

ARCADIA GROUP PENSION SCHEME
ARCADIA GROUP SENIOR EXECUTIVES PENSION SCHEME
6TH FLOOR, COLEGRAVE HOUSE, 70 BERNERS STREET, LONDON, W1T 3NL

December 2020

**IMPORTANT NOTICE and INFORMATION ABOUT YOUR PENSION
TO MEMBERS OF THE
ARCADIA GROUP PENSION SCHEME and
ARCADIA GROUP SENIOR EXECUTIVES PENSION SCHEME (the Schemes)**

You may already have heard about the insolvency of Arcadia Group Limited (Arcadia) on 30 November 2020. Arcadia was the sponsoring employer for the above Schemes. The Trustees appreciate this is an extremely unsettling time and that you may be concerned about your pension benefits.

We want to immediately reassure you that if you are currently receiving a pension from the Schemes, payment will continue as at present and there is nothing you need to do at this time. Additionally, the assets of the Schemes are held separately from those of the Company and are, therefore, secure.

The purpose of this letter is to set out briefly what happens now, what this means for you and who to contact for more information.

What happens now?

Because Arcadia, the Schemes' sponsoring employer, has gone into Administration, the Schemes are now expected to enter a Pension Protection Fund (PPF) assessment period.

The PPF acts as a safety net for members of defined benefit pension schemes, like ours, in the event that their sponsoring employer becomes insolvent, and it protects members if their scheme is unable to pay benefits at least equal to PPF compensation levels.

The first step is that each Scheme's eligibility to enter PPF assessment will now be checked. We fully expect the PPF to confirm that both Schemes are eligible to enter PPF assessment. This is often done within a month, but can sometimes take longer, depending on the complexity of the scheme. Once the PPF has confirmed each Scheme's eligibility, we will write to you again and provide more detail about the amount of compensation that the PPF pays.

The purpose of the PPF assessment period is to determine each Scheme's funding position. This is a complex process and can, on average, take between 18 and 24 months to complete. During this time, the Trustees will remain responsible for managing the Schemes, paying benefits to members and communicating with you. At the end of the assessment period:

- if the Scheme(s) is sufficiently well funded, the Trustees will secure benefits for members at the same or better than PPF compensation levels; or
- if the Scheme(s) is under-funded, the Scheme(s) will transfer to the PPF and members will receive PPF compensation.

Either way you will, as a minimum, receive benefits that are of equal value to PPF compensation.

What does this mean for you?

Once the Schemes have formally entered the PPF assessment period, the Trustees need to ensure members' benefits are paid at PPF compensation levels. More information on what this means for you will follow in due course.

In the meantime, the Trustees can reassure you that if you reached your Scheme's normal pension age before 30 November 2020 and are currently drawing a pension, your payments will continue and are not expected to reduce from their current level. This is also the case if you retired on the grounds of ill health or if you are receiving a spouse's or dependant's pension.

ARCADIA GROUP PENSION SCHEME
ARCADIA GROUP SENIOR EXECUTIVES PENSION SCHEME
6TH FLOOR, COLEGRAVE HOUSE, 70 BERNERS STREET, LONDON, W1T 3NL

However, if you had not reached your Scheme's normal pension age before 30 November 2020, including if you retired early, then your pension payments will be reduced to broadly 90% of your current pension.

I must also advise that the Schemes cannot pay the annual pension increases that were expected to be paid to Arcadia Group Pension Scheme members in January 2021 or to Arcadia Group Senior Executives Pension Scheme members in April 2021.

Future pension increases must be paid on PPF terms, which means your next pension increase will be paid from 1 January 2022. Only the pension in respect of your service after April 1997 will be increased and the rate of increase will be different to what the Schemes would have provided.

If changes need to be made to your benefit in future, as a result of the Schemes entering PPF assessment, we will write to you to explain the adjustment and when this will take place, so you know in advance.

We will also write to you again when we have had formal confirmation that the Schemes have entered PPF assessment, so that we can provide you with information about the PPF and its compensation levels. In the meantime, you can find out more about the PPF at www.ppf.co.uk.

Who to contact for more information

For any general enquiries or concerns about the Schemes or if you need to tell us about a change in your personal circumstances, contact the Arcadia Pensions Department at:

The Quorum
6th Floor, Bond Street South
BRISTOL BS1 3AE

Telephone 0117 942 0080
Email: pensions_helpline@arcadiagroup.co.uk
Website: www.arcadiapensions.co.uk

It would also be helpful if you would provide an e-mail address that we can use in future; please do so by emailing your details to the Pensions Helpline e-mail address above.

For specific questions related to the PPF and the impact on benefits of being in PPF assessment, a support helpline is being provided by Barnett Waddingham - on 0345 646 0061.

Lines are open from Monday to Friday between 9am and 5pm, with voicemail operating outside of these times. Calls to this number are charged at a local rate.

The Trustees recognise this is a difficult time and that you may be concerned about your benefits. The contents of this letter will, hopefully, provide you with some comfort and we will issue further updates, in print and via the Pensions website, as the situation develops. The Trustees also assure you that they will continue to work on your behalf to secure the best possible outcome for you.

With good wishes

Alda Andreotti
Chair of the Trustees of the Arcadia Group Pension Scheme and
the Arcadia Group Senior Executives Pension Scheme