

Corporate governance report

Treasury committee



Doug Webb
Chair of the treasury committee

Quick facts

- The committee meets three times a year.
- The committee operates under terms of reference and delegated authorities approved by the board.
- The company secretary attends all meetings of the committee.
- The treasurer is a member of the committee.
- The members of the committee undertook a self evaluation in February 2022 facilitated internally by the company secretary. The review of the responses indicated that the committee was effective and its members had the appropriate skills and experience to fulfil the committee's responsibilities.

Quick link



Terms of reference:
unitedutilities.com/corporate-governance

Treasury management is fundamental to the group's business model ensuring that sufficient funding is available to meet the group's foreseeable needs, while managing the liquidity market and capital risks.

Dear shareholder

During the year, with the board's delegated authority, the committee oversaw the successful execution of the group's funding programme. Approximately £425 million of new term funding was raised, with financial market conditions being closely monitored as central banks began tightening monetary policy in response to surging inflation, amidst heightened geopolitical tensions.

The continuation of our funding programme, on top of the £900 million of term funding raised in 2020/21, has positioned the group well with regard to its circa £2.7 billion financing requirement across the AMP7 regulatory period. The committee also completed a 'deep dive' review of the group's inflation and interest rate hedging policies.

The committee oversaw the group's successful implementation of the transition of benchmark reference rates used in the group's financial derivatives and loan and credit facilities, from GBP LIBOR to replacement 'risk free rates', with SONIA replacing GBP LIBOR effective from the end of 2021.

In November 2021, we increased the size, and redenominated the group's multi-issuer, London listed, Euro Medium Term Note Programme from EUR7 billion to £10 billion to facilitate future debt issuance. This programme, in conjunction with our sustainable finance framework launched in November 2020, is expected to continue to be the primary vehicle for the group accessing funding in the debt capital markets. In July 2021, the group published its inaugural sustainable finance framework allocations and impact report. Details of the group's engagement with banks and credit investors can be found on page 128.

Doug Webb

Chair of the treasury committee

Treasury committee members:



Doug Webb
Chair of the treasury committee



Phil Aspin
CFO



Brendan Murphy
Treasurer

Main responsibilities

- Review of the group's treasury policies in relation to: financing; liquidity; hedging of market risks (interest rates; inflation; currency and electricity hedging); financial counterparty credit risk; credit ratings and capital structure.
- Execution of the financing plan and evaluation of funding opportunities.
- Liquidity management and review of forecasts.
- Execution of hedging transactions and programmes in relation to the management of market risks in accordance with treasury policy parameters.
- Developments in relation to the credit ratings agencies.
- Credit investor relations.
- Banking relationships.
- Treasury delegated authorities, internal controls and governance.
- Reporting to the board on matters relating to the group's treasury activities, including board approval of the annual treasury update and associated financing plan and board delegated authorities.