

## Employer Covenant Working Group Limited Constitutional document

### Introduction

This note sets out the constitutional arrangements for the Employer Covenant Working Group formed in early 2012 and incorporated as a company limited by guarantee in December 2015.

### Scope and objectives of the Working Group

The Working Group's scope and objectives are:

1. To discuss technical, legal and regulatory issues relevant to providing financial advice to clients – trustees or sponsoring employers - on matters connected with the employer covenant.
2. To participate in discussion around relevant matters with bodies such as the Pensions Regulator and Pension Protection Fund and, where appropriate, to promote the views of the Working Group with those bodies.
3. To produce and circulate reports, guidance and other documents related to the Employer Covenant or associated matters.
4. To act as a vehicle for raising the profile and standards of, and promoting, the employer covenant financial advisory industry generally amongst the pensions community, including trade bodies, regulatory bodies, professional groups and potential clients.

The Working Group will **not** engage in any discussion which falls outside its scope and objectives and which may be deemed as anti-competitive and specifically will **not**:

1. Discuss any casework or proposal relating to any identified client or prospective client.
2. Discuss fees or the basis of charging for work unless this is of general application to form part of a regulatory provision (such as the basis of charging for insolvency practitioners in SIP 9).
3. Exchange any information which would be deemed as commercially sensitive as between competitors.

Meeting agendas will be circulated prior to meetings of the Working Group and only topics on the agenda will be discussed. Full minutes of all meetings will be kept. If any member considers that the discussions could be deemed anti-competitive or subjects outside the agenda are raised to which members object, members shall excuse themselves from the meeting and objections will be noted in the minutes.

## Membership

### *General*

Membership of the Working Group is open to corporate bodies and individuals endorsed by firms providing material employer covenant related financial advice to pension fund trustees and / or sponsoring employers or prospective sponsoring employers.

### *Full members*

Full Members of ECWG are eligible to stand for office as a Director and/or Chairman of the Group. Full Members can attend and vote at the ECWG's AGM and are responsible for agreeing the Group's budget, subscription fees and annual accounts. Each Full Member shall be liable to the extent of their guarantee amount only. Full Members of the Company are required to contribute £1 and this shall be the cap on their liability.

The liability will only arise where the company is wound up and a contribution is required to enable the company's debts to be paid, which shall include payment of the debts and liabilities of the company (which had arisen whilst the person was a member) and payment of costs, charges and expenses of winding up the company. The member's liability continues for one year from ceasing to be a member of the company.

### *Associate Members*

Associate Members of the ECWG are not eligible to stand for office as a Director and/or Chairman of the Group. Associate Members can attend Meetings of ECWG and the ECWG's AGM, but are not entitled to vote and agree the annual accounts, but are consulted in determining the budget of the Group and subscription levels. Both Full and Associate Members are consulted in the running of the organisation and in the production of publications and other materials, albeit the Full Members and Officers/Directors of the ECWG are solely responsible for the final agreement of such, which are to be issued exclusively by the incorporated company.

### *New members*

New members – Full or Associate – must be proposed and seconded by existing members of the Working Group and approved by two thirds of the existing Full members of the Working Group at the time that they are put forward. This may be by email or in a Working Group meeting.

### *Criteria*

Members will be representatives of organisations which are involved in advising clients – trustees or sponsoring employers - on matters connected with the employer covenant.

### *Alternates*

By agreement of the Chair, members may send an alternate to attend meetings of the Working Group where they are not available.

## *Appeals*

Should a firm / individual have their membership application rejected by the Working Group, they will be entitled to appeal to a sub-committee comprising the then Chair of the Working Group and two other Full members to be appointed by the Chair.

Appeals should be lodged within 14 days of notification of the rejection of the application. A date for a meeting by the sub-committee to discuss the merits of the appeal shall be fixed within 28 days of the appeal being lodged. The sub-committee will have full control of its procedures. Decisions of the sub-committee shall be by majority vote; where necessary the Chair having a casting vote. Decisions of the sub-committee shall be communicated in writing to any party affected as soon as possible after the appeal meeting.

Decisions regarding membership will usually be overturned on appeal only if it transpires that there has been a material manifest error in relation to the Working Group's understanding of key facts supporting the original application.

## *Cessation of membership*

Individuals' membership of the Working Group will cease:

1. Upon their requesting to leave the Working Group; or
2. Upon their ceasing to provide material employer covenant related financial advice; or
3. Upon their leaving their existing firm if the firm to which they move already has a member on the Working Group.

Should an individual leave membership for the reasons in 1 or 2 above, they are entitled to put forward a new member from their firm who will be considered for membership in accordance with the new member provisions above.

## **Affiliation to an industry or professional body**

By agreement of two thirds of the Full membership of the Working Group, the Working Group may agree to become affiliated to an industry or professional body on terms to be discussed and agreed.

## **Subscription fees**

The annual subscription for the ECWG will be agreed by Full Members after consultation with Associate Members and will be agreed at the ECWG's AGM each year for the next calendar year.

The annual subscription rate agreed for the 2016 calendar year is:

Full and Associate Member - £1,500pa (Year 1) and we expect £1,000pa (Year 2).

Fees are to be paid within 30 days of invoice. Failure to pay fees may lead to membership being terminated following due notice in writing.

Members joining mid-year will pay a pro-rata subscription. There will be no entitlement to a rebate of subscriptions if a member leaves mid-year.

## Other costs

By agreement of two thirds of the Full membership of the Working Group, Full members (individual or corporate) firms agree to meet the costs of reasonable expenses such as legal opinions and advice in equal shares *pro rata* to the number of Full members.

## ECWG governance

ECWG Full Members appoint a Chairman and Vice Chairman (who will automatically become Chairman the next year) at the AGM. The Officers and Directors of ECWG are the Chairman, Vice Chairman and Immediate Past Chairman (or any other Full Member appointed from time to time). They are responsible for the day to day execution of decisions on behalf of ECWG in consultation as necessary with the membership.

## Hosting, chairing and recording of meetings

The arrangements for the hosting, chairing and recording of meetings will be taken on by a different firm each year. Subsequent host / chair organisations will be agreed by the Working Group, if necessary by a vote of Full members present at a meeting - generally the Chairman's firm will take on the hosting role for meetings.

## Public statements

Public statements and/or press releases issued on behalf of ECWG must be agreed by at least one officer of the incorporated company and must be issued by the incorporated company. Any statement made on behalf of ECWG that is not promulgated in this way **will not** be a statement or release issued by ECWG and will be disavowed by ECWG.

## Frequency of meetings and organisation

Members should strictly limit their communications to achieving the objectives of the Working Group. It is anticipated that the Working Group will meet every 6 months. Additional meetings or telecoms may be called to discuss specific matters arising between scheduled meetings – for example, where representations are being made to a regulatory body.

## Confidentiality

Participants in the Working Group will clearly be bound by their firms' and professional bodies' own client confidentiality arrangements. To encourage open discussion and debate, where requested and agreed the Working Group will keep specific matters discussed in meetings confidential to the Group.

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