

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

**You are currently a contributing member of the Plan 18 section of the C & J Clark Pension Fund (the 'Fund'). This is just one of the pension schemes we run at Clarks. You may also be aware of Plan 35, which is the defined benefit section of the same Fund (also closed to new members), and the Clarks Flexible Pension Scheme (like the Fund, this Scheme has defined benefit and defined contribution sections).**

We periodically review our pension schemes to ensure that they continue to meet the needs of our employees and Clarks. The last review was in 2011 and was primarily focussed on managing the cost to Clarks associated with the build-up of new benefits in Plan 35. As a member of Plan 18, that review did not affect you.

Since then, the costs and risks of Plan 35 and the defined benefit section of the Flexible Scheme have continued to escalate to a point now where we have come to the provisional conclusion that the current arrangements are unsustainable. As well as cost though, the pensions market has changed over the last few years and particularly the new flexibilities available when taking benefits at retirement. This has caused us to undertake a further review of all our pension arrangements, as a result of which we are proposing to make some changes. We have shared details of the changes we are proposing with the pension schemes' trustees and with trade union representatives.

**As a current member of Plan 18, the proposed changes would result in higher contributions to your pension from Clarks and more choice for you.**

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.

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 it can be considered in our final decision for 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 the Plan 18 Section of the C & J Clark Pension Fund. Your pension account up to closure date would be unaffected.
- Launch a new defined contribution pension plan, with generous 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 on 1 August 2018.  
**Under the proposed Clarks Flexible Savings Plan, you would be able to get higher contributions from the company than are currently available under Plan 18.**
- 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. There would be other changes to the Plan 18 benefits that would be payable if you were to die in service. Full details of those changes are noted in the enclosed booklet and Questions & Answers (Q&A) sheet.

We are proposing to make these changes to Plan 18 by asking for your agreement to them (which would include you agreeing to opt out of Plan 18). Further detail on how the changes would be implemented if they go ahead is noted in the enclosed Q&A sheet.

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 sets this out in detail, and this pack also includes some examples that show how the proposals might affect a typical member. We have also set up a dedicated section of our pensions website ([www.clarkspensionsconsultation.co.uk](http://www.clarkspensionsconsultation.co.uk)) for this consultation. This site will include copies of all the information about our proposals. We will update the website regularly throughout the consultation period.

As mentioned above, we have provided a Q&A sheet as part of this pack but if you have any further questions (or you wish to make any representations), in the first instance you can email them to [pensionshelpdesk@Clarks.com](mailto: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 and on long-term leave 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](http://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 above.

This pension consultation provides an opportunity for us to outline to you our proposals to put in place a new pension arrangement for all our employees that is modern, flexible and provides access to higher contributions for most employees. It's important that we get it right so please let us know if you have any feedback on the proposals. At the end of consultation, we will consider all the feedback before making any final decisions.

Yours sincerely



Geoff McKenzie  
Director of Global Pensions