



BRUSH GROUP (2013) PENSION SCHEME

Aon
Colmore Gate, 2 Colmore Row, Birmingham B3 2QD Telephone: 0345 268 8475 Fax: 0121 262 5099
E-Mail: brushpensions@aonhewitt.com

February 2019

Dear Member

Trustee Board vacancies – Nominations

We are writing to you seeking nominations for the position of a Member Nominated Director for the Brush Group (2013) Pension Scheme ('the Scheme'). There is currently one position to be filled.

The board of Brush Scheme Trustees Limited, as Trustee of the Scheme, is responsible for all aspects of the running of the Scheme on behalf of everyone due benefits from it. Brush Scheme Trustees Limited is set up as a company with a number of directors appointed to the board.

The board comprises seven individual Trustee Directors. Three of these are nominated by the Scheme membership – these are known as Member Nominated Directors, or MNDs. The remainder are nominated by Brush Electrical Machines Limited ("the Employer"). The current Trustee Directors are:-

Andy McKinnon – Employer nominated Trustee and Independent Trustee
Edward Rutter - Employer nominated Trustee and Independent Trustee
Ben Hewitson - Employer nominated Trustee
Garry Barnes - Employer nominated Trustee
Glendon Dallard – MND
Gary Peters – MND
Andrew Pidgeon - MND

We confirm that Glendon Dallard's term of office is due to expire 31 March 2019 leaving a vacancy on the Trustee Board of the Scheme. Glendon Dallard has confirmed his willingness to continue as a MND. If you, as a Scheme member, would be happy for Glendon Dallard to be re-appointed as a MND, then you need take no action further to this announcement. If, however, you are interested in finding out more about becoming an MND, please read on for further details.

The role of a Trustee Director can be challenging and does carry important responsibilities. To help you understand the role please read the attached short booklet entitled "**Being a Trustee**".

Specific details about the role and the terms of office are enclosed in the attached "**MND Policy**".

If, having read the enclosures, you wish to put yourself forward for the position, please complete the attached "**Application Form**" and return it as instructed to the address below by **Friday, 29 March 2019**.

If you feel that you would like to become an MND but you want to understand a bit more about what the role entails before confirming your nomination, then one of the existing Trustee Directors or their advisers will be happy to talk to you. If you would like to talk to one of them, please use the contact details set out in this letter and we will give you a call back.

Yours sincerely

Ian Emery
On behalf of the Scheme

c/o Aon
Colmore Gate
2-6 Colmore Row
Birmingham
B3 2QD
Tel. 0121 262 5057
Email. ian.emery@aon.com



Being a Trustee....

Your scheme needs you! Could you become a Trustee?

Your Pension Scheme ("the Scheme") is looking for members to become Member Nominated Directors ("MNDs").

Being an MND is challenging but rewarding role; if you are interested in this role please read the enclosed information, fill in the attached form and return it as per the instructions shown.

What is a Trustee?

Most occupational pension schemes in the UK, including this one, are set up as trusts. The Trust framework provides security for the members' benefits by ensuring the assets of the pension Scheme are kept separate from those of the employer. It also means the Scheme can take advantage of certain tax allowances.

Under the Pensions Act 2004 (supported by the subsequent code of practice issued by the Pensions Regulator in November 2006), trustees are required to make arrangements for at least one third of the board of a trustee company to be member-nominated.

What is an MND?

Since April 1997 most pension schemes have been legally required to allow their members to have a say in selecting and appointing some of their scheme's trustees.

MNDs are trustees who are periodically nominated by the membership as distinct from those trustees who are nominated by the sponsoring employer.

Having MNDs has a number of advantages; it increases safeguards to the security of the Scheme and ensures greater transparency. It improves communication between members and the trustee board and promotes greater understanding of the Scheme.

All trustees (MND or employer appointed) have the same voting powers, functions and responsibilities on the board.

Do MNDs have to be pensions experts?

No, you do not need to be a pensions expert or have any prior experience to become an MND. However, you will need to understand your scheme and the basic principles of the statutory framework within which it operates, and have a full understanding of the issues on which you make any decisions. To help you with this you'll receive comprehensive training and on the job guidance during your term of office.

What duties are MNDs expected to perform?

The main duties and responsibilities of an MND are:

- to see that all members receive the benefits to which they are entitled on a timely basis;
- to ensure that the assets of the Scheme are prudently invested and held securely, separately from those of the employer;
- to appoint professional advisers to help with the running of the Scheme;
- to ensure that the Scheme complies with all Trust, regulatory and statutory requirements;
- to monitor the security of members' benefits;
- to check that the correct amount of money is received by the Scheme and that proper records are kept, showing what happens to it from year to year;
- to make discretionary decisions in certain situations;
- to ensure that members know about the benefits they are entitled to and understand how the Scheme is run, through regular and timely communications;
- to have sufficient knowledge and understanding of trust law, funding principles and investment principles to carry out their duties; and
- to be familiar with key Scheme documents, such as the Trust Deed and Rules.

Fair representation

Each MND must separate his or her duties and responsibilities as an MND from their other roles (eg as a member of the Scheme).

All types of member (for example deferred, pensioner) must be treated fairly. It is not the role of an MND to represent the interests of any particular group or individual, such as the employer, a trade union or a particular group of members.

How much time is involved?

The Scheme's MND Policy, attached, sets out the approximate number of meetings per year. From time to time additional meetings or conference calls are also necessary. A significant amount of reading is often necessary to prepare for meetings and time also needs to be set aside for travel and training.

A nominal fee is paid to MNDs with the exception of Brush employees. All reasonable expenses will also be reimbursed. MNDs who are working at the employer will be allowed time off work to attend meetings, and to ensure they play an effective role.

How long does a Member-Nominated Director serve?

The term of appointment is normally between three and five years. The Scheme's Policy states how long this term will last. At the end of the term, applications from members will be sought again.

Trustee knowledge and understanding

MNDs are at the heart of the decision-making process and make an important contribution to the success of the Scheme. They need to know about the Scheme and understand the basic principles of the statutory framework within which it operates.

Comprehensive training is provided to new MNDs when they join and during their term of office. The Pensions Regulator's website has a useful "Trustees' Toolkit" which is required learning for newly appointed trustees to the board. They are also well supported by their fellow trustees and specialist advisers including actuaries, lawyers, investment consultants and investment managers.

Ongoing training

Pensions is a complex area and the 2004 Pensions Act is very clear about Trustee knowledge requirements. MNDs are given the opportunity to attend seminars and courses to help them extend their knowledge and keep up with developments in the pensions industry. MNDs are expected to assess their abilities from time to time and to keep a record of any training received.

They are also encouraged to ask questions of their fellow trustees and professional advisers should they not understand something. Formal training should be supplemented by reading and going to events such as briefings organised by the Scheme's professional advisers.

The Trust Deed and Rules

The Scheme is governed by a Trust Deed and Rules. A fundamental duty of an MND is to administer the Scheme in line with these rules.

Newly appointed MNDs should read the Members' Booklets and be familiar with the Trust Deed and Rules as soon as possible. The Scheme's advisers are on hand to give guidance through any difficult legal language encountered in the Trust Deed and Rules.

A big responsibility

MNDs can be held personally liable for any loss which they cause the Scheme as a result of a 'breach of trust'. They can be held liable for actions taken while they were a MND even after they have stepped down from the role. A 'breach of trust' happens when:

- you carry out an act as an MND which you are not authorised to under the Trust Deed and Rules – unless agreed by the court or directed by the Pensions Regulator,
- you fail to do something you should have done under the Trust Deed and Rules, and/or
- you do not perform one or more of the duties you have under the trust law or pensions legislation.

MNDs may be in breach of trust unintentionally because of an administrative error or a breach may be caused through negligence or through fraudulent or dishonest behaviour. That is why it is important to have procedures in place for checking that those involved in running the Scheme are doing their jobs properly.

The Scheme is well run with support provided by a range of skilled advisers. Given this level of support and advice, the possibility of MNDs incurring penalties is very remote. Trustees are often insured against personal liability by the employer. The attached MND Policy confirms whether such insurance is in place. This insurance does not, however, cover wilful neglect, criminal conduct or fraud.

Investment decisions

It is particularly important that MNDs act in a prudent way when investing the Scheme's funds. The members of the Scheme place their trust in the MNDs to look after the financial assets that will provide their pensions and other benefits.

MNDs should act conscientiously and honestly, and should be aware of the basic requirements of relevant financial legislation such as the Financial Services Act.

Day to day investment decisions are delegated by the MNDs to specialist advisers who operate within guidelines laid down in the Statement of Investment Principles. This is a formal document, setting out the Scheme's investment needs and responsibilities. Investment decisions are made by the professional investment manager, but the MNDs are still responsible for the overall investment strategy, monitoring progress and making sure the manager is a suitable person to carry out the task effectively.

MNDs must consider:

- the need to have a spread of investments to minimise risk,

- the suitability of investments to the needs of the Scheme, both now and in the future, and
- the need to get appropriate professional advice before taking decisions.

As a general rule, MNDs will not be held accountable for mistakes made by the investment manager as long as they have made sure that the manager:

- is authorised under the Financial Services and Markets Act 2000,
- has the appropriate knowledge and experience for managing investments, and
- carries out work in line with the agreed Statement of Investment Principles.

Discretionary powers

MNDs may be required to make decisions affecting benefits which are discretionary. For example, they may decide:

- who will receive a dependant's pension, and/or
- who will receive lump sum death benefits.

In taking these decisions, it is the responsibility of the MNDs to ask for and consider all the relevant information to help them make a fair decision.

Working with the Employer

The MNDs have a good working relationship with the employer. As part of their role, the MNDs ensure they are kept informed about the employer's plan for organising the Scheme, including changes to the Scheme rules and any proposals which might affect Scheme members.

A rewarding role

Individual trustees bring different personal qualities and experience to the role, contributing to the work of the trustee board in their own way. They all have one thing in common: a desire to see that the Scheme is well run and to ensure that members' interests are protected.

This is a highly responsible role which can be taken on by anyone who is dedicated to looking after the interests of Scheme members and who is willing and able to learn what is necessary to discharge the responsibilities of the role.

Who can't be a Trustee?

The attached MND Policy details the specific criteria that you will need to meet in order to be eligible to become a Trustee for your Scheme. In addition there are a number of general criteria which you need to meet to be a trustee of any scheme, so you won't be able to be a Trustee if any of the following apply:-

- If you are under 18 years of age
- You are an undischarged bankrupt;
- You have been subject to a disqualification order under the Company Directors Disqualification Act or Insolvency Act.

Can MNDs be removed from office?

MNDs can only be removed from office if:-

- All the other Trustee Directors agree to the removal;

- They cease to meet the Scheme specific criteria showing in the attached MND Policy or the general criteria (detailed in the “Who can’t be a Trustee?” section above).

How do I apply?

If you wish to apply, complete the attached application form and return it as instructed.

The Brush Group (2013) Pension Scheme (“the Scheme”)

Member Nominated Director (“MND”) Policy

Issue	Policy
How many Trustees will there be in total, and how many will be MNDs?	There will be seven Trustees in total. Three of these will be MNDs We are currently seeking nominations for one of these MND positions.
Who is eligible to be an MND for this Scheme?	All deferred or pensioner members are eligible (“Eligible Members”). Non-members can also be candidates provided the Employer consents to such non-member standing as a candidate. You must be able to travel to training and Trustees’ Meetings. You must meet the general criteria shown in the MND Booklet and Application Form . A nominal fee is paid to MNDs with the exception of Brush employees. All reasonable expenses will also be reimbursed.
Are there any Scheme specific rules which determine the number of active, deferred or pensioner members?	No.
Will any relevant representative organisations be consulted?	No. Unions or other organisations will not be consulted.
How long will the term of office last?	3 years from date of appointment (until 31 March 2022).
What is the nomination process for MNDs for this Scheme?	All Eligible Members of the Scheme will be invited to stand. Members can nominate themselves but any nomination must be supported by another eligible Scheme member. The nominee must submit an Application Form and this must be completed in line with the instructions.
What is the Trustee board’s agreed process for filling this vacancy?	Glendon Dallard has confirmed his willingness to continue as a MND of the Scheme. If no other candidate is nominated, Glendon Dallard will be deemed selected and will be appointed as a MND.
What is the selection process for MNDs?	All valid nominations will qualify and if there are other candidates nominated in addition to Glendon Dallard, then a selection panel will meet to select and appoint the new MND. If there are fewer valid nominations than vacancies, the nominations that have been received will automatically be appointed.

	Eligible Members will be reminded of any vacancies from time to time.
How will the method for the nomination and selection processes be communicated?	The request for nominations will be posted to all eligible Scheme members. The name of the successful candidate will be announced to members following the conclusion of the selection process via the Brush website.
What happens if an MND resigns or ceases to be eligible?	If an MND resigns (or is removed, or ceases to be an Eligible Member) their appointment will cease and the nomination process for a replacement MND will begin within a reasonable time period, usually within 6 months. If there is less than a year to go until the term of office ends, the position will be left vacant until the end of the term.
What if we do not get enough MNDs nominated?	Any vacancy will remain open and repeated at reasonable intervals until the vacancy is filled.
Can MNDs be re-elected to serve another term?	Yes, but they must be complete a valid nomination form as part of the normal process outlined above.
Can this MND policy statement be reviewed?	This policy will be reviewed from time to time to ensure it remains appropriate for the needs of the Scheme.
Approximately how many meetings are held per year and where?	There are typically three meetings per year, normally held in April, September and December. Meetings are normally held in Birmingham.
Is Trustee Liability Insurance currently in place?	Yes.
Date	December 2018

Application Form

Application for the position of Member Nominated Director of
the Brush Group (2013) Pension Scheme (“the Scheme”).

Full Name:

Home Address:

Post Code:

Membership status: pensioner/deferred ** member (** delete as appropriate)

Reason for your interest (Please explain in no more than 250 words, why you wish to be considered for appointment as a Member Nominated Director)

Previous Pensions experience (Please give details in no more than 250 words, of any experience, knowledge or interest in pensions and related matters which you possess)

Other relevant experience (Do you have experience outside work which you feel would assist you in undertaking the responsibilities of a Member Nominated Director? If so, give full details including membership of any social or community organisation. Please restrict your response to 250 words)

I confirm that I wish to apply to become a Member Nominated Director of the Scheme. By signing this form I am confirming that I am not ineligible to become a trustee for any of the reasons shown overleaf and in the Booklet.

Name:

Signature:

To be considered for the post of Member Nominated Director, you must obtain the support of one other member of the Scheme. As evidence of their support, please ask them to print their name and sign in the space below.

I support 's application to become a Member Nominated Director of the Scheme. I am a pensioner/deferred** member of the Scheme.
(* ** delete as appropriate)

Name:

Signature:

What to do next?

Please complete the form and send it, to arrive no later than **Friday, 29 March 2019**, to **Ian Emery at Brush Group (2013) Pension Scheme, c/o Aon, Colmore Gate, 2-6 Colmore Row, Birmingham, B3 2QD.**

If you need more space to complete this form please use a separate sheet of paper.

How do I know if I am ineligible to become a Trustee?

The attached MND Policy details the specific criteria that you will need to meet in order to be eligible to become a Trustee for your Scheme. In addition there are a number of general criteria which you need to meet to be a trustee of any scheme, so you won't be able to be a Trustee if any of the following apply:-

- You are under 18 years of age
- You are an undischarged bankrupt;
- You have been subject to a disqualification order under the Company Directors Disqualification Act or Insolvency Act.

If you are unsure please contact the Trustee Directors at the address shown on the covering letter.