

CHAIR'S ANNUAL STATEMENT
The Benfield Motor Group Pension Plan ("the Plan")
December 2017

Introduction

In March 2015 the Department of Work and Pensions (DWP) set out new rules for the governance of Defined Contribution (DC) pension Plans. From 6 April 2015, the Trustee of each Plan will have to produce an annual report, signed by their Chair, setting out a number of prescribed matters.

The Plan was set up on 1 September 2012. This is its December 2017 annual report.

The Plan operates under a Trust Deed and Rules dated 20 September 2012 and provides both Defined Contribution (DC) and Final Salary (FS) benefits. This Statement is in respect of the DC section only.

Following consultation, the DC section of the Plan was closed to new entrants on 31st December 2016 and employed members became members of the Lookers Retirement Plan, which is a Group Personal Pension, from 1st January 2017. Simultaneously, members were given the choice of transferring their accrued Plan entitlements to the Lookers Retirement Plan or to another suitable pensions arrangement.

The Trustee is in the final stages of processing these transfers. Upon completion of these transfers being made, the Trustee will be looking to wind up the DC section of the Plan.

The Plan has historically accepted Additional Voluntary Contributions (AVCs). For the FS section, these have been invested with Friends Life (formerly AXA Sun Life). For the DC section, these have been invested in the same manner as the DC section. This Statement does extend to AVCs.

What do you need to do next?

This report is for noting. You do not need to take any action.

If you have any questions or require any further information you should contact the Plan Administrator: Mrs Jacqui Magee, Senior Administrator at Deloitte Total Reward and Benefits Limited, 19 Bedford Street, Belfast, BT2 7EJ (jamagee@deloitte.co.uk).

The default investment strategy

The investment options available are funds managed by Legal & General Investment Management (LGIM) as follows:

1. Global Equity Market Weights (50:50) Index Fund
2. UK Smaller Companies Index Fund
3. Ethical UK Equity Index Fund
4. Ethical Global Equity Index Fund
5. World Emerging Markets Equity Index Fund
6. Over 15 Year Gilts Index Fund
7. 0 to 5 Year Gilts Index Fund
8. AAA-AA Fixed Interest All Stocks Targeted Duration Fund
9. Overseas Bond Index Fund
10. Cash Fund

For members who did not wish to self select from the above options, their choice defaulted to the Global Equity Market Weights (50:50) Index Fund.

AVCs in respect of the FS section are held with Friends Life (formerly AXA Sun Life).

When selecting these funds, the Trustee considered these investment options to be appropriate investments for the members of the Plan. In deciding to use these funds, the Trustee sought advice from their professional advisers as to the products' suitability.

In last years statement the Trustee reported that the Statement of Investment Principles (SIP) would be reviewed in 2016 as part of the overall investment strategy review. However, following the closure of the DC section of the Plan and subsequent transfers of members' accrued entitlements, the planned 2016 review of the SIP was not deemed necessary. A review was undertaken for the FS section of the Plan. As an appendix to this statement the 2012 SIP for the DC section is attached to this statement.

Core financial transactions

During the year the Trustee ensured the core financial transactions of the Plan were processed promptly and accurately by:

- Having an agreement with their service provider committing them to defined service level agreements ("SLAs"),
- Having the service provider regularly report on their performance against the SLAs above, and
- Having the Plan auditor independently test a sample of financial transactions for accuracy and timeliness as part of the annual audit process.

The core financial transactions include:

- The investment of contributions to the Plan,
- The transfer of assets relating to members into and out of the Plan,
- The transfer of assets relating to members between different investments within the Plan, and
- Payments from the Plan to, or in respect of, members.

The Trustee is satisfied that the core financial transactions have been processed promptly and accurately.

Charges and transaction costs

The fees payable to LGIM are 0.5% of the asset value which consists of an annual management charge imposed on the member of 0.1% plus an overall fee of 0.4% administrative fees.

LGIM have provided details of the transaction costs for each of the funds and the maximum cost incurred was 0.05%. The total charges are, therefore, no more that 0.55% of the asset value.

Good Value

The Trustee is required to undertake a Value for Money assessment for the Plan. For a pension scheme to offer good value for money, the Trustee expects to see certain qualities that are in line with the costs being charged.

The Trustee notes that the broader administrative costs of the Plan are met via the FS section thereby keeping the administrative costs of the DC section at a very minimal level. In addition, the costs charged are well under the industry maximum. Therefore, The Trustee believes the Plan represents good value.

As previously mentioned the Trustee is in the final stages of transferring the current accrued entitlements from the DC section of the Plan to the Lookers Retirement Plan which is a Group Personal Pension (GPP).

Knowledge and understanding of the Trustee

The Trustee is Benfield Pension Trustees Limited. The Directors of the Trustee Company are aware of and work through the Pension Regulator's Trustee Toolkit and receive additional training as necessary. One of the Directors is PTL Governance Ltd (PTL) which is a professional trustee company. PTL is a specialist provider of independent governance services, primarily to UK pension arrangements.

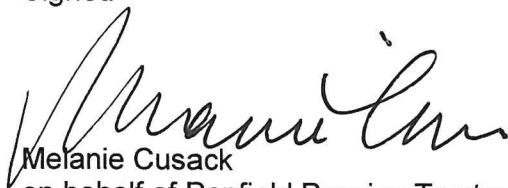
PTL is represented by Melanie Cusack. Melanie is qualified actuary and has completed the Pensions Regulator's Trustee Toolkit. She has also complied with the continuing professional development requirements of her professional body, the Institute and Faculty of Actuaries.

Deloitte Total Reward and Benefits Limited provide professional advice to the Trustee and support them in reviewing the performance of the Plan and in governing the Plan in line with the Trust Deed and Rules. They attend every Trustee meeting to ensure the Trustee act in accordance with the Plan's governing documents and prevailing legislation. When necessary, the Trustee has sought advice from the Plan's legal adviser.

The Trustee believes that, through its own training and the appointment of high quality advisers, it has met the correct level of knowledge and understanding to properly exercise its function as Trustee.

This statement has been prepared in accordance with Regulation 23 of the Occupational Pensions Schemes (Schemes Administration) Regulations 1996.

Signed

A handwritten signature in black ink, appearing to read 'Melanie Cusack', written over a light blue horizontal line.

Melanie Cusack
on behalf of Benfield Pension Trustees Limited