than 12 months, unless the Partnership Board agrees.²¹
26. The Partnership Board approves major changes to the rules of the Partnership's Pension Scheme with the Pension Trustee and Partnership Council as determined by the rules of the Pension Scheme.

Board Composition

27. The Partnership Board approves the Chairman's nominee to succeed them on their retirement.²² Through the Nomination Committee, the Partnership Board oversees the process for nomination and appointment.
28. Following recommendations from the Nomination Committee, the Partnership Board: approves changes to the structure, size and composition of the Partnership Board; and approves the membership of Board Committees. The Partnership Board approves the terms of reference of Board Committees which may include any matters it considers suitable for delegation.
29. Through the Nomination Committee, the Partnership Board ensures that: 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 and Partners; there are plans in place for orderly succession to the Partnership Board and that there is a diverse talent pipeline for succession; there is a formal, rigorous and transparent procedure for appointments to the Partnership Board; and there is an appropriate programme for induction and training for members of the Partnership Board and its committees.
30. The Partnership Board approves appointments to the Partnership Board, following recommendations by the Nomination Committee, or election by the Council. It approves continuation in office of directors at the end of their term of office.
31. The Partnership Board approves the suspension or termination of service of an executive director of the Partnership Board as an employee of the company.
32. The Partnership Board approves the appointment or removal of the Company Secretary.
33. The Partnership Board determines the independence of non-executive directors in light of their character, judgement and relationships.
34. The Partnership Board authorises conflicts of interest where permitted by the Company's Articles of Association.

Other Matters

35. The Partnership Board approves the appointment, reappointment or removal of the external auditor, following the recommendation of the Audit and Risk Committee.
36. The Partnership Board approves the prosecution, defence or settlement of litigation involving

²¹ Constitution: Rule 57

²² Constitution: Rule 39(xi)

above £10 million or being otherwise material to the interests of the Partnership.

37. Overseen by the Nomination Committee, the Partnership Board undertakes a formal and rigorous annual review of its own performance, that of its committees and individual directors.

Schedule of Delegations

38. All matters not reserved to the Board in the preceding section are delegated to the Chairman and their delegates.

39. The Partnership Board has made the following delegations of matters that were otherwise reserved to it:

Matter	Delegated to	Reference
Authority to issue SIP Shares of £1 each in the capital of the Company to John Lewis Partnership Trust Limited as trustee of the John Lewis Partnership BonusSave Plan.	A Committee of the Board, comprising any two directors	42164, 1 March 2007
Authority to agree the rate of dividend payable by the Company each year on the SIP Shares in accordance with the methodology set out in the Memorandum of Understanding approved by the Board at its meeting on 2nd March 2006.	Executive Director, Finance	42164, 1 March 2007
The power to appoint directors of the John Lewis & Partners Foundation, set out in the Foundation's governing documents.	Chairman	53030, 14 June 2023
Creation and dissolution/liquidation of wholly owned subsidiary companies which are not direct subsidiaries of John Lewis Partnership plc.	The shareholding company(ies)	53030, 14 June 2023
Nomination of directors of subsidiaries within the Group (including joint ventures where the Partnership has the right to make appointments)	Chief Executive, with the agreement of the Executive Director, Finance	53030, 14 June 2023
The appointment (and removal (in circumstances when they do not resign)) of directors of subsidiaries within the Group (including joint ventures where the Partnership has the right to make appointments) may be undertaken in line with the relevant company's Articles.	n/a	53030, 14 June 2023

Matter	Delegated to	Reference
Updates to the Contract & Spending Rules at a level which do not change the Board's reserved authority.	Executive Director, Finance. Board to be informed of material changes.	53030, 14 June 2023