



Treasury Management Policy

June 2024

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HERIOT-WATT UNIVERSITY

TREASURY MANAGEMENT POLICY

CONTENT

| Section | Page |
|---|-------------|
| 1 Introduction | 3 |
| 2 Risk Management | 4 |
| 3 Decision Making and Analysis | 7 |
| 4 Approved Instruments, Methods and Techniques | 7 |
| 5 Organisation and Segregation of Responsibility | 8 |
| 6 Reporting Requirements and Management Information | 8 |
| 7 Accounting and Audit Arrangements | 8 |
| 8 Cash and Cash Flow Management | 9 |
| 9 Investments | 9 |
| 10 Money Laundering | 9 |
| 11 Staff Training and Qualifications | 9 |
| 12 Use of External Service Providers | 10 |
| 13 Banking Arrangements | 10 |
| Schedule A Risk Management | 11 |
| Schedule B Administration Arrangements | 15 |
| Schedule C Ratings Definitions | 18 |
| Schedule D Further Help and Advice/ Policy Version and History | 19 |

1. INTRODUCTION

This statement sets out the policies, practices and objectives of the University's treasury management activities, as approved by the Court.

The Policy covers all of the Treasury operations of the University.

The University adopts the key recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA)'s Treasury Management in the Public Services Code of Practice 2021

The University, in compliance with the CIPFA Code of Practice, defines its treasury management activities as:

- The management of the University's (including its subsidiaries) borrowing, investments held for the purposes of treasury management, and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The University regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the University and any financial instruments entered into to manage these risks.

The University acknowledges that effective treasury management will provide support towards the achievement of its business objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

This policy is specific to cash management and therefore excludes the management of the permanent endowment assets which are managed separately through the Disbursements and Investment Committee, which is a sub-committee of the Finance Committee. Any cash balances held by the University in relation to the permanent endowments assets, and the capital associated with any expendable endowments, will be managed as part of the overall University's cash balance and will therefore be covered by this policy and not the Disbursements and Investment Committee.

The core principles the University will follow when investing money are:

- to ensure deposits are secure and that risk is minimised;
- to reduce the exposure to foreign exchange movements by holding financial instruments in appropriate currencies
- to ensure it has sufficient liquidity to meet immediate and short term demands;
- to achieve the highest return, once the first three considerations have been met.

No treasury management activity is without risk and therefore defining the level of acceptable risk is essential. The treasury policy is designed to minimise the risk of capital loss but cannot eliminate it entirely.

All borrowings for the University Group will be undertaken by the Heriot-Watt University main campus location in Edinburgh, Scotland. The University in Dubai and Malaysia will not enter into any borrowing activities with parties external to the University Group other than in relation to leasing or hire purchase contracts in line with the approval mechanism laid out in the Financial Regulations.

The operations in Malaysia are carried out within a separate legal entity subsidiary company Heriot-Watt University Malaysia SDN BHD, the Board of Directors of that company will ensure that its operations are compliant with this policy.

2. RISK MANAGEMENT

The Global Chief Financial Officer (“GCFO”) will:

- design, implement and monitor all arrangements for the identification, management and control of treasury management risk,
- report at least annually on the adequacy/suitability thereof to the Finance Committee,
- report to the Finance Committee, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the University’s objectives in this respect.

Within the following sections the relevant risks within the treasury management process are identified and the arrangements which seek to ensure compliance with these are set out in Schedule A.

Management of the risks identified below is the responsibility of the GCFO. Delivery of specific actions, monitoring and reporting relating to treasury risks, positions and summary of transactions relating to Dubai and Malaysia will be delegated to the Heads of Finance for the respective campus.

2.1 Credit & Counterparty Risk Management

The risk of failure by a counterparty to meet its contractual obligations to the University under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty’s diminished creditworthiness, and the resulting detrimental effect on the University’s capital or current (revenue) resources.

The University regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques listed in Schedule A: 1.1. The list will be reviewed on an ongoing basis by the GCFO and at least annually by the Finance Committee.

The Global Chief Financial Officer will have the power to temporarily remove (and then to reinstate) any counterparty if any current issues should result in doubts over that counterparty’s ability to repay funds.

2.2 Liquidity risk management

The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs and that the University’s business & service objectives will be thereby compromised.

The University will ensure it has adequate, though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business objectives. The organisation will not borrow earlier than required to meet cash flow needs unless there is a clear business case for doing so and will only do so for the current capital programme, to fund future debt maturities or to ensure an adequate level of short term investments to provide liquidity for the university.

2.3 Interest rate risk management

The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the University's finances, against which the University has failed to protect itself adequately.

The University will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or revenues in accordance with the treasury management policy and strategy and in accordance with reporting requirements and management information arrangements. It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and if required approval of any policy or budgetary implications. The University will ensure any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs, and that the policy for the use of derivatives is clearly detailed in the annual strategy.

2.4 Exchange Rate Risk Management

The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the University's finances, against which the University has failed to protect itself adequately.

The University will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels. The University will normally only retain funds in currencies to the extent that payments are due to be made in these currencies so creating a natural hedge. This will be reviewed monthly whilst on a quarterly basis consideration will be given in relation to any currency balances surplus to requirements and whether they should be transferred into sterling at the best rate achievable at that time. Further details are set out in Schedule A: 1.3.

The University will seek to match income and costs in local currencies within the three geographic regions in which the University operates campuses to minimise foreign exchange risks.

2.5 Refinancing Risk Management

The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the University for those refinancing arrangements, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

The University will ensure that its borrowing, and other long term liabilities are negotiated, structured and documented, and the maturity profile of the monies so raised is managed, with a view to obtaining offer terms for renewal or refinancing, if required, that are competitive and as favourable to the University as can reasonably be achieved in the light of the market conditions prevailing at the time.

The University will seek to reflect the repayment profile of external borrowings with a policy to build up an appropriate sinking fund to repay a proportion of sums borrowed. The GCFO will report on the sinking fund on an annual basis to the Finance Committee and give an assessment as to whether the profile of monies held within the Sinking Fund is appropriate to address refinancing risks.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure these objectives, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

2.6 Legal and Regulatory Risk Management

The risk that the University itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory

requirements, and that the University suffers losses accordingly.

The University will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements.

The University recognises that future legislative and regulatory changes may impact on its treasury management activities and so far as it is reasonably able to do so will seek to manage the risk of these impacting adversely on the University.

2.7 Operational Risk Including Fraud, Error and Corruption

The risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings.

The University will ensure that it has identified these circumstances and has taken the appropriate action, including the provision of appropriate and adequate internal controls and insurance cover. These activities will be reviewed on a regular basis as part of the internal audit plan.

2.8 Price Risk

The risk that, through adverse market fluctuations in the value of the principal sums the University borrows and invests, its stated treasury management policies and objects are compromised, against which effects it has failed to protect itself adequately.

The University will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

The University will deposit funds in money market accounts with AAA credit ratings. Any monies not deposited in specific money market accounts will only be held in Banks with a counter party risk profile of A (S&P), A1 (Moody's) or A+(Fitch). The maximum exposure to any one counter-party shall not exceed £40m other than for a short term requirement. For further details, please see Schedule A.

2.9 Covenant Breach Risk

The risk that the University fails to meet terms set by lenders which leads to default of loans and the resulting withdrawal of credit facilities.

The University will monitor its loan and facility covenant compliance on an ongoing basis appropriate to the risk. The GCFO will report annually to the Finance Committee on this as part of an annual Treasury Management Report, and will keep connected parties and subsidiaries informed on the covenant status where they have an interest as a guarantor.

The University will seek to minimise the security requirements of new debt and maximise the opportunity of the existing debt portfolio.

2.10 Inflation risk management

The risk that the University experiences a reduction in the real value of its treasury instruments due to changes in purchasing power due to inflation.

The University will keep under review the sensitivity of its treasury assets and liabilities to inflation and will seek to manage the risk accordingly in the context of the organisation's inflation exposures.

3. DECISION MAKING AND ANALYSIS

The University will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions - both for the purposes of learning from the past and for accountability e.g. demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching a decision are detailed in Schedule B to this document.

4. APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

The University will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in Schedule A, and within the limits and parameters approved by the Finance Committee.

5. ORGANISATION AND SEGREGATION OF RESPONSIBILITIES

The University considers it essential for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times clarity of treasury management responsibilities. The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the University intends, as a result of lack of resources or other circumstances, to depart from these principles, the GCFO will ensure that the reasons are properly reported to the Finance Committee and the implications are properly considered and evaluated.

The GCFO will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management and the arrangements for absence cover. The GCFO will also ensure that at all times those engaged with Treasury Management will follow the policies and procedures set out. The present arrangements are set out in Schedule B.

The GCFO will also ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in Schedule B.

6. REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION

The university will ensure that regular reports are prepared and considered on the implementation of its Treasury Management policies; the effects of decisions taken and transactions executed in pursuit of those policies; the implications of changes particularly budgetary resulting from regulatory, economic, market and other factors affecting its Treasury Management activities; and the performance of the Treasury Management function.

The Finance Committee will as a minimum receive an annual Treasury Management report, covering the:

- strategy and plan to be pursued in the coming year;
- performance of the treasury management function during the year, including the reasons for and the effects of any changes to the strategy set at the beginning of the year;
- performance of any external service providers.

The Finance Committee will have responsibility for scrutiny of treasury management policies and practices.

Further details are set out in Schedule B.

7. ACCOUNTING AND AUDIT ARRANGEMENTS

The University will account for its treasury management activities, decisions made and transactions executed in accordance with appropriate accounting practices and standards, and with statutory and regulatory- requirements in force for the time being.

The University will ensure that its auditors and any other bodies charged with regulatory review have access to all information and papers supporting the activities of the treasury management

function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

8. CASH AND CASH FLOW MANAGEMENT

The GCFO will have responsibility for the cash management of the University and its subsidiaries as defined under this policy.

The University recognises the importance of ensuring effective control over its bank accounts. All funds due to the University are deposited in accounts with the University's main bank and other banks in line with Schedule A unless otherwise approved by the GCFO.

The GCFO is authorised to place funds from the main bank account on overnight deposits with any of the approved counterparties in the counterparty list in Schedule A. The GCFO also delegates the authority to calculate relevant amounts and place the funds on deposit to the Financial Controller and/or Treasury Manager as appropriate.

The Treasury Manager will prepare a monthly funds report detailing bank balances, deposits and borrowings and provide commentary on significant transactions.

Cash flow projections will be prepared on a regular and timely basis, and the Global Chief Financial Officer will ensure these are adequate for the purposes of monitoring compliance with treasury management practice on liquidity risk management.

9. INVESTMENTS

The GCFO together with the Deputy Principal Enterprise & Business will have responsibility for the management of investments in spin-out companies. The GCFO and the Deputy Principal Enterprise & Business will report annually to Finance Committee on the University's interests in spin-out companies, associates and subsidiary companies.

The GCFO will have responsibility for the management of all other investments.

10. MONEY LAUNDERING

The University is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for reporting suspicions and it will ensure that staff involved in Treasury activities are properly trained and fully aware of the University's Ethical Business: Fraud and Bribery Prevention Policy.

11. STAFF TRAINING AND QUALIFICATIONS

The University recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will, therefore, seek to appoint individuals who are both capable and experienced, and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The GCFO will recommend and implement the necessary arrangements including specification of the expertise, knowledge and skills required by each role or member of staff. The GCFO will ensure that all University employees who are responsible for purchasing services and goods, for making payments and operating in the wider Finance Team receive annual refresher training with regard to prevention and detection of fraud via the Ethical Business Policies Training.

The GCFO will ensure that Finance Committee members tasked with treasury management responsibilities including those responsible for scrutiny have access to training relevant to their

needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

12. USE OF EXTERNAL SERVICE PROVIDERS

The University recognises that responsibility for treasury management decisions remains with the University at all times. The University recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. If it employs such service providers, it will ensure it does so for reasons which will have been submitted to a proper evaluation of the costs and benefits. It will also ensure that the terms of their appointment, and the methods by which their value will be assessed, are properly agreed and documented, and subjected to regular review. It will further ensure, where feasible and necessary, that a spread of service providers is used to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, the University's Procurement Policy will always be observed.

13. CORPORATE GOVERNANCE

The University is committed to the pursuit of proper corporate governance throughout its businesses and services and to establishing the principles and practices by which this can be achieved. Accordingly, the Treasury Management function and its Treasury Management activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The University has adopted and has implemented the key principles of the CIPFA Treasury Management Code (2021). This together with the other arrangements detailed within this document is considered vital to the achievement of proper corporate governance in treasury management and the GCFO will monitor and if/when necessary, report upon the effectiveness of these arrangements.

SCHEDULE A

HERIOT WATT UNIVERSITY GROUP

TREASURY MANAGEMENT POLICY

1. RISK MANAGEMENT

1.1 CREDIT AND COUNTERPARTY LISTS

The University regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited.

The GCFO is responsible for monitoring the credit standing of approved counterparties. Where there is reason to believe that a counterparty's credit standing is or may become impaired the GCFO should apply lower limits than set out in this schedule or cease to use them. Any change to the counterparty list should be advised to the Finance Committee.

All counterparties must have a minimum short-term rating of F1 from Fitch, A1 from Standard & Poor's or P1 from Moody's. Where a counterparty has multiple ratings all the ratings should normally meet these requirements. The Finance Committee can authorise the use of counterparties where some, but not all, of the ratings meet these requirements as long as the ratings not meeting these requirements are no lower than F2 Fitch, A2 Standard & Poor's or P2 Moody's. These ratings will be reviewed at least quarterly for institutions in which funds are held and before any new funds are deposited. Consideration will be given to the regulating supervisory body in determining the counterparty risk. Definitions of the credit rating scores are included in Schedule C.

No deposits should be committed for a period in excess of 12 months.

The University's debt funding is through long term private placement debt. The university does not have a flexible rolling credit facility. Therefore the policy is to maintain sufficient readily accessible funds in each of Dubai, Malaysia and Scotland to meet any short-term liquidity needs. If there are funds to deposit, the GCFO is authorised to deposit surplus funds of the institution with any of the organisations listed below to ensure achievement of the best net returns available.

The approved counterparty list, subject to meeting the required counterparty risk ratings above, is as follows:

| <u>Counterparties</u> | <u>Limits</u> | | <u>Account Type</u> | <u>Time Period</u> |
|--|-------------------------------------|-----|---|--------------------|
| University's main bankers – Barclays | £40m | 50% | Current Accounts Fixed term deposits AAA rated money market funds | Up to 12 months |
| HSBC | £20m | 50% | Current Accounts Fixed term deposits AAA rated money market funds | Up to 12 months |
| Lloyds Banking Group(including Bank of Scotland) | £20m | 50% | Fixed term deposits AAA rated money market funds | Up to 12 months |
| Maybank | MYR80 m | 50% | Fixed term deposits Current Accounts | Up to 12 months |
| Royal London ¹ | Unlimited as money is held in trust | n/a | Fixed term deposits AAA rated money market funds | Up to 12 months |
| Santander UK plc | £20m | 50% | Current Accounts Fixed term deposits | Up to 12 months |
| Barclays Private Bank | £30m | 50% | Fixed term deposits AAA rated money market funds | Up to 12 months |

The 50% limit in the table above should be considered as 50% of the total cash balance of the University (group) and does not include any ring-fenced endowment accounts.

The limits set out above may be amended only with approval of the University's Finance Committee.

The University and its subsidiaries may from time to time invest surplus funds with other counterparties. Such deposits require the prior approval of the GCFO and must be within

¹ Royal London Cash Management facilitate easy access to a well-diversified cash portfolio, utilising good quality banking names to provide security and liquidity. The cash portfolio is invested in an approved list of highly rated institutions, as a minimum, have the highest short-term credit rating (S&P A1; Moody's P1).

the limits for the main counterparties noted in the table above. All such deposits will be referred to in the Annual Treasury Management Report to the Finance Committee.

1.2 LIQUIDITY

The University maintains an effective cash and cash flow forecasting and monitoring system which identifies the extent to which the University is exposed to the effects of potential cash flow variations and shortfalls on a daily basis.

The University does not currently have access to any bank borrowing facilities.

1.3 EXCHANGE RATE EXPOSURE POLICY

The University's policy is to minimise exposure to exchange rate fluctuations balanced by the need to effectively manage the operations of its overseas campuses in Malaysia and Dubai. In that context, the University aims to conduct all transactions in UK Sterling (GBP) as its base currency and the currency which reflects the vast majority of its cost base. There will, however, be exceptions. These include

- EU research contracts, whereby the University will need to conduct transactions in other currencies.
- Transactions between the Universities three campuses especially between Scotland and Dubai and Malaysia
- Goods and services sourced locally by the Dubai and Malaysia campuses, including operational and capital expenditure arising in the normal course of business.

The University does not operate any currency hedging arrangements other than through the use of natural hedging of liabilities with cash holdings. This is primarily due to the nature of many of these contracts that makes it difficult to predict the amount and timing of receipts with the necessary level of certainty. The University does maintain Euro, US Dollar, AED and Malaysian Ringgit (this account is held in the Heriot-Watt Malaysia subsidiary company) accounts which are used where necessary to match payments and receipts at the University and its overseas campuses.

Currency receipts at the Edinburgh campus, will be considered for conversion into sterling as part of the monthly liquidity meeting with the exception of certain Euro receipts relating to research activity. Deposits of Euros are retained where appropriate to cover anticipated currency payments. The University also holds US Dollars as a hedge against the US Dollar denominated borrowings.

The GCFO & the Financial Controller are authorised to buy and sell currencies with any of the organisations listed below.

| | Limits |
|---|--------------------------------|
| University's Bankers | \$10 million Euro 5 million |
| Other UK Clearing Banks and approved counterparties (see 1.1) | \$5 million Euro 3 million |
| Financial Brokers (Registered by the FSA) | \$5 million Euro 3 million |

The limits set out above may be amended only with approval of the Finance Committee.

1.4 REFINANCING

In the event that the University needs to either renew existing borrowing facilities or obtain new facilities, the GCFO will report to the Finance Committee to explain the basis of any such requirement. Once approved in principle by the Finance Committee, the GCFO, along with the University's financial advisors, will conduct an appropriate process with potential funders to secure the best terms for the University. Any arrangements are subject to final review and approval by the Finance Committee.

SCHEDULE B

HERIOT-WATT UNIVERSITY

TREASURY MANAGEMENT POLICY

ADMINISTRATION ARRANGEMENTS

1. TENDERING

The GCFO will review regularly the quality and cost of banking services and if deemed necessary will seek Finance Committee's approval for a tender exercise in respect of these services. The timetable for re-tendering may be pre-determined by the University's procurement policy and the expiry date of existing agreements. Normally the following services will be subject to tender every 3 to 5 years:

- Banking services
- Fund management services
- Financial adviser
- Cash management, money broking services and general financial advice.

The tender process will be that normally followed by the University, contained within its Financial Regulations and Procurement Policy. The Finance Committee is responsible for the appointment of the service provider on the recommendation of the GCFO.

2. PERFORMANCE MEASUREMENT

Cash deposits will be reported at each month end showing amount, counterparty, period and interest rate. The report will also include interest rates offered by other approved banks.

3. ORGANISATION AND SEGREGATION OF RESPONSIBILITIES

3.1 UNIVERSITY COURT

The Court will receive and review reports on treasury management policies, practices and activities, if appropriate

3.2 FINANCE COMMITTEE

- To agree to University's borrowing strategy
- Approval of, and consideration of amendments to, the University's treasury management policy and practices
- To review borrowing requirement and approve borrowing facilities
- To receive and review the Annual Treasury Management report and any interim reports as deemed necessary

The GCFO will provide an Annual Treasury Management Report which will cover the following:

- Commentary on treasury operations for the year.
- Financial strategy for the next financial year.
- Proposed amendments to the treasury management policy statement.
- Matters in respect of which the treasury management policy statement has not been complied with
- Analysis of currently outstanding loans, deposits and investments by instrument, counterparty, maturity and interest rollover period.

3.2 GCFO

The GCFO is authorised, subject to the provisions of the policy statement, to:

- Recommend the treasury management policy and practices for approval, reviewing the same regularly and monitoring compliance.
- Receive and review management information reports and to provide at least annually a treasury report to Finance Committee
- Review the performance of the treasury management function and promote best value reviews.
- Ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Recommend the appointment of external service providers.
- Approve the deposit of surplus funds with counterparties other than overnight deposits banks included on the Counterparty list in Schedule A.
- Ensure the revolving credit facilities are operated within the limits agreed by the Finance Committee.
- Operate foreign bank accounts to the extent that they are necessary to facilitate the operational activities of the University.
- Ensure the adequacy of internal audit, and liaising with external audit

3.3 FINANCIAL CONTROLLER AND HEADS OF FINANCE DUBAI AND MALAYSIA

They will:

- Receive and review monthly fund reports
- Manage treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Maintain relationships with third parties and external service providers
- Supervise treasury management staff
- Identify and recommend opportunities for improved practices
- Authorise the execution of transactions in accordance with loan covenants and University payment policy procedures
- Approve and/or execute the overnight deposit of surplus funds with banks included on the Counterparty list in Schedule A.
- Provide cover for the Treasury Manager

3.4 TREASURY MANAGER

The Treasury Manager will:

- Execute transactions
- Adhere to agreed policies and practices on a day-to-day basis.
- Approve and/or execute the overnight deposit of surplus funds with banks included on the Counterparty list in Schedule A.
- Maintain relationships with third parties and external service providers
- Prepare and maintain systems documentation relating to the treasury function.
- Monitor cash flows on a daily basis.
- Submit management information reports to the GCFO and Financial Controller and the Heads of Finance Dubai and Malaysia as required.
- Prepare monthly fund reports
- Identify and recommend opportunities for improved practices

SCHEDULE C

Ratings Definition

| Moody's Short Term Rating Scale | |
|---------------------------------|---|
| P-1 | Superior ability to repay short term obligations |
| P-2 | Strong ability to repay short term obligations |
| P-3 | Acceptable ability to repay short term obligations |
| NP | Rated Not Prime |
| Moody's Long Term Rating Scale | |
| Aaa | Highest quality, subject to lowest level of credit risk |
| Aa | High quality, subject to very low credit risk |
| A | Upper-medium grade, subject to low credit risk |
| Baa | Medium grade, subject to moderate credit risk and may possess certain speculative characteristics |
| Ba | Speculative and subject to substantial credit risk |
| B | Speculative and subject to high credit risk |
| Caa | Speculative, of poor standing and subject to high credit risk |
| Ca | Highly speculative, likely in (or very near) default with some prospect of recovery of principal and interest |
| C | Typically in default with little prospect of recovery of principal and interest |

| S&P's Short Term Ratings | |
|--------------------------|---|
| A-1 | An obligor rated 'A-1' has strong capacity to meet its financial commitments. It is rated in the highest category by Standard & Poor's. Within this category, certain obligors are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments is extremely strong. |
| A-2 | An obligor rated 'A-2' has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category. |
| A-3 | An obligor rated 'A-3' has adequate capacity to meet its financial obligations. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. |
| S&P's Long Term Ratings | |
| AAA | An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by Standard & Poor's. |
| AA | An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree. |
| A | An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories. |
| BBB | An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. |

| Fitch Short Term Ratings | |
|--------------------------|---|
| F1 | Strongest intrinsic capacity for timely payment of financial commitments |
| F2 | Good intrinsic capacity for timely payment of financial commitments |
| F3 | The intrinsic capacity for timely payment of financial commitments is adequate |
| B | Indicates an uncertain capacity for timely payment of financial commitments |
| C | Default is a real possibility |
| RD | Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations |
| D | Indicates a broad-based default event for an entity, or the default of a short-term obligation |
| Fitch Long Term Ratings | |
| AAA | Denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. |
| AA | Denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. |
| A | Denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. |
| BBB | Denote a moderate level of default risk |
| BB | Indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments. |
| B | Indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment. |

SCHEDULE D**FURTHER HELP AND ADVICE**

Any questions or clarifications relating to this Policy should be referred to the FinancialController

POLICY VERSION AND HISTORY

| Version No | Date of Approval | Approving Authority | Brief Description of Amendment |
|-------------------|-------------------------|----------------------------|--|
| v1.0 | xxxxxx | Court | Fully revised and updated policy |
| V2.0 | June 2024 | Finance Committee | Fully revised and updated policy in line with most recent CIPFA policy |