

C & J CLARK PENSION FUND (THE 'FUND'): PROPOSALS FOR PENSION CHANGE

As you may remember, we undertook a review of Plan 35 (a section within the Fund) in 2011 which resulted in increases to employees' contributions. The aim of that review was to manage the cost to Clarks associated with the build-up of new benefits in Plan 35. Since then, the costs and risks of our pension schemes have continued to escalate to a point now where, unfortunately, we have come to the provisional conclusion that the current arrangements are unsustainable.

This has caused us to undertake a further review of all of our pension arrangements, as a result of which we are proposing to make some changes to those arrangements. We have shared details of the changes we are proposing with the pension schemes' trustees and with trade union representatives.

Clarks continues to want to provide everybody with an opportunity to build up a good level of savings for either retirement or other future needs. We want to give all our employees access to a pension scheme that is affordable for both you and the company and flexible enough to meet the needs of each individual.

This pack tells you about some important changes that we are proposing to make to our pension arrangements in order that we can continue to provide a good level of future pension saving for everybody. It includes personal information about your pension, so please keep it safe.

This communication marks the start of a formal 60-day consultation with employees, giving you time to consider the proposals and comment on them. The consultation period ends on 15 March 2018. The consultation is your opportunity to provide feedback on our proposals and we encourage you to ask questions and share feedback with us so that this can be considered in our final review of the proposed changes.

In brief, the company's proposals are to:

- Close all our existing pension schemes to the future accrual of benefits on 31 July 2018. This means you would become a deferred member of Plan 35 and your pension up to the accrual closure date would be preserved in the Fund and would be available to you at retirement. It would be based on your Pensionable Service and Final Pensionable Pay as at 31 July 2018. Other benefits provided in Plan 35, like death and early retirement benefits, would still be provided but may be different, as explained in more detail in the enclosed booklet and Questions and Answers sheet.
- Launch a new defined contribution pension plan, with generous matching company contributions and full flexibility at retirement, which would be open to all our employees. Under our proposals, you would become a member of the proposed Clarks Flexible Savings Plan from 1 August 2018.
- Provide you, as a member of Plan 35, with some additional enhancements to help you transition to the proposed Clarks Flexible Savings Plan.
- Make available more flexible options to all our employees to build up savings and take benefits in a way that works best for them.
- Increase your death-in-service lump sum benefit to 8 x Basic Pay, if you join the Clarks Flexible Savings Plan.

We are proposing to make these changes to Plan 35 by asking for your agreement to them (which would include you agreeing to opt out of Plan 35). It's important to us that you understand these proposals, the reasons why we believe we need to change what we currently provide and the effect the proposed changes would have on your own pension from Clarks. The enclosed booklet and Questions & Answers sheet set all of the above out in detail. This pack also includes a personal illustration that shows you how the proposals could affect your pension.

For this consultation, we have also set up a dedicated section of our pensions website www.clarkspensionsconsultation.co.uk. This site will include copies of all the information about our proposals. We will update the website regularly throughout the consultation period.

If you have any questions that are not covered in the Q&A sheet, in the first instance you can email them to pensionshelpdesk@Clarks.com. If you don't have access to email or would prefer to speak to somebody, you can call our dedicated helpline on 01458 842664.

We have also arranged seminars and drop-in sessions for employees in our Distribution Centres and HQ and videos for our colleagues in stores, so that you can understand the proposals in more detail. People in our Distribution Centres will be allocated an appropriate session time during a shift in the next week. Dates and times of the seminars in HQ are available on the pensions consultation website: www.clarkspensionsconsultation.co.uk.

It's really important that you understand these proposed changes, so please read this pack and raise any questions or comments using the options outlined above.

At the end of consultation, we will consider all the feedback received before making any final decisions. We understand that your pension is important, and our proposals are aimed at ensuring it remains affordable for the company and a valuable, sustainable benefit for all our employees in the long term.

Yours sincerely



Geoff McKenzie
Director of Global Pensions