

# John Lewis Partnership plc

## Schedule of Matters Reserved for the Board

<b>1. Strategy and Management</b>	
1.1	Responsibility for the overall management of the Partnership through holding management to account.
1.2	Approval of the Partnership's long term objectives and commercial strategy. This includes the Partnership Strategy, as well as the Partnership's Business Plan and through the Chairman, those of the divisional management boards and Corporate. In approving the strategy, the Board ensures that the right ambitions are set for future business and financial performance (including the happiness of Partners), and that a suitable strategy is established for how those ambitions will be achieved. In approving the business plans, the Board approves, for the Partnership and its constituent parts, the specific financial targets and budgets over a shorter (typically 1 to 5 years) period, and has a duty to ensure that the Partnership will have the human, property, IT and financial capital resources necessary to achieve its objective, whilst having due regard to the safeguarding of its cultural ethic.
1.3	Approval of the annual operating, and capital & investment expenditure budgets, and any material changes to them.
1.4	Oversight of the Partnership's operations ensuring: <ul style="list-style-type: none"><li>• competent and prudent management</li><li>• sound planning</li><li>• an adequate system of internal control and assurance</li><li>• adequate accounting and other records</li><li>• compliance with statutory and regulatory obligations.</li></ul>
1.5	Review of performance in the light of the Partnership's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
1.6	Extension of the Partnership's activities into new types of business concept formats, business models, or geographic areas outside the UK.
1.7	Any decision to cease to operate all or any material part of the Partnership's business, including a branch or department employing 12 or more Partners.
<b>2. Structure and capital</b>	
2.1	Approval of the Partnership's financial strategy.
2.2	Changes relating to the Partnership's capital structure including reduction of capital, share issues (for example under BonusSave) and share buy backs.
2.2	Major changes to the Partnership's corporate structure.
2.3	Changes to the Partnership's management and control structure.
2.4	Any changes to the company's listing or its status as a plc.
<b>3. Financial reporting and controls</b>	
3.1 *	Approval of the half-yearly report,
3.2 *	Approval of the annual report and accounts, (including the business review and corporate governance statement).
3.3	Approval of the policy relating to the retention/distribution of profits.
3.4	Approval of the amount of the Partnership's annual profits to be retained/distributed in the form of Partnership Bonus.
3.5	Approval of any significant changes in accounting policies or practices.
3.6	Approval of treasury and tax policies including all hedging obligations

3.7	Review through the Audit and Risk Committee
<b>4. Internal controls</b>	
4.1	<p>Ensuring maintenance of a sound system of internal control and risk management including:</p> <ul style="list-style-type: none"> <li>• approval of the Partnership's risk management policy</li> <li>• monitoring significant risks and their management</li> <li>• receiving reports on, and reviewing the effectiveness of, the Partnership's risk and control processes to support its strategy and objectives</li> <li>• undertaking an annual assessment of these processes</li> <li>• approving an appropriate statement for inclusion in the annual report.</li> </ul>
<b>5. Contracts, Commitments, Investment and Divestment</b>	
5.1	Approval of major commitments, investment and divestment, as specified in the Partnership's Delegated Spending Authorities (tbc)
5.2	Contracts that are material either strategically or by reason of size or risk, entered into by the company (or any subsidiary) in the ordinary course of business — for example, bank borrowings and acquisitions or disposals of fixed assets.
5.3	Contracts of the company (or any subsidiary) not in the ordinary course of business — for example, loans and repayments; foreign currency transactions; major acquisitions or disposals.
5.4	Major investments, including the acquisition or disposal of interests in the voting shares of any company or the making of any takeover offer.
5.5	Approval of the Partnership Contract and Spending Rules.
<b>6. Communication</b>	
6.1	Approval of resolutions and corresponding documentation to be put to shareholders at a general meeting.
6.2	Approval of press releases and communications to the Partnership Council concerning matters decided by the board.
6.3	Approval of statements for release to the Stock Exchange and to interested third parties
<b>7. Board membership and other appointments</b> (subject to the constitutional authority of the Chairman and the Partnership Council)	
7.1	Changes to the structure, size and composition of the board, following recommendations from the Chairman's Nomination Committee.
7.2	Ensuring adequate succession planning for the board and senior management.
7.3	If appropriate, appointments to the board, following recommendations by the Chairman's Nomination Committee, or election by the Council.
7.4	Membership and chairmanship of board and executive committees.
7.5	Continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the company, subject to the law and their service contract.
7.6	Appointment or removal of the company secretary.
7.7	Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the audit committee.

<b>8.</b>	<b>Remuneration</b>
8.1	Determining the remuneration policy for the directors, company secretary and other senior executives.
8.2	Determining the remuneration of the Chairman and also the non-executive directors, subject to the Partnership's Constitution and the articles of association as appropriate.
8.3	The introduction of new share incentive plans or major changes to existing plans.
<b>9.</b>	<b>Delegation of authority</b>
9.1	As the Board is legally responsible for the success of the Partnership, it chooses to delegate that responsibility to the Chairman, which re-inforces his Constitutional responsibility.
9.2	Approval of terms of reference of board committees.
9.3	Receiving reports from board committees on their activities.
<b>10.</b>	<b>Corporate governance matters</b>
10.1	Undertaking a formal and rigorous review (annually) of its own performance, that of its committees and individual directors.
10.2	Considering the balance of interests among stakeholders, including Partners, customers, suppliers and the community.
10.3	Review of the Partnership's overall corporate governance arrangements, including the responsibility of all directors to report to the Board any matters which they consider should be drawn to the Board's attention.
<b>11.</b>	<b>Policies</b>
11.1	Periodic approval and monitoring of group policies, including: <ul style="list-style-type: none"> <li>• Accounting</li> <li>• Tax and treasury</li> <li>• Financing</li> <li>• Health and Safety policy</li> <li>• Corporate Social Responsibility policy</li> <li>• Communications policy (including procedures for the release of information in accordance with the Partnership's disclosure obligations)</li> <li>• Corporate responsibility policy (including reputational, social, &amp; economic responsibility)</li> <li>• Risk</li> <li>• Fraud</li> <li>• Whistleblowing</li> <li>• Partner</li> <li>• Charitable donations policy</li> <li>• Corporate Governance</li> </ul>
<b>12.</b>	<b>Other</b>
12.1	Board should expect to receive reports to enable it to monitor the outturn or effect of its policies and decisions.
12.2	The making of political donations.
12.3*	Approval of the appointment of the Partnership's principal professional advisers.
12.4	Prosecution, defence or settlement of litigation involving above £10 million or being otherwise material to the interests of the Partnership.

12.5	Approval of the overall levels of insurance for the Partnership including directors' and officers' liability insurance and indemnification of directors.
12.6	Major changes to the rules of the Partnership's pension scheme, changes of trustees or changes in the fund management arrangements where this is subject to the approval of the company.
12.7	This schedule of matters reserved for Board decisions.

In addition, the board will receive reports and recommendations from time to time on any matter which it considers significant to the Partnership.

Notes:

\* These items are often delegated to a committee, whether a standing committee such as the Audit, Remuneration or Nominations Committee, or to ad hoc committees set up solely to deal with specific matters. In some cases, delegating authority to a committee allows time for any changes requested at the board meeting to be incorporated into the final document before publication.

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