

BRUSH GROUP (2013) PENSION SCHEME ("THE SCHEME") RECOVERY PLAN

Introduction

This recovery plan has been prepared by the Brush Scheme Trustees Limited ("the Trustees") to satisfy the requirements of Section 226 of the Pensions Act 2004, after obtaining the advice of Alka Shah, the Scheme Actuary and after consultation with Brush Electrical Machines Limited ("the Company").

It follows the actuarial valuation of the Scheme as at 31 December 2016, which revealed a funding shortfall (technical provisions minus value of assets) of £2.2M.

Steps to be taken to ensure that the statutory funding objective is met

To eliminate this funding shortfall, the Trustees and Company have agreed that no deficit reduction contributions will be paid to the Scheme. This is because it is anticipated that the investment return over the period of the Recovery Plan will be sufficient to remove the shortfall. This return is assumed to be the discount rate plus 1.2% per annum.

The Trustees reserve the right to call for an earlier valuation in the event of unexpected circumstances (e.g. the sale of the Company, adverse market movements).

Period in which the statutory funding objective should be met

Under this recovery plan, if the assumptions made are borne out in practice the funding shortfall will be eliminated in 10 months from the valuation date, which is by 31 October 2017. The assumptions are:

- Technical provisions will continue to be calculated according to the method and assumptions set out in the statement of funding principles dated 18 December 2017, with financial conditions unchanged from those at the valuation date;
- The return on existing assets and return on contributions during the recovery period are calculated according to the method and assumptions set out in the statement of funding principles dated 18 December 2017
- Scheme experience will be in line with the assumptions underlying the technical provisions as set out in the statement of funding principles dated 18 December 2017

This Recovery Plan was agreed by the Trustees on 13 December 2017

Signed on behalf of Brush Scheme Trustees Limited

Name: M.C. DUNCOMBE M.C. Duncombe

Position: CHMAN OF TRUSTEES

Date: 13/12/17

(This is the date the recovery plan was "prepared" for the purposes of Scheme Funding Regulation 8(6)).

Signed on behalf of Brush Electrical Machines Limited

Name: Garry Jarry

Position: Director

Date: 18.12.17

