



employer covenant working group

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PRESS RELEASE

NEW GUIDANCE FROM THE EMPLOYER COVENANT WORKING GROUP

“TRANSACTIONS IN A NON-DISTRESSED ENVIRONMENT”

9 December 2016: The Employer Covenant Working Group (ECWG) has today announced the issue of its guidance entitled *Transactions in a non-distressed environment*. This is the ECWG’s second practical guide for advisors, trustees and sponsors of defined benefit (DB) pension schemes. The ECWG has been established by leading providers of covenant advice in the UK pensions market.

Keith Hinds, Chairman of ECWG commented:

“The *Transactions in a non-distressed environment* guidance has been developed by the ECWG to assist practitioners in evaluating the impact of a range of non-distressed transactions on the covenant of sponsoring employers and the risks to the security of scheme member benefits. It considers what mitigation might be appropriate where material detriment to covenant arises, or is likely to arise, from the transaction.”

For context, on the spectrum of business stress, references to the “non-distressed environment” cover corporate activity up to the point of an actual or prospective default on lending arrangements; significant cash flow pressures; or an insolvency event. The ECWG anticipates publishing further guidance covering transactions in distressed situations in 2017, together with guidance in relation to Integrated Risk Management.

The guidance should be considered alongside the ECWG’s previous guidance *Principles of covenant assessment for scheme valuations*, which was published in April 2016.

Copies of both guides are available on the ECWG website at www.ecwg.co.uk

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About ECWG

The Employer Covenant Working Group (ECWG) is a group of leading industry experts formed to work in collaboration with trustees, scheme sponsors and regulators to address the issues facing DB pension schemes in respect of covenant advisory work. For more information about the group and its mission please visit www.ecwg.co.uk

ECWG is the trading name of the Employer Covenant Working Group Limited, a Company Limited by Guarantee Number 9915768.

ECWG members are based at the following firms: AlixPartners, Aon Hewitt, BDO LLP, BHP Chartered Accountants, CVR Global LLP, Deloitte LLP, FRP Advisory LLP, Gazelle Corporate Finance Ltd, Grant Thornton UK LLP, KPMG LLP, Kreston Reeves LLP, Lane Clark & Peacock LLP, Lincoln Pensions Ltd, Mercer Limited, PricewaterhouseCoopers LLP, Punter Southall Ltd, RPMI Limited, RSM Restructuring Advisory LLP, Smith & Williamson LLP and Willis Towers Watson.