LIBOR TRANSITION
Why treasurers can't afford to drop the ball on benchmarks

WINNING COMBINATIONS
Meet the teams and treasurers behind this year's awards

LISTENING AND LEARNING
The art of receiving and acting on feedback in the workplace

The Treasurer

THE MAGAZINE OF THE ASSOCIATION OF CORPORATE TREASURERS ◆ DEALS EDITION 2019

PLUS

ALEXANDRA LEWIS

National Grid's group treasurer on managing risk to add value

treasurers.org/thetreasurer

YOU MIGHT NOT HAVE HEARD OF REFINITIV.

OUR COMPETITORS CERTAINLY HAVE.

Introducing Refinitiv. A brand new $6bn company with 167 years of experience and expertise behind us.

Formerly the Financial and Risk business of Thomson Reuters, we are already trusted and relied on by over 400,000 professionals in more than 190 countries.

We provide the data, technologies and expertise our customers and partners need to drive their business forward.

We shape the way financial markets work, helping find opportunities to trade faster and smarter while managing risk and regulation. Our insights and analytics allow people to move from big ideas to big results.

But all that begins with data. A lot of data.

We deliver up to 7 million market updates a second. An average of 40 billion a day. So, depending when you're reading this, it could be into the hundreds of billions already.

Refinitiv.com

REFINITIV™
DATA IS JUST
THE BEGINNING

CELEBRATING 40 YEARS
OF ENGAGING TREASURERS

Editor's letter

It is always a great pleasure to present our special edition celebrating and reporting on *The Treasurer*'s Deals of the Year Awards. This year, the awards generated some tough calls for our judging panel, with all the categories attracting a wealth of high-quality entries. Innovation and professionalism were much in evidence across all areas – a fact that made the judging process difficult, but gratifyingly so.

As ever, in the deal categories we focus on the fundraising achievements of treasurers. In the team categories we look at their broader contributions to the organisations they work for. The panel agreed that treasurers continue to respond to today's unpredictable environment with flair – creating opportunities for their organisations while maintaining best-practice operations – and evidence for that was abundant.

The still-new but maturing Sustainable Finance category proved particularly competitive, a sign that this area of finance is attracting just as much ingenuity as more established fundraising. Entries reflected a wide variety of approaches to green and sustainable finance. For the first time ever, the judges decided on joint winners. Turn to page 27 to find out more.

This year's Corporate Finance award was likewise closely fought, with the judges commenting that the shortlisted deals were the best they had seen to date. Our winner in that category also takes the accolade of winner overall – proper recognition of a major undertaking achieved in a short time frame. You'll find details of this on page 26.

For our profile in this edition, we looked to serial award-winner National Grid and spoke to group treasurer Alexandra Lewis about what it means to run a top-flight team. Lewis, who manages teams in London and the US, recounts how one of her most significant career moves – out of treasury and onto National Grid's senior HR leadership team – helped her see the business through a different lens. The perspective she gained from working at a high level on reward and the time she spent feeding into discussions on leadership, incentives and how you balance risk and reward in a business has become embedded in how she now looks at treasury. Collaboration is the key, she says. Turn to page 14 for more.

In this edition, we look forward to the ACT Annual Conference, taking place in Manchester in May, with some thoughts from news presenter Jon Snow, who will deliver a keynote at the event (see page 11). We are also very proud to be celebrating 40 years of the ACT. Our conference edition will feature the personal journeys and stories from professional treasurers. If you or your team have a story about your experiences in treasury that you'd like to see in our conference edition, please email me at liz.loxton@thinkpublishing.co.uk, with '40 years' in the subject line.

I hope you enjoy the issue.

Liz Loxton

thetreasurer@thinkpublishing.co.uk
Follow us on Twitter @thetreasurermag

THIS ISSUE'S CONTRIBUTORS

Jon Snow, broadcaster and journalist, is a UK household name and has had a vast and illustrious career in TV news as one of the longest-serving news presenters in the country. He gives his views on diversity and the onward march and many benefits of technology on **page 11**

Philip Learoyd is group treasurer of OCI in the Netherlands, following 10 years as head of funding and risk management at brewer SABMiller. He has served as chair of the Deals of the Year Awards judging panel for the past three years and introduces this year's winners on **page 20**

Rebecca Brace has been writing about the issues affecting corporate treasurers for more than a decade. Her areas of expertise include cash management, liquidity, technology, working capital and regulation. She reports on the Deals of the Year Awards, starting on **page 22**

ALAMY

The Treasurer
is the official magazine of
The Association of Corporate Treasurers
69 Leadenhall Street, London EC3A 2BG
United Kingdom
+44 (0)20 7847 2540
treasurers.org

Policy and technical Naresh Aggarwal, Sarah Boyce, Michelle Price
Commercial director Denis Murphy
Director of marketing & communications Anne Hogarth
Technical review Joanna Bonnett, Ian Chisholm, Steve Ellis, Joe Peka, Alison Stevens, Neil Wadey, Peter Walker-Smith

ADVERTISE WITH US
For advertising and sponsorship opportunities, contact Simon Tempest
+44 (0)20 7847 2580
stempest@treasurers.org

THE TREASURER ©2019
Published on behalf of the ACT by **Think**, Capital House,
25 Chapel Street, London NW1 5DH
+44 (0)20 3771 7200
thinkpublishing.co.uk

Editor Liz Loxton
Managing editor Rica Dearman
Designer Grant Pearce
Cover illustration Grant Pearce
Deputy managing director Jackie Scully
Managing director Polly Arnold

SUBSCRIPTIONS
Europe, incl. UK (per annum)
1 year £260 | 2 years £370 | 3 years £480
Rest of world
1 year £295 | 2 years £455 | 3 years £600
Members, students and IGTA/ EACT members
[Self-certified members of National Treasury Associations, including the AFP in the US]
1 year £135 – UK and Europe (MUKEU)
1 year £175 – rest of world (MRoW)
For information, visit treasurers.org/thetreasurer/subscription

Printed by Pensord
ISSN: 0264-0937

THE EUROPEAN ASSOCIATION OF CORPORATE TREASURERS

The copyright of all editorial in this magazine is reserved to the publishers. None of the articles published may be copied, duplicated or reproduced in any form without the prior consent of The Association of Corporate Treasurers. The Association of Corporate Treasurers, the publisher and editor cannot accept responsibility for any claim which may be made against a contributor arising out of the publication of any article or letter. The views and opinions expressed in this magazine are not necessarily those of the Council of The Association of Corporate Treasurers.

CELEBRATING 40 YEARS
OF ENGAGING TREASURERS

ACT EAST AFRICA TREASURY FORUM

Leading treasury in dynamic markets

13 March 2019
Villa Rosa Kempinski, Nairobi

This established industry event supports growth and continued development of the treasury function in East Africa and provides a voice for treasury and finance professionals.

Official publication
The Treasurer

FOLLOW US @actupdate #actafricaforum
CONTACT US ON +44 (0) 20 7847 2580

treasurers.org/africa2019

FREE TO ATTEND
FOR ACT MEMBERS AND CORPORATE TREASURY PROFESSIONALS

What do you think of this issue of *The Treasurer*? Please write to **thetreasurer@thinkpublishing.co.uk** or tweet **@thetreasurermag**

CONTENTS

BRIEFING

06 Four decades of treasury
Discover the highlights and landmark events in the ACT's history from 1979 through to today

10 ACT East Africa Treasury Forum
Find out what's in store for treasurers at this year's event

COMMENT

11 Jon Snow
The broadcaster's views on innovation and diversity

46 A day in the life
Find out what Yildirim Group's treasury director Fatih Tokkal does in his daily role

INSIGHT

14 Profile: Alexandra Lewis
National Grid's dual-qualified group treasurer leads an award-winning team; she tells us how she engages with staff and how her role has evolved over time

TECHNICAL

32 Don't forget to factor the Libor transition into your 2019 planning

14 "It would make little sense if I didn't get everyone's views out on the table"

Alexandra Lewis, group treasurer at National Grid

33 Doug Williamson explains how and when to use options as an effective hedging tool

34 What the financial community can do to help the sustainability of the planet

36 How SWIFT gpi is creating faster, more transparent payments for corporate customers

38 Data analytics are becoming increasingly important to both treasurers and banks

40 Why benefit pension schemes are a concern for the finance industry

CAREER

42 Appraisals
These five tips will help you make the most of constructive conversation during progress meetings

43 Calendar
Don't miss these ACT course and event dates

44 How to... receive feedback
Effectively engaging with and acting on performance feedback can be beneficial to development and trust

TIMELINE

THE ACT AND TREASURY

THE PAST 40 YEARS OF HIGHS AND LOWS, CRASHES, BAILOUTS AND THE ROLE THAT THE ACT HAS PLAYED

If you or your team have a story about your experiences relating to any of these events, please email the editor at liz.loxton@thinkpublishing.co.uk

1979

1979

The ACT's inaugural meeting – 378 members are signed up by the end of the year

Sterling allowed to float, and exchange controls largely abolished

1983

The ACT's professional examinations correspondence course is set up

36 STUDENTS ENROL

1985

Plaza Accord and devaluation of the dollar against the yen and deutschmark make US exports more competitive. (The strong dollar policy is in question today under Trump's administration)

1984

The ACT gets a coat of arms and a motto: Prosperity through Stewardship

1986

Following prolonged negotiations between the ACT, HM Treasury and the Bank of England, the sterling commercial paper market is launched

1986

A standardised Libor is introduced by the British Bankers' Association

The ACT's lobbying strengths bear fruit when the 'permitted and exempt persons' wording is added to the Financial Services Act, allowing treasurers to continue to trade

1987

The Financial Services Act 1986 comes into effect, heralding the UK equity market Big Bang. The act clarifies that derivatives are not gambling, a clear win for treasurers

BLACK MONDAY

Massive falls in stocks on Wall Street trigger similar falls in markets around the world

1988

Hammersmith & Fulham local authority interest rate swap scandal emerges. Legal cases continue into the 1990s, and the banks pay much more stringent attention to contracts around swaps and hedging arrangements with fallout for the corporate world

IMAGES THROUGHOUT TIMELINE COURTESY OF GETTY IMAGES AND SHUTTERSTOCK

1989

1989 BLACK FRIDAY AND JUNK BOND MARKET CRASH

The ACT establishes its Technical course, later to become the AMCT. A diploma syllabus is written, which later becomes the MCT Advanced Diploma

1990

The UK joins the Exchange Rate Mechanism

GERMAN CURRENCY UNIFICATION

The deutschmark becomes the single German currency

1992

The UK falls out of the Exchange Rate Mechanism on Black Wednesday

Interest rates double from

5% TO 10%

1991

Allied-Lyons FX case comes to light. The brewing and baking group reports a £150m loss and boards begin to pay much more attention to FX and derivative risk

1993

ACT (Technical) and ACT (Diploma) first examined

1995

Barings Bank collapses; the postmortem that follows leads to the risk framework we see throughout corporate finance functions today

1997

ASIA CRISIS

A series of currency devaluations affects many Asian markets

The Bank of England becomes the UK's independent setter of interest rates

The designatory letters AMCT are adopted, and the Certificate in Cash Management is launched

1998

Russia crisis as the central bank devalues the rouble and defaults on its debt

1999

LAUNCH OF THE EURO

Financial crisis in Brazil as the real drops in value by

35%

DOTCOM CRASH

The tech bubble bursts, causing a two-year recession

2001

The Argentinian sovereign debt default marks the largest such incident in history

2002

The ACT establishes its Policy & Technical team, which initially focuses on IAS 39 and the Payments Directive

2005

10,000th

STUDENT ENROLS WITH THE ACT

Shell becomes the first UK retailer to stop accepting cheques

2004

The ACT's lobbying prowess is demonstrated with the inclusion of clearer definitions on insider trading in the Market Abuse Directive

2007

The ACT Middle East is formed

2007

GLOBAL CREDIT CRUNCH

New MCT advanced diploma is launched

2008

The *Wall Street Journal* publishes its report questioning the integrity of Libor. The article acts as a catalyst, prompting investigations in the US and the UK, and fuelling concerns about Libor's credibility

LEHMAN COLLAPSE

The bank files for bankruptcy, the largest in history, with $619bn in debt

BAILOUTS BEGIN IN THE FINANCIAL SERVICES SECTOR

ICELANDIC DEFAULT

New Certificate in International Treasury Management (CertITM) is launched

2009

Satoshi Nakamoto creates the first cryptocurrency

BANK OF ENGLAND RATE REACHES ALL-TIME LOW OF

0.5%

AND QE BEGINS

2010

GREECE REQUESTS EU BAILOUT

The Dodd-Frank Act is signed into law in the US. Obama's reforms run to 2,300 pages and are aimed at de-risking the US financial system

2011

The ACT launches on Twitter and LinkedIn

PORTUGAL REQUESTS EU BAILOUT

Banks start to concede misconduct in Libor-fixing scandal. The ACT, treasurers and regulators begin to weigh up the transition to alternative benchmarks

2012

INAUGURAL ACT CONFERENCE IN HONG KONG

2013

The ACT is awarded a Royal Charter and launches its CPD scheme. The ACT and others investigate a private placement market for the UK and elsewhere in Europe

2015

Greek debt crisis; capital controls are introduced

◆

The ACT revises qualifications in line with the Competency Framework

2016

BREXIT REFERENDUM

The outcome of the vote triggers long and yet-to-be-resolved negotiations

The Learning Academy launches – the home of all ACT learning

2017

President Trump pulls out of the Trans-Pacific Partnership; and the FCA announces the demise of Libor

2018

PROSPECT OF CHINA-US TRADE WARS EMERGES

US LAUNCHES SECURED OVERNIGHT FINANCING RATE

The ACT East Africa Treasury Conference launches; and the ACT initiates the Diversity and Inclusion events series

2019

THE ACT ADVANCED DIPLOMA LAUNCHES

With thanks to Joanne Bates, Worldpay; Joanna Bonnett, PageGroup; Sarah Boyce, ACT; Tony Carfang, Treasury Strategies; Royston Da Costa, Ferguson; and John Grout, formerly ACT

"AN EVER-CHANGING MARKET"

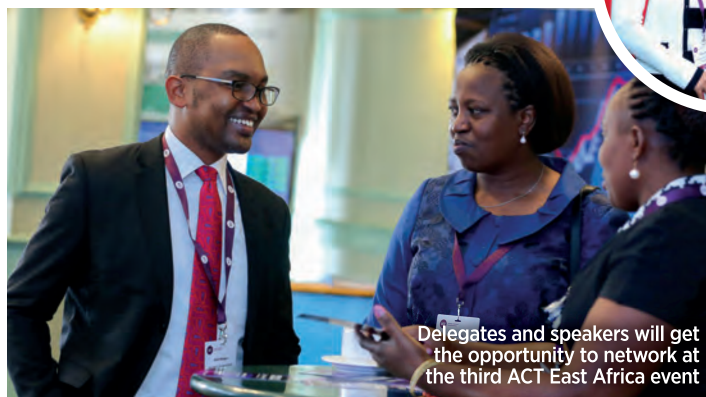
NOW IN ITS THIRD YEAR, THE ACT EAST AFRICA TREASURY FORUM IS UNPARALLELED IN THE REGION. HENNA SADHU EXPLAINS WHY THE LOCAL TREASURY COMMUNITY SHOULD ATTEND

While the global treasury community grapples with challenges such as exchange-rate volatility and an ever-shifting geopolitical and financial risk environment, treasurers in major East African economies are seeing the profession locally growing its influence and reach.

With the third ACT East Africa Treasury Forum opening on 13 March in Nairobi, the ACT seeks to take that journey with its treasury colleagues in the region and provide a foundation for debate as well as opportunities to share expertise and best practice, and network with like-minded professionals. Now an established part of the treasury and financial community calendar, this year's event will celebrate treasury's increasing standing in East Africa.

Opening and chairing this year's event will be Sydney Wechuli, treasury, Nairobi Securities Exchange. An experienced treasury and finance executive, Wechuli is a long-time advocate for both the profession and the ACT.

"This really is an important time for the region. In such an ever-changing market, the ACT is bringing together treasury and finance professionals across East Africa to give them a voice and helping them move the treasury function forward," he said.



Delegates and speakers will get the opportunity to network at the third ACT East Africa event

Strategic engagement

In a keynote opening speech, delegates will also hear an overview of the political and economic outlook for the region and explore common challenges faced by treasury leaders in East Africa, including how they can translate current economic data into strategic advice for the future.

The global trend towards a more strategic role for treasurers within their organisations is very much in evidence in East Africa's fast-moving and dynamic business environment. In the forum's first panel discussion, for instance, speakers will explore exactly how the role is evolving in the region, what it means to have a dynamic treasury function interacting with the rest of the business and how treasury can add value across their organisations. The participants will draw on their own experiences to explore how that more strategic role can be embraced, increasing visibility and promotion for the profession while also encouraging new talent into treasury.

With speakers and facilitators drawn from treasury professionals at leading energy, aviation and automotive groups, the forum will provide delegates with an opportunity to discuss topics such as the future of trade finance and cross-border cash management. They will also be able to delve into managing regulatory frameworks with sessions on anti-money laundering solutions and the transition away from the Libor benchmark rate. Delegates will be able to benefit from best-practice approaches to FX and depreciation risk, cybersecurity and treasury automation.

"I'm really looking forward to chairing this event and hearing the wide range of key issues that will be addressed, from various panel discussions with a more high-level and strategic focus through to the new track sessions, which will look more closely at trending topics such as trade finance, FX risks and banking relationships.

"It will be an exciting and, most importantly, useful day for all concerned in leading treasury in dynamic markets," said Wechuli.

Get involved
To find out more about how you can get involved at this conference, please contact Simon Tempest, business development manager, ACT.
Tel: +44 (0)20 7847 2580
Email: simon.tempest@treasurers.org

Henna Sadhu is senior marketing manager at the ACT

"WE HAVE AN ENORMOUS OPPORTUNITY TO BE BETTER"

LEADING BROADCASTER AND JOURNALIST JON SNOW WILL BE DELIVERING A KEYNOTE SPEECH AT THE ACT ANNUAL CONFERENCE. HE EXPLAINS WHY, DESPITE UNCERTAINTIES AROUND BREXIT, IT'S A GREAT TIME TO BE ALIVE

Leading broadcaster and journalist Jon Snow has long been an advocate for diversity and wage parity in the workplace. He recently took a voluntary 25% pay cut to help close the pay gap at ITN, and has spoken eloquently about the Grenfell Tower disaster – he had met one of the victims, Firdows Kedir, at a schools debating competition at which he was a judge.

"Grenfell speaks to us all about our own lack of diversity," he says. "It's not the whole answer, of course, but we need to open all of our organisations to the unconventional, the different, the diverse. There are considerable benefits to embracing a variety of points of view. At the moment, our outlooks and experiences are somewhat limited."

Snow, who will be delivering the keynote speech at the ACT Annual Conference 2019, believes that this lack of diversity within business, the media and politics is responsible for much of the current geopolitical climate. "It's difficult to tell whether Trump and Brexit are the ultimate consequences of the financial crisis of 2008, or whether it says more about the divisions between the wealthy and those in poverty, which is a longer-term issue. I believe that both Brexit and Trump have commonalities, which we need to understand and address."

Brexit is a highly complex topic, he explains. In particular, it's hard to find a balance when people feel so strongly about it either way. And the issues around exiting the EU are hard to untangle. "It's such a mess of truths and lies. There are many oversimplifications, but the complexities are immense."

In such an uncertain climate, exacerbated by the disruption caused by rapid technological advancements, it pays to be a little bolder in your thinking, embrace new ideas and take a few calculated risks.

"I would think it would be quite an advantage for treasurers to embrace the opportunities that arise from the technology we have available now," says Snow. "It can deliver considerable efficiencies, which I imagine would be quite a boon for that profession. Personally, I find it all fascinating. I think technology can be a great liberator. When I think about how things have changed within journalism, everything is so fast now. It liberates us to do more with news, though I do think that technology has its dark side if not properly utilised. It's made the spreading of misinformation much easier, for example."

ALAMY

> "We're sort of living through the best and worst of times"

So, what can we expect from Snow's keynote speech? A lot of enthusiasm, a keen curiosity and more positivity than you might think. "I think we're sort of living through the best and worst of times at the moment. While it certainly poses some challenges, I do tend to think there are plenty of things that we should be very positive about."

Among many entertaining anecdotes from his years being present at some of the most important moments in history, Snow will expand on his views on the importance of moving with the times. He will, inevitably, touch on Brexit, and where we go from here. He will also wax lyrical on how to harness the benefits of new technology – what it's given us and what it might offer us in future.

"So much has changed in my lifetime that I find it quite astounding. The technology available now is so far beyond what I could have imagined when I started out. And for the most part, it does allow us to do more."

How much of a benefit this new technology will prove to be depends on the people who use it. In which case, it's best to embrace it to ensure that we have control of its impacts. "We have an enormous opportunity to be better – in our workplaces, in society – but we do have to make an effort to be better."

MORE INFORMATION

For more on the conference and how to book, please turn to page 12

CELEBRATING 40 YEARS
OF ENGAGING TREASURERS

EMBRACI
DISRUPTI

DARE TO THINK DIFFERENTLY

With 12 track sessions, 10+ treasury fringe sessions and **"NEW IN 2019"** a dedicated afternoon of corporate case studies, this year's programme offers everything a treasurer's heart desires. And don't forget to visit the UK's largest treasury exhibition with over 80 exhibitors - all under one roof.

OUR TOP PICKS

NEW FOR 2019: CORPORATE CASE STUDIES

A dedicated afternoon of practical case studies – from treasurers for treasurers - letting you engage with your peers, ask the questions that matter to you and benefit from lessons learnt from companies similar to yours.

OPENING KEYNOTE SPEECH: JON SNOW

Having travelled the world to cover the news who'd be better placed to give a current affairs update than Jon Snow? The award-winning broadcaster known for his fearless journalism and hard-hitting interviews will join us for the opening keynote speech at this year's conference.

ACT ANNUAL CONFERENCE 2019

21-22 May 2019 | Manchester Central, UK

NG ON

EARLY BIRD RATES
END 31ST MARCH 2019

treasurers.org/annualconference
Follow us @actupdate #ACTAC19

SAVE AN EXTRA 10% BY USING THE CODE
ACTAC19TT
SAVE UP TO £700!

3
TRACK SESSIONS:
KEY TREASURY TRENDS IN 2019

We look at what it takes for today's treasurers to take treasury to the next level, despite tech and business disruption and unprecedented regulatory and geopolitical challenges.

4
SOCIAL HIGHLIGHT:
ACT 40TH ANNIVERSARY DINNER

We are inviting all delegates to a very special evening. Continue your conversations from the day and network with fellow delegates over a fabulous three-course meal and unmissable entertainment.

TREASURERS.ORG/ANNUALCONFERENCE

HUMAN CAPITAL

National Grid's Alexandra Lewis tells *The Treasurer* what it takes to lead an award-winning team

Words: Liz Loxton / Photography: Louise Haywood-Schiefer

Like many treasurers, Alexandra Lewis is dual-qualified. She began her career in accountancy and spent the three years following her Maths degree training within the audit function at what was then Price Waterhouse, one of the Big Five firms. While she found the role interesting, an early assignment with British Gas – at the time demerging from Centrica – effectively knocked audit into touch, giving her a first taste of treasury, along with a strong sense of the contribution that it can make to a business.

Working with Malcolm Cooper, who at the time was head of corporate finance at British Gas, the assignment included plenty of non-audit work, particularly around the preparation of working capital statements that would form the financial underpinnings for the demerger. Lewis found herself enjoying the work and, when Cooper made contact in 1997 to invite her to apply for a position on the corporate finance team of British Gas's successor BG Group, she readily made the move. At the time, BG's corporate finance sat outside the treasury function. But while her role wasn't yet core treasury work, it began to cement an understanding of the discipline for Lewis.

Lewis's early exposure to corporate finance enabled her to quickly gain a detailed understanding of British Gas's business drivers and the impact of regulation on the business. Delving into the listing regulations, for instance, gave her a sense of what could be achieved by the demerger as well as giving her an opportunity to apply her analytical skills – "I'm a detail person; I have a predilection to dive into fine detail," she says.

CHANGING FACE OF BG

From that point, Lewis's career moves tracked to a degree the structural evolution going on at BG. When the company demerged its gas transmission and distribution business, Transco, into Lattice Group, she moved to Lattice's headquarters in central London as manager of corporate banking – putting to an end a tiresome commute from central London to Reading and broadening her treasury experience and responsibilities at the same time.

"Of course, Lattice Group had all the debt and so my role developed into managing bank relationships and all the committed bank lines. So I was in treasury proper then," she says. Lewis also took charge of relationships with credit rating agencies and all bank lending in a period lasting until May 2004.

Two years previously, Lattice Group had merged with National Grid to form National Grid Transco (it would revert to the name National Grid in 2005), and in 2004, Lewis made a move out of treasury into investor relations, a role she would carry out for two and a half years.

"When I went into investor relations, understanding where we made money and where the risk/reward trade-offs were paid off in discussions with investors and brought me more insight into the business. Every job has given me a bit more insight into what National Grid does, where we take risk and where we want to take risk."

In November 2006, Lewis moved back to the treasury function to head up corporate finance. By that stage, corporate finance came under treasury, with Cooper by then the group treasurer.

In 2008, Lewis was made assistant treasurer in a role that would turn out to be dominated by a governance issue, then exercising the best minds in treasury – how to comply with Sarbanes-Oxley. In 2009, she moved again and became head of risk and insurance.

CAREER PATH

2017-present
Group treasurer, National Grid
2013-2017
Group head of reward
2009-2013
Head of risk and insurance
2008-2009
Assistant treasurer
2006-2008
Head of corporate finance
2004-2006
Head of investor relations
2000-2004
Manager, corporate banking
1997-2000
Corporate finance manager
1993-1997
Assistant audit manager, PwC

QUALIFICATIONS

MCT (**2002**)
AMCT (**2001**)
ACA (**1997**)
University of Oxford
MA, Mathematics (**1993**)

"I absolutely think we drive value by managing risk"

WHAT I VALUE MOST ABOUT THE ACT IS...

I really value the MCT qualification – every day I use the skills and methods I learnt for the exams and appreciate how useful that learning has been. Post qualification, I value most the network of treasury professionals and the opportunity to share experiences and gain inspiration from a like-minded peer group.

WHAT I LIKE BEST ABOUT TREASURY IS...

Treasury is a function that really makes a difference to the business at all levels, from the strategic (in terms of gearing and long-term funding) to the operational (liquidity and cash) and everything in between. I find that breadth and the opportunity to influence business performance very rewarding – no two days are ever alike.

SIGNIFICANT OTHERS

In 2013, Lewis made what would turn out to be one of her most significant career moves when she became group head of reward on National Grid's HR leadership team. As her first role outside of finance, Lewis made the move conscious that she was taking something of a risk.

"You never know whether you're going to get back into your main discipline, but it turned out to be a really good opportunity to see the business through a different lens."

In fact, 2013 was a time of reform in director remuneration and therefore a very good time to go into the rewards space in the UK. Business secretary Vince Cable had introduced a binding shareholder vote on executive pay as part of the Enterprise and Regulatory Reform Act 2013. Lewis had one year to pull together a strategy that would enable National Grid to both comply with the bill and align pay and reward with value-driven incentives.

"The consultation process was really interesting. I was pulling together strategy that was to be voted on in the 2014 company annual general meeting, and my finance background was helpful, because it enabled me to marry that deep understanding of how the business made money, how the risks balance with rewards – and that was super helpful when it came to thinking through the strategy."

The executive remuneration and strategy work also provided a solid foundation across the business for wider discussions on reward, management

THE WORK CHALLENGE I WOULD MOST LIKE TO FIX IS...

The treasury function needs to ensure that its workings and decisions are transparent and comprehensible to a wide audience, and remain relevant and aligned to overall business objectives at all times. This is particularly important in an environment where markets are increasingly complex and volatile, and therefore where articulating to the board how and what risks are managed (and not managed) is becoming ever more vital.

and succession. "I found myself giving a view on talent, recruitment and performance, and taking part in discussions on leadership potential and how frequently we should give feedback – and how all of these elements played a role in the business."

TOP ROLE

Finally, in November 2017, Lewis landed the role she had aspired to for the past decade, group treasurer of National Grid. The role puts her at the head of a team of 40 treasury professionals – 20 in the UK and 20 in the US – and at the helm of an active issuer. National Grid has a significant debt book, makes several issues each year and its team is driven and enthusiastic. Its achievements have been rightly recognised in *The Treasurer*'s annual Deals of the Year Awards. National Grid won the Corporate Finance award and was overall Deals of the Year winner in 2015. The following year, its treasury team won the Large UK Treasury Team award, following a year in which it completed one of the largest M&A transactions in the UK corporate sector, the divestment of its UK gas distribution network, issuing £3bn of fixed-rate bonds across four tranches and a €750m eight-year note with associated cross-currency swaps executed to take the proceeds back to GBP.

More recently, Lewis has restructured the team, strengthening the corporate finance element – currently four people – reinforcing front, middle and back offices in London and bringing the US cash management function under the central group treasury control. This in turn paves the way for US-based treasury team members like Jonathan Cohen (see *The Treasurer*, October/November 2018, page 20) to evolve his role into business partnering and implementing strategic financing for National Grid in New York. Hiving off the cash management element means the US team can focus on the complex interaction of federal and state-driven regulation – the better to refine strategic funding needs there.

Lewis regards her team as an expert one and believes that leading a team of experts is a skill in itself. "You've got to be collaborative," she says. "It would make little sense if I didn't get everyone's views out on the table." Lewis is an exponent of brainstorming and keen to ensure she understands everyone's positions, testing their ideas and assumptions to ensure opportunities are not missed by taking a particular route.

> "Working with extremely sharp people is what motivates me"

RISK – A FIRST-PRINCIPLES EXERCISE

Since becoming group treasurer, Lewis's interaction with the C-suite and board committees has also evolved. She has recently led an exercise to evaluate the question of financial risk across the group, looking at the fundamentals of the business and translating that into specifics for the treasury function and treasury policy. "We have three non-executive directors and two executive directors looking at financial risk appetite, at how we create value by taking risk that has gone right back to thinking about the terms of reference we use around risk, testing our thinking and [ultimately] clarifying when we as a team have the authority to fix or float interest rates, issue short- or long-term debt or take decisions around transactional risk. More broadly, we've looked at what being risk-averse or risk-tolerant in each of the areas of financial risk would mean. It's been fascinating. I absolutely think we drive value in the first place by managing risk."

Looking at her role and how it has evolved over time, it is clear that Lewis enjoys engaging both with her team and its day-to-day agenda, and the board and its more strategic group-wide perspective. "It's highly varied. One day I can be thinking about how I should input into a business plan for the group for the next 10 years, the next we can be looking at the credit risk of a particular part of the business."

It is the interaction with her team that brings the most satisfaction, however. "Working with extremely sharp people is what motivates me. I am working with people who keep me on my toes and push back."

Liz Loxton is editor of *The Treasurer*

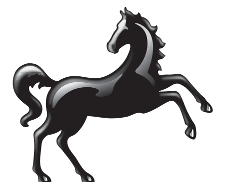
By the side of British business

From aerospace factories and manufacturing plants to high street retailers, house builders and energy providers, we're always there to help.

We work with you and your treasury team to arrange the cashflow essential to a company's smooth running and growth.

It's why we're proud to be lead sponsor for The Treasurer's Deals of the Year 2018 Awards.

By the side of business



LLOYDS BANK

YOUR APPLAUSE, PLEASE

HIGH STANDARDS ACROSS THE BOARD IN THIS YEAR'S DEALS OF THE YEAR AWARDS LED TO SOME TOUGH CALLS FOR THE JUDGES

I am delighted to welcome readers to *The Treasurer*'s 2018 Deals of the Year Awards, which I have had the privilege of chairing for a third year. This year, I had the pleasure of reviewing and discussing with the judging panel a wide range of exceptional examples of treasury practice. It is evident that the pace of innovation and creativity in treasury teams across the UK and Europe, the Middle East and Africa (EMEA) continues to advance, providing a value-adding counterpoint to the increasing volatility seen across the globe.

However, if I was to pick out one highlight in the award nominations this year, it would be the highly competitive Sustainable Finance category. With the number of unique nominations more than doubling, and with a much wider variety of green or sustainable finance initiatives being showcased, this provided one of the most fiercely debated categories. It was heartening to see sustainable financing initiatives moving clearly into the mainstream, and thereby the central role treasury can play in capturing value by linking financing to a sustainability agenda.

Before moving on to our review of the year and the awards themselves, a word on the judging panel.

Philip Learoyd
is group treasurer at OCI and chair of the Deals of the Year Awards judging panel

I am very pleased that we were able to add another experienced treasurer to the panel in Joanna Hawkes, group treasurer at M&S. Joanna immediately brought a fresh perspective to the panel and contributed to the lively debate, of which more later.

A volatile year

Turning to 2018, volatility has been almost the one constant as the fallout from previous years' macro surprises continues to play out. US/China trade disputes, the Turkish and Argentina crises, sharp moves in commodity prices and the continued rise of populist political parties in Europe have made many headlines and sparked frequent bouts of nervousness in the financial markets.

Overarching this, of course, several rates rises in the US and the consequent drain of USD global liquidity have sparked many commentators to call the end of the current positive economic cycle.

The result has been distinct periods of weakness in the capital markets, notwithstanding some windows of good issuance conditions in the early part of the year and briefly in the autumn. A number of the deals reviewed by the panel highlighted treasury teams that had prepared to be opportunistic and fleet-footed in getting to

markets when conditions were optimal. Treasurers' capabilities in looking ahead, assessing risk in their company's ability to deliver its strategic objectives, and then preparing the ground for when markets are receptive will be a much appreciated skill with CFOs and boards in the coming year or two.

Finally, we have had the tortuous negotiations on Britain's exit from the EU. It is of course troubling that we appear to be no clearer on the shape, form and timing of the UK's exit from the EU than when I last wrote in these pages a year ago. But crunch time is upon us and all we can do is cross our fingers that clarity, in whatever form that comes, will be provided soon.

The deals

As ever, the breadth of nominations across the various categories was most impressive, with the capital market categories again being particularly hotly contested. All categories prompted much debate among the panel, with a significant number of 'highly commended' awards being given, illustrating how tight some of the judging decisions were.

Of particular interest to the panel, I believe, were a number of the nominations in the team awards. The challenge of delivering operational change management projects, seeding further value delivery from treasury teams, while at the same time executing the funding and takeout of major transactions is a remarkably impressive achievement.

This highlights one of the most demanding facets of the treasurer's role. On the one hand, having to deliver high-value, often transformational balance-sheet projects (which are immensely time-consuming in the short term), while never taking one's eye off the ball during the nitty-gritty of continuous operational improvements. That combination of strategic long-term decision-making with day-to-day operations is one of the most 'fun', but also most challenging, elements of the treasury profession.

The awards have showcased some great examples of treasury teams executing these different priorities with aplomb.

Navigating the nominations and deciding on the final awards is a time-consuming exercise and I would therefore like to express my sincere thanks to all of my fellow judges for their commitment to *The Treasurer*'s Deals of the Year Awards. The expertise and different perspectives they bring always provides for a stimulating debate.

My thanks to the team at the ACT, who manage with great patience the significant administration of the awards, as well as to Lloyds Bank and SMBC for their support and sponsorship.

So, with great pleasure, we present the winners of 2018 Deals of the Year Awards.

Lead sponsor

LLOYDS BANK

Supporting sponsor

MEET THE JUDGES

INTRODUCING THE 2018 PANEL, WHO DISCUSSED AND DEBATED WHO WOULD BE TRIUMPHANT

OUR EXECUTIVE JUDGING PANEL

Fraser Campbell
Treasury consultant, PMC Treasury

Joanna Hawkes
Group treasurer, M&S

Matthew Hurn
CFO alternative investments & infrastructure, Mubadala

Bente Salt
Head of treasury, Rentokil Initial

Richard Sedlacek
MD, Rothschilds

Mark Venner
Treasurer, operations, BAE Systems

Paul Watters
Senior director, S&P

Henryk Wuppermann
Head of corporate finance, E.ON

THE CATEGORIES

Bonds above £750m p22

Bonds below £750m p23

Loans above £750m p24

Loans below £750m p25

Corporate Finance and Overall Deals of the Year Awards winner p26

Sustainable Finance p27

Large UK Treasury Team of the Year p28

Small UK Treasury Team of the Year p29

Large EMEA Treasury Team of the Year p30

Bonds above £750m winner

DP WORLD

MILESTONE ISSUE

A COMPLEX MULTI-TRANCHED TRANSACTION FROM PORT OPERATOR DP WORLD CAUGHT THE JUDGES' ATTENTION

DEAL HIGHLIGHTS

Winner:
DP World

Providers:
Barclays, Citi, et al

Structure:
$1bn sukuk; £350m MTN; €750m MTN; $1bn MTN; tender offer on $650m sukuk certificates

Global port operator DP World took this year's award for Bonds above £750m. Incorporating four different tranches and spanning four markets, this unique deal saw the Dubai-headquartered company issuing a $1bn sukuk alongside three conventional bonds denominated in USD, EUR and GBP – achieving a total value of around $3.3bn. Adding to the complexity of the deal, the company simultaneously carried out a liability management exercise in the form of a tender offer.

This innovative deal was intended to raise proceeds for capex and M&A plans across multiple currencies, as well as optimising the liability portfolio by reducing the cost of the company's outstanding liabilities. The company's achievements were all the more impressive given the challenging environment in the Middle East debt capital markets that preceded the transaction.

The tranches were as follows:

- $1bn sukuk due in 2028 with a coupon of 4.848%
- £350m medium-term note (MTN) due in 2030 with a coupon of 4.25%
- €750m MTN due in 2026 with a coupon of 2.375%
- $1bn MTN due in 2048 with a coupon of 5.625%.

At the same time, DP World announced a tender offer on $650m worth of sukuk certificates due in 2019 for its subsidiary JAFZ.

The highly complex deal came with numerous standout features. For one thing, the transaction brought several milestones for DP World itself. The deal was the issuer's debut issuance in GBP and EUR, while the 30-year USD tranche was the company's second bond issuance after 2007. The transaction was also notable at a market level: as well as being the Middle East's first triple currency offering since the financial crisis, it was also the region's first GBP benchmark issuance since 2011, and its first EUR benchmark issuance since 2014.

The benefits for DP World were likewise significant. By tapping into the EUR and USD markets, the company gained access to a more diverse pool of investors, with different tranches appealing to different investor bases, as well as extending its debt life. The strong pricing levels delivered a tighter cost of debt for the company, while the liability management exercise alleviated upcoming debt redemptions and enabled the company to reduce interest expenses.

What the judges said:

"Everything about this deal was compelling, from the complexity of the different tranches to the fact that much of what was achieved was relatively new for the region."

Highly commended VODAFONE

In this category, the judges also highly commended Vodafone's senior unsecured bond issuance and debut hybrid transaction, which were intended to partly fund the proposed €18.4bn acquisition of Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania. The deal included an $11.5bn senior unsecured bond consisting of six tranches issued in May 2018 at a EUR equivalent fixed yield of 2%, as well as hybrids worth €4.2bn spanning three currencies issued in September.

Marking Vodafone's return to the public USD market, the USD offering opened up a significant pool of future liquidity while extending the company's maturity profile.

Meanwhile, the hybrids helped to secure the company's credit rating for a significant acquisition. The judges noted the extraordinary timing of the deal: Vodafone achieved a blended EUR equivalent fixed yield of 3.3% across the hybrid funding – a rate which was all the more impressive given subsequent market deterioration.

Bonds below £750m winner

UNIVERSITY OF OXFORD

DREAMING SPIRES

A FIRST-TIME ISSUER TOOK THE AWARD IN THIS CATEGORY FOR AN AMBITIOUS PIECE OF CAPITAL PLANNING AND REMARKABLE TENOR

The University of Oxford's debut issue took the award for Bonds below £750m. In this hotly contested category, the University of Oxford's £750m corporate bond stood out for a number of reasons – not least of which was its remarkable 100-year tenor.

With the university aiming to maintain its position at the top of global university rankings, the institution had put in place an ambitious capital plan to build and maintain world-leading facilities. These facilities are expected to play an essential role in supporting both research and teaching, while helping to attract the best academic talent from around the world. The university was therefore seeking funding from the capital markets in order to plan this programme with confidence and achieve long-term funding stability.

While some of the individual Oxford colleges had previously raised funds via the private placement market, this was the first time that the central university had issued debt. As such, the university needed to obtain a credit rating during the course of the transaction – an exercise that involved coordinating multiple workstreams in order to prepare the relevant information for the rating agency. The process was managed robustly, and the resulting Aaa rating given by Moody's was higher than that of the UK government.

As a first-time issuer, the treasury team was supported by internal finance teams and senior executives, as well as by JPMorgan and Linklaters. Given the complexity of the organisation, strong communication was needed to meet the deal's aggressive timetables. The resulting £750m bond was oversubscribed, enabling the university to tighten pricing and thereby improve the overall coupon. As a result, the bond had a low cost of borrowing at only 2.544%.

The deal was a very large transaction for the university, but it was the 100-year tenor that particularly caught the judges' attention. As well as being noteworthy as the longest-ever issue for a debut bond – and one of only a small number of such bonds by a European corporate – the issue was also longer than any public issue of UK government bonds or gilts.

DEAL HIGHLIGHTS

Winner:
University of Oxford

Provider:
JPMorgan Cazenove

Structure:
100-year £750m corporate bond

What the judges said:

"How many entities can do this kind of transaction? The University of Oxford really took advantage of its longevity to complete this blowout deal."

Honourable mentions

Honourable mention must also be given to several of the other entries in this category, including some innovative uses of the US private placement market. These include:

- **Tesco**'s five-year €750m bond issue to finance a tender offer on outstanding bonds in EUR, GBP and USD – the company's first corporate bond issue in four years.
- **Heathrow**'s £250m linked deals split between Class A and Class B notes following a US private placement structure, which brought access to a diverse group of investors.
- **NewRiver Retail**'s debut £300m bond issuance, which came with a first-time rating of BBB+ and brought a new sub-sector to the GBP real estate bond market.
- **Phoenix**'s inaugural Restricted Tier 1 bond, which raised £500m towards the company's transformational acquisition of Standard Life Assurance Limited.
- **SSP Group**'s inaugural multi-tranche investment grade US private placement in USD and GBP, which diversified SSP's debt-funding options away from the bank market.

Loans above £750m winner

MELROSE INDUSTRIES

A CLEAR FOCUS

THE FINANCING BEHIND ITS SIXTH ACQUISITION GAVE MELROSE INDUSTRIES THE EDGE IN THIS CATEGORY

DEAL HIGHLIGHTS

Winner:
Melrose Industries Plc

Provider:
Lloyds Bank,
Royal Bank of Canada

Structure:
Multi-currency RCF;
3.5-year term loan in
GBP, EUR and USD

What the judges said:

"In light of the hostile takeover, this was a major transaction that was completed in difficult circumstances and in impressive time. A well-crafted deal."

The award for Loans above £750m was given to buyout group Melrose Industries for the £4.5bn facility put in place to finance its £8.1bn hostile takeover of GKN.

Drawing on its tried-and-tested 'Buy, Improve, Sell' strategy, Melrose purchases manufacturing businesses that have strong fundamentals, but which also demonstrate room for improvement where their performance is concerned. Melrose then matures its acquisitions through a variety of strategies, from changing management focus to driving operational improvements, and sells them in order to return the proceeds to shareholders.

With its sights set on leading automotive and aerospace parts supplier GKN, Melrose was seeking funding for the proposed acquisition – the most high-profile M&A deal in the industrial sector in the UK market for some time, and the largest unsolicited takeover since Kraft's bid for Cadbury. Given the scale of the transaction, Melrose was looking for an exceptionally quick commitment turnaround. The company therefore obtained agreement from Lloyds and Royal Bank of Canada to underwrite the £4.5bn financing that would be needed to support the acquisition.

The deal was structured as a four-tranche multi-currency facility, including a multi-currency five-year revolving credit facility (RCF) as well as a three-and-a-half-year term loan across three currencies (GBP, EUR and USD). The resulting finance was to be used for a combination of financing the acquisition of GKN, refinancing Melrose's existing facilities and general working capital support.

The syndication took the form of a stage process, which led to a group of 27 banks entering the transaction in May 2018. By securing 'certain funds', Melrose was able to support both the offer approach and the subsequent increases in offer prices, resulting in a smooth syndication process once the necessary shareholder approval percentage had been achieved.

The judges noted the challenges inherent in acquiring such a large target, and were impressed by the speed and professionalism of this transaction, which resulted in the acquisition of GKN. The purchase elevated the company into the FTSE 100 and added significant scale to the existing business.

Highly commended INFORMA

Highly commended in this category was Informa's complex acquisition financing deal, which comprised bridge and backstop facilities amounting to approximately £2.5bn. The deal, which was intended to support the company's transformational acquisition of UBM, included a £700m acquisition bridge facility, an £855m backstop facility for Informa's RCF, and a £400m and $720m backstop facility for the RCF, US private placement and bond at UBM.

At the same time, the treasury team completed a Rating Evaluation Service/Rating Assessment Service process. This ensured that the financing was appropriately structured to maintain Informa's credit profile and its investment-grade credit ratings of BBB/Baa3 from S&P and Moody's respectively.

The judges praised the short time frame of this well-executed deal: the fully executed and underwritten facilities were delivered in a matter of weeks, with the treasury engaging a single bank for the initial underwrite to preserve confidentiality and ensure a quick process. The deal was then syndicated to four other banks in only two weeks, making this multifaceted transaction all the more impressive.

Loans below £750m winner

CARETECH

IN GOOD HEALTH

AN ABILITY TO RETAIN EXISTING RELATIONSHIPS AND ACQUIRE NEW INVESTORS STOOD OUT IN CARETECH'S LOAN FINANCING

The award for Loans below £750m was taken by the specialist care services provider CareTech. Aiming to deepen its business model and expand its service offering, the company was pursuing the acquisition of children's services provider Cambian Group Plc – a deal that would result in greater scale, service diversification and geographical coverage, while developing the company's focus on pathway care for young children through to adults.

To finance the acquisition, CareTech obtained a financing package of £427m, with Lloyds and NatWest acting as joint underwriter and bookrunner mandated lead arrangers. The package consisted of term debt worth £322m and a £25m RCF, as well as an £80m bridge loan, repayable shortly after completion, to facilitate cash confirmation before utilising Cambian's significant net cash position.*

The maturity of the debt was three-and-a-half to five years.

The oversubscribed primary subscription resulted in a 100% hit rate of existing and new lenders – despite the transaction taking place at a time of uncertain market conditions. The judges spoke highly of the way in which the deal leveraged both new and existing banking relationships, despite the backdrop of considerable political and economic uncertainty. Moving forward, the expanded bank group is expected to provide CareTech with additional liquidity, as well as a platform to explore further market opportunities in the future.

Following the acquisition, which was completed in October 2018, CareTech's operation has expanded to include more than 9,000 staff working with around 4,500 service users. The deal is forecast to provide combined synergies of £6m, with around £3m set to be realised in the financial year ending 30 September 2019 and £5m in the following financial year.

DEAL HIGHLIGHTS

Winner:
CareTech

Provider:
Lloyds Banking Group, NatWest

Structure:
£427m debt package including £322m of term debt, an £80m bridge-to-cash facility and a £25m RCF

What the judges said:

"CareTech's deal was a good piece of financial work with a 100% hit rate. The feedback in the market was that this was a really well-executed package."

Highly commended JOHN LAING GROUP

Also notable in the Loans below £750m category was John Laing Group's impressive refinancing deal. The infrastructure investor's goal was to refinance an existing £475m RCF, which was due to mature in March 2020, as well as £50m one-year liquidity facilities.

The group therefore arranged a £650m RCF, consisting of a £500m five-year RCF, with an accordion of up to £100m, and a £150m (+1+1+1) 18-month RCF. The £125m increase in the company's facility size was designed to support John Laing's larger portfolio and growing pipeline of transactions.

The deal was particularly noteworthy given the credit difficulties in the wider sector, and was the largest syndicated transaction of a UK infrastructure company following the liquidation of Carillion. Despite these challenges, John Laing achieved a 20% reduction in margin and secured committed liquidity through to 2023.

Consequently, the company was able to avoid the potential refinancing risks associated with Brexit and position the company for future growth, as well as introducing two new relationship banks. The judges deemed this to be an interesting and well-executed transaction, completed in a difficult market.

*SOURCE: LONDONSTOCKEXCHANGE.COM/EXCHANGE/NEWS/MARKET-NEWS/MARKET-NEWS-DETAIL/CTH/13757352.HTML

Corporate Finance and Overall Deals of the Year Awards winner

PHOENIX GROUP

AMBITION REWARDED

A COMPLEX FINANCING TO SUPPORT A REVERSE TAKEOVER PROMPTED THE JUDGES TO NAME PHOENIX GROUP AS OVERALL WINNER

DEAL HIGHLIGHTS

Winner:
Phoenix Group

Provider:
ABN Amro, HSBC and NatWest

Structure:
£1bn debt, £1bn rights issue, £1bn equity placing

This year's Corporate Finance award was highly competitive, with the judges noting that the shortlisted deals were the best they had seen in this category to date.

The award was ultimately taken by Phoenix Group, the specialist consolidator of heritage life assurance funds, which was also named Overall Winner for its £2.9bn acquisition of Standard Life Assurance Limited (SLAL). Phoenix's reverse takeover of SLAL enabled the group to become Europe's largest closed life consolidator. As a result of the deal, the company now has more than £240bn of assets and 10.4 million policyholders.

Financing the takeover was a major undertaking which was achieved through a combination of £1bn of debt, £1bn rights issue and £1bn equity placing with the vendor. The debt-financing component included £1.5bn of underwritten debt facilities, which were refinanced through an inaugural £500m restricted Tier 1 (Solvency II compliant) bond issue, followed by a €500m Tier 2 issuance – swapped to £445m – following completion. The equity component, meanwhile, included a £950m underwritten rights issue in May 2018.

The deal included the following tranches:

- £950m rights issue
- £959m share placing
- £500m restricted Tier 1 debt issue
- €500m Tier 2 debt issue
- £600m acquisition facility
- £900m backstop bank facility.

Despite the complexity of the many moving parts, this ambitious deal was completed in a short time frame. The timings of the deal were also advantageous: the €500m Tier 2 capital debt issue issued in September was Phoenix's debut issue in the EUR market and was hedged into GBP via a cross-currency swap, at a lower cost than that implied by the trading level of Phoenix's GBP Tier 2 debt trading level. The transaction was priced just ahead of substantial volatility in the debt markets, which subsequently hindered a number of issuers.

The transactions have strengthened the company's capacity to generate shareholder value through the delivery of management actions and future accretive acquisitions. The takeover is also expected to enhance cash flow and deliver expected synergies of over £700m.

What the judges said:

"This was a transformational deal which covered a lot of ground, and a big step up from anything Phoenix had done before."

Highly commended E.ON

The judges highly commended E.ON for the company's considerable achievements in maintaining its existing BBB/Baa2 ratings with stable outlooks during the takeover of innogy – a company with the same market capitalisation as E.ON.

Notable features of the deal included an innovative asset swap with RWE, which saw RWE gain a 16.67% stake in the future of E.ON, while E.ON received a 76.8% stake in innogy as well as a €1.5bn cash payment.

E.ON also secured a fully underwritten €5bn acquisition facility to support a voluntary public takeover offer to innogy's minority shareholders, which enabled the company to increase its position in innogy to 86.2%. The judges were impressed by E.ON's rigorous approach to the deal, while also highlighting the wider significance of the transaction in reshaping Germany's energy sector.

Sustainable Finance winner

RENEWI/METROLINE

FRESH APPROACHES

IN A MATURING CATEGORY, THE JUDGES NAMED TWO JOINT WINNERS: WASTE-TO-PRODUCT COMPANY RENEWI AND BUS PROVIDER METROLINE

RENEWI

Renewi plc set out to convert its existing main banking facility into a green loan, with the wider goal of making all the company's future issuance green. The deal involved putting in place a €412.5m green multi-currency RCF and a €137.5m green multi-currency term loan, with both facilities maturing in 2023 and subject to two further one-year extensions. A green European private placement (EUPP) facility of up to one third of the total facility was added in December 2018 and €25m issued.

As part of the process, Renewi adopted a Green Scorecard, which set out five sustainability-linked KPIs, each of which will reduce the loan margin. The KPIs included increases in recycling and recovery rates, growth in carbon avoidance and transition to a low-polluting Euro VI fleet. The deal also established a Green Finance Framework, which requires the company to report annually and confirm that its green assets exceed its green liabilities – one of the first such frameworks to apply both the LMA Loan Principles and the ICMA Bond Principles to the entire group.

The judges were impressed by the innovative features and green benefits of the deal, which has enabled Renewi to add corporate social responsibility objectives and promote the company's sustainability focus in equity investor communications. Renewi's debt facilities have enabled the company to contribute to the circular economy in a number of ways, including recycling and recovering 89% of the 14 million tonnes of waste received annually, avoiding the carbon which would otherwise be emitted to generate new raw materials and improve fleet efficiency.

DEAL HIGHLIGHTS

Winner:
Renewi

Provider:
ABN AMRO, ING et al

Structure:
€575m green RCF, green term loan and green EUPP facilities

What the judges said:

"Renewi is completely migrating its whole capital structure to sustainable finance, bringing verifiable benefits."

METROLINE

Metroline, one of Transport for London's (TfL's) largest bus providers, impressed the judges with a very different, but equally compelling, example of sustainable financing.

Embarking on a programme to replace a legacy diesel fleet with hybrid and electric buses, Metroline was seeking a flexible asset finance solution that would enable the company to accelerate its replacement programme, while further improving its sustainability credentials.

The company secured five-year funding via Lloyds' Clean Growth Finance Initiative, which provides discounted funding to support investments in sustainable business. Metroline was the first company to access funding from the initiative.

As a result of the funding, Metroline was able to purchase 37 new double-decker hybrid buses, and support Metroline in its plans to operate London's first fully electric, zero-emission double-decker services in 2019. The company is also on track to begin operating a further 69 hybrid buses and 68 fully electric buses across other London routes in the coming year. Beyond these benefits, the funding has also given Metroline the capacity to bid for further TfL contracts in the knowledge that the company is able to secure additional vehicles where needed.

Metroline

DEAL HIGHLIGHTS

Winner:
Metroline

Provider:
Lloyds Banking Group

Structure:
Five-year asset finance facility

What the judges said:

"This deal fits into the London green initiative, with Metroline setting out to finance something profoundly sustainable."

Large UK Treasury Team of the Year winner

TESCO

"EXCEPTIONAL AND IMPRESSIVE"

BEATING OFF STIFF COMPETITION IN THIS CATEGORY, THE TESCO TREASURY TEAM WAS THE WELL-DESERVED WINNER OF THIS YEAR'S AWARD

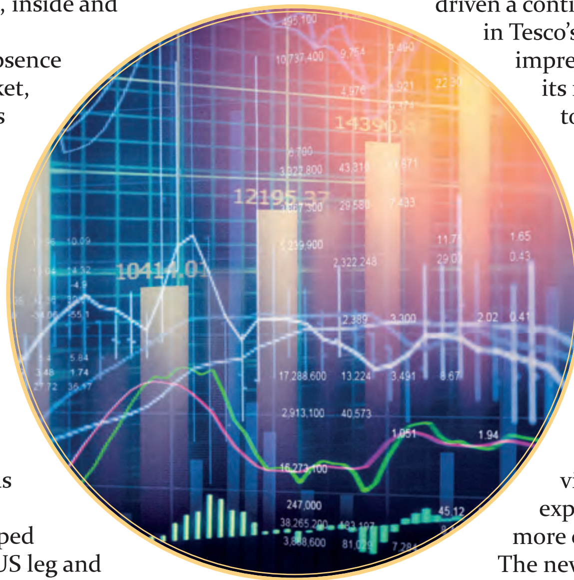
Seeking to reduce its cost of debt and improve financial metrics, under the leadership of group treasurer Lynda Heywood, Tesco's treasury has carried out a series of liability management transactions for the group, while pursuing operational efficiency and more effective risk management via the adoption of a new treasury management system (TMS).

The team's success in these initiatives was all the more commendable given the range of well-publicised challenges that Tesco has faced in recent years, inside and outside its business.

Following a lengthy absence from the new issue market, October 2018 saw Tesco's first new bond issue for four years, in the form of a five-year €750m bond with a yield of 1.482%. Despite relatively volatile conditions, the order book included more than 300 accounts.

Tender offers for selected notes were launched at the same time as the new issue was announced. The tenders were structured as a capped offer, with a prioritised US leg and a non-US leg launched simultaneously. Tesco repurchased €685m equivalent nominal of notes, a deal aimed to strengthen the balance sheet by smoothing the company's debt profile, partially refinancing 2019 redemptions and also targeting high-coupon, long-dated stub positions to achieve interest cost savings.

Meticulous planning contributed to the success of the combined transaction, which took place only one week after Tesco was upgraded one notch to BBB- by Fitch – Tesco's first investment-grade rating since being downgraded to sub-investment grade in 2015, and testament to the team's active and effective engagement with credit rating agencies. The Fitch upgrade had a notable impact on Tesco's secondary spreads.



Other highlights included the repurchase of £600m equivalent of notes in April 2018, as well as the financing of Tesco's £4bn takeover of Booker through the issuance of new shares and existing cash and the subsequent integration of Booker's liquidity management. The focus on deployment of the group's cash to reduce gross debt has driven a continued improvement in Tesco's debt metrics and an impressive 35% reduction in its finance costs compared to 2016-17.

Alongside these achievements, the treasury team's accomplishments also included adopting a new TMS in February 2018. This initiative came as part of a wider finance transformation project to increase efficiency while providing greater visibility over the group's exposures in order to hedge more effectively.

The new Openlink TMS has automated the company's treasury, cash, trading and risk operations, providing end-to-end visibility over global financial flows and broader commercial risks, such as commodities exposure. Beyond this, the initiative has also broadened the scope of the treasury function and increased the treasury's ability to deliver strategic benefits to the business as a whole.

The judges praised Heywood and the whole team's achievements in the company's impressive range of transactions and initiatives in this comeback story.

What the judges said:

"It's good to see Tesco achieve something quite exceptional alongside some impressive deals. Since putting together a new team, Tesco has excelled across the board."

Small UK Treasury Team of the Year winner

ST MODWEN

HIGH ACHIEVERS

THE ABILITY TO SECURE TASKS SUCH AS A COMPLEX REFUNDING WHILE MAINTAINING CORE TREASURY DISCIPLINE BROUGHT PRAISE FOR ST MODWEN

The award for Small UK Treasury Team of the Year went to St Modwen Properties, a FTSE 250 property business with a £1.5bn portfolio across England and Wales. The St Modwen team had a momentous year, which included carrying out £550m of refinancing activity and a move from secured to unsecured debt.

Led by the company's treasurer, who is also the group financial controller, the St Modwen treasury team also includes a treasury manager currently working towards an AMCT and two apprentices who are working towards accounting qualifications – a relatively new structure that was put in place only 18 months ago.

The team's achievements included a refinancing exercise to support the key business goal of trading out of income-producing retail assets in favour of income-producing industrial and logistics assets.

Working collaboratively with lenders and advisers, the team replaced seven secured bilateral loans with a new unsecured £475m club facility, executed in December 2017. This delivered greater flexibility for the business to execute its strategy, while also reducing the administrative burden on the treasury team. A fifth lender was also brought on board as part of the process.

Meanwhile, with St Modwen's banks less able to support the growth of the company's residential business, the property business's team began discussions with the government's housing accelerator Homes England. St Modwen subsequently executed a pioneering £75m loan facility with Homes England, which will accelerate the delivery of over 13,000 homes and aid the growth plans for its housing arm, St Modwen Homes.

Other activities included a review and restructuring of the company's hedging arrangements, the introduction of enhanced reports and dashboards, and an improved short-term cash-flow forecast. The team has also significantly improved the treasury's back-office processes and controls, including the introduction of automated processes and the closure of 18 bank accounts following a bank account structure review.

What the judges said:

"Despite having a very small team, the St Modwen treasury has achieved a lot this year, from a move from secured to unsecured lending to bread-and-butter treasury work."

Highly commended RENEWI

Renewi, which was also named joint winner in the Sustainable Finance category, achieved further success with recognition from the judges for its treasury team's achievements.

Playing an integral role in the merger of Shanks and Van Gansewinkel to form Renewi, the team has since expanded from a manual and decentralised function to a redesigned department based on centralisation, automation and consistency.

The judges praised the team's many achievements, which included carrying out a cash transformation project, renegotiating ancillary and bilateral guarantee facilities and implementing an enhanced treasury policy – as well as converting the main banking facility into a green facility.

Highly commended PAGEGROUP

Also highly commended in this category was PageGroup. The small treasury team undertook an ambitious project to rationalise banking in 94 subsidiaries across 41 jurisdictions and implement a liquidity structure, while simultaneously centralising and automating bank interfaces for a global finance system implementation. Subsidiaries were required to transition their banking facilities and transactional processing to treasury and the shared service centres. While the scale of the task, the volume of documentation and files to be transitioned, and the large number of external stakeholders involved presented numerous challenges, the treasury team worked efficiently to achieve its goals – while continuing to carry out day-to-day activities to the highest standard.

Sponsored by

Large EMEA Treasury Team of the Year winner

DP WORLD

"PROACTIVE AND PROFESSIONAL"

DP WORLD'S TREASURY TEAM HAS A DESERVED REPUTATION FOR INNOVATIVE TRANSACTIONS AND COMMITMENT TO BEST PRACTICE TREASURY

The award for Large EMEA Treasury Team of the Year went to DP World. In addition to the financing deals that secured the global port operator the award for Bonds above £750m, the judges felt that the team's broader achievements over the past year deserved recognition in their own right.

By any standards, the company has had a standout year. For one thing, its issuance in September 2018 was notable on a number of counts. Encompassing a 10-year $1bn sukuk as well as a 12-year £350m MTN, eight-year €750m MTN and 30-year $1bn MTN, this jumbo deal was not only the region's largest bond issue since 2014, but also DP World's debut EUR and GBP issuances. It was also the first triple currency transaction in the Middle East in 12 years.

Adding to the complexity of the exercise, the company simultaneously launched a tender offer on $650m worth of outstanding sukuk trust certificates for subsidiary JAFZ.

This would be impressive enough as a stand-alone exercise, but the September 2018 deal is far from the whole story. In total, DP World's treasury team closed over $7.7bn in financing during the calendar year while working on M&A activity worth around $3bn.

Other highlights of the past year included:

- $380m 15-year structured project financing for DP World Posorja SA (Ecuador) – a challenging deal that has considerable significance to the local economy
- $638m three-year syndicated term loan restructuring and prepayment for Drydocks World Dubai LLC
- Achieving two consecutive credit rating upgrades over a two-year period from both Moody's and Fitch (Baa1 and BBB+), making DP World the only investment-grade company in the sector to obtain two rating upgrades in two consecutive years by two rating agencies
- $2bn syndicated RCF amend and extend. This groundbreaking deal was particularly notable as it was the first transaction in the region – and, indeed, the global ports sector – to include green pricing elements. The company was supported by a total of 19 banks in this innovative financing structure, which aligned with many of the lenders' sustainable lending principles
- $454m 15-year syndicated term loan restructuring for DP World Santos (Brazil), denominated in USD and BRL – another innovative deal that involved buying out the majority partner Odebrecht Transport and overcoming a number of other hurdles.

In light of these many achievements, it should come as no surprise that DP World's treasury team has achieved a well-deserved reputation in the industry for embracing innovation when structuring new transactions – as demonstrated by the numerous nominations submitted by different parties in support of the entry.

The team is also widely recognised for its proactivity, hard work and professionalism. In the multi-tranche deal carried out in September, for example, the team was praised for being highly responsive to detailed supplementary questions asked by Nasdaq Dubai. DP World's treasury team is also noted for setting pricing and structural benchmarks for United Arab Emirates and Gulf Cooperation Council financings and its commitment to implementing market-leading best practices.

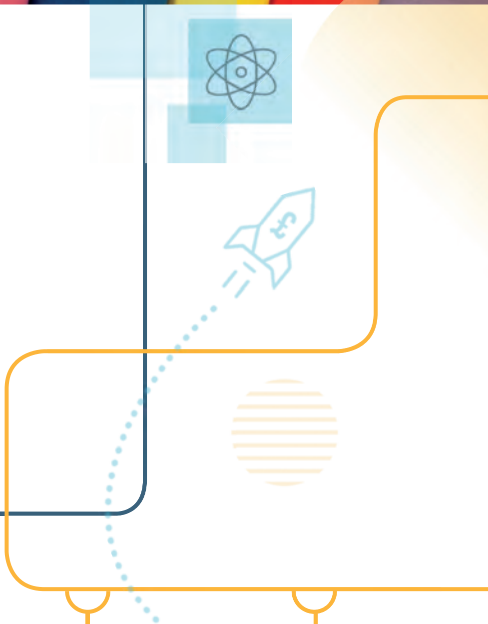
What the judges said:

"This was a standout team that has achieved a lot of different things across many different markets. A fantastic achievement."

Deals of the Year Awards entries were written by Rebecca Brace

LEARNING
ACADEMY

2019 THE YEAR OF LEARNING



Now is the perfect time to reflect and review your learning and development needs for the rest of the year.

WE CAN HELP

We train hundreds of treasury and finance professionals every year and our face-to-face courses are the ideal way to learn valuable skills in a very short space of time – and action them as soon as you return to your desk.

Our 2019 training course schedule

March	
14-15	Advanced Cash Management, London
20	Treasury in a Day, London
22	Nuts and Bolts of Cash Management, London
25-28	The A-Z of Corporate Treasury, London
October	
1	Nuts and Bolts of Cash Management, London
2	Treasury in a Day, London
7-10	The A-Z of Corporate Treasury, London
November	
7-8	Advanced Cash Management, London
26-29	The A-Z of Corporate Treasury, Amsterdam

EARLY BIRD RATES: 15% OFF

For all 2019 London course fees if you book at least 6 weeks before the course start date.

GROUP DISCOUNT: 25% OFF

For bookings for 3+ people from the same organisation on the combined course fee.

A CPD RICH RESOURCE

GOT QUESTIONS? GET IN TOUCH WITH OUR TEAM

+44 (0)20 7847 2529 or drop us a line at **academy@treasurers.org**

LIBOR TRANSITION

BUILDING UP STEAM...

REMEMBER TO FACTOR THE LIBOR TRANSITION INTO YOUR PLANNING FOR 2019. SARAH BOYCE PROVIDES SOME POINTERS

As we go to press, even beyond the UK, everyone is very focused on Brexit – and what it means for the real economy. However, treasurers are very used to having to juggle several issues simultaneously, and it's important that you don't drop the Libor ball just yet...

Throughout 2018, there has been considerable work going on in the background to ensure that the transition away from Libor is as smooth as possible. But for those not directly involved in those debates it may feel as though, despite being told Libor will disappear at the end of 2021, details about what this really means, possible alternative benchmarks or even a plan of action all seem sadly lacking.

So, where are we now? Well, as ever, it rather depends...

Financial markets

When looking at financial market transactions, it may be helpful to consider legacy and new transactions.

Legacy transactions (those maturing post-2021): The International Swaps and Derivatives Association (ISDA) is developing fallback language (to ensure continuity of contract) for derivative contracts – this will set out how transactions currently benchmarking a forward-looking term rate will have their interest rate fixing calculated once Libor is no longer available. This is expected to be published in Q1 2019. The cash markets (loans, bonds, etc) appear to be waiting to see what ISDA comes up with before moving forward, although there is a lot of preparatory work going on in the background. As this will be very much a documentation point in the first instance, your lawyers may be best placed to update you as this evolves.

As we've advised elsewhere though, don't automatically sign the ISDA protocol when it's published, as it may make hedges ineffective...

New transactions (ie not referencing Libor): As at the end of 2018, while the derivatives markets were becoming more established and liquid, and some banks (notably Lloyds in the UK) have issued floating-rate notes referencing risk-free rates (RFRs), no corporate transactions in the cash markets have been announced – indeed, banks do not appear to have products (and specifically loan products) available for corporates.

Other uses of Libor

In addition to financial markets, Libor is widely used across many organisations in areas such as intercompany lending, commercial contracts, etc. At this stage, and in the absence of financial markets products, there may not be solutions, but treasurers should start to identify everywhere Libor is used in the organisation and begin to develop a plan of how each of these instances might be addressed.

Tax and accounting

Transfer pricing, hedge accounting – these two areas are high risk if the various working groups fail to develop solutions that are adopted wholesale by the tax and accounting authorities – while not considered to be an immediate risk, this is definitely one to watch.

Light at the end of the tunnel

But there are some developments, and specifically some sources of information that you should now make sure you access regularly, as they will keep you up to date.

The Sterling Risk Free Rate Working Group (RFR WG) is now publishing a monthly newsletter – this will be on our web page, but is definitely worth registering for as it not only summarises what is happening in the UK, but also around the globe as other currencies also move away from Libor. Register for the newsletter by emailing the RFR Secretariat at RFR.Secretariat@bankofengland.gsi.gov.uk

Other practical resources are also available:

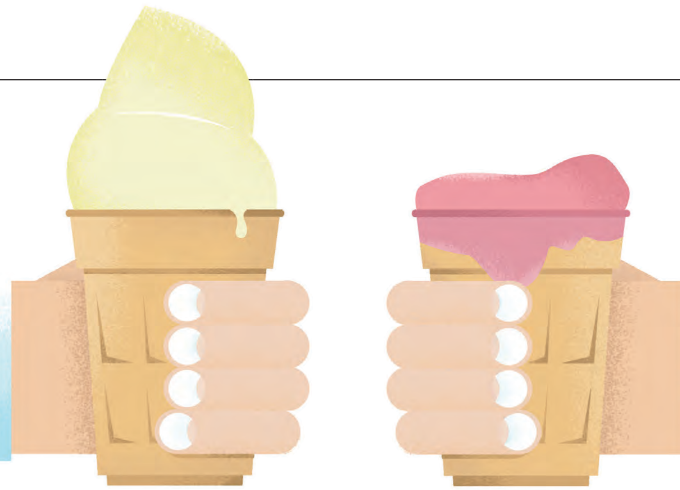
Preparing for 2022: What you need to know about Libor transition has been produced by the RFR WG and is the perfect starting point, not only for treasury teams, but also for sharing with your banks to make sure they are also up to speed.

Transition to risk free rate benchmarks: A treasurer's checklist was published by the ACT late last year as a guide for treasurers on the sorts of things they need to be considering.

All of these materials will be on the ACT web page at treasurers.org/liborreform, but if you have problems accessing (or signing up for) any of these, drop us a note at technical@treasurers.org

Finally, there is an RFR Corporate Forum – all are welcome. We are looking to expand the membership through 2019. Please email us if you'd like to come along.

Sarah Boyce is P&T associate director at the ACT



HEDGING WITH OPTIONS

OPTIONS CAN BE A POWERFUL AND FLEXIBLE HEDGING TOOL IF USED CORRECTLY. DOUG WILLIAMSON EXPLAINS WHEN AND HOW TO USE THEM SAFELY

Many treasury disasters have resulted from misusing options or other derivatives. Sound understanding and disciplined application are essential to using them appropriately.

The problem

Let's say one of our key business inputs is a particular commodity. We have an operational exposure to its market price. If the market price rises, our costs go up and our profitability will suffer.

Two extreme responses

Two possible risk management responses are: to do nothing, or to fix the price. Doing nothing leaves us fully exposed to adverse changes in market prices, but fully flexible to take advantage of any favourable price movements.

At the other end of the scale, fixing minimises uncertainty in future cash flows, while maximising the risk of regret at being locked in to unfavourable prices (opportunity losses).

ACT TRAINING

Find invaluable skills-based training courses at academy.treasurers.org/training

Options compromise

Buying an option is a compromise between doing nothing and fixing. In return for a non-refundable upfront premium, options insure against worst-case outturns, while retaining some flexibility to take advantage of favourable market prices.

Call options may be appropriate for corporate users of a commodity or other market asset. They pay out when market prices are high, namely any excess of the higher market price over the option strike price. Put options may be appropriate for sellers of a market asset. Put options pay out any excess of the strike price over a lower market price.

What's 'vanilla'?

Vanilla options are simple call or put options, and can be relatively expensive. Lower premium variations on simple vanilla options include collars, which involve the corporate selling an option to the provider, as well as buying one.

Some treasury policies prohibit collars, because of the inherent risks of selling options. In all cases, corporates should only use options, if at all, to hedge. Corporates should never use options to speculate.

In practice

It's relatively rare for a client to buy a vanilla option, due to the cash-flow implications, but they sometimes will. One reason can be a strong opinion that the market is going to move in a particular direction.

A more common reason is that the client has an uncertain cash flow. For example, they may be bidding for a commercial contract that they will need hedged if the contract bid is successful. If the client's contract bid fails, they may be able to realise some funds by selling the option back to the writer, depending on how market prices have moved. If the commercial contract bid succeeds, they simply keep the option.

Shift perspective

It is fundamental to our business to understand and articulate the client's point of view. That's why I encourage all my colleagues so strongly to get themselves formally trained and qualified.

Onil Banerjee AMCT, senior corporate hedging manager, Western Union Business Solutions

Self-assessment questions

Confirm your understanding: true or false? (Answers below.)

(a) Option premia are refundable if the option is not used.

(b) Vanilla call option buyers are always in profit when the market price exceeds the strike price.

Expand your options

Investing in your learning will yield many valuable career options. Build and demonstrate your advanced treasury skills at treasurers.org/professional-standards/qualifications/syllabi

Doug Williamson FCT is a treasury and finance coach

GRANT PEARCE

Answers: (a) False; **(b)** False – *option buyers are only in profit when, and if, the option payout exceeds the premium paid*

FINANCING THE FUTURE:

TOWARDS A SUSTAINABLE BUSINESS MODEL

AS CORPORATE ACTIVITY DEPLETES THE EARTH'S RESOURCES, THE FINANCIAL COMMUNITY NEEDS TO EXAMINE THE ROLE IT CAN PLAY IN SUPPORTING TRANSPARENCY AND FUNDING SUSTAINABLE ACTIVITIES, GUILLAUME FLEUTI ARGUES

There's no doubt that sustainability is moving up the corporate agenda. Everywhere CEOs, politicians and consumer surveys talk about the importance of transitioning to sustainable business models and pursuing new clean growth opportunities.

This article looks at why sustainability is likely to be a game changer for all businesses – and indeed all citizens. The article also considers the role of the financing community in driving this vital issue, and the potential for regulatory input to exert greater influence, too. The starting point is to examine first principles.

Why does sustainability matter?

The increasing – and increasingly damaging – impact of human activity on the Earth's geology and ecosystems is well captured by a concept known to scientists as the 'Great Acceleration'. The data associated with this concept tracks the effect of post-industrial activity across a range of socioeconomic trends and other measures – such as population growth, real GDP, water use and international tourism – and Earth system trends, such as the presence of carbon dioxide in the atmosphere, surface temperature and tropical forest loss.

From detailed studies of all these indicators, there is evidence that humanity is wreaking extraordinary and unprecedented change upon the planet, especially when compared with the Earth's natural rate of change before the technological era. As a species, we are living beyond our means. By 2040, the world's population will need 30% more energy, 30% more water and 50% more food than 2016 levels (source: OECD FAO, IEA, UN).

The Intergovernmental Panel on Climate Change provides a scientific framing for the ongoing global climate change negotiations that take place on behalf of the world's governments. Its latest report, released in 2018, concludes that even just to restrict temperature increase to a maximum of 1.5 degrees will require 'rapid, far-reaching and unprecedented changes in all aspects of society'. This will inevitably lead to significant increased pressure on governments to take further action, which in turn is likely to increase the lobbying and regulatory pressure that is applied to businesses.

The UK has been at the forefront of reducing emissions and driving green growth, but the UK government's ambitious commitment of an 80% reduction by 2050 – part of its Clean Growth Strategy – will require radical changes in the way we power our businesses, the way we travel and the sustainability of our products and services.

All of this presents not only a challenge for the way we all do business, but also an opportunity for growth. Sustainability is an issue that Lloyds Banking Group firmly believes everyone needs to both consider and support, as individuals and organisations alike. And not just as treasurers, bankers or businesspeople either – but as human beings, as parents, as citizens of the world.

The business case for sustainability

Sustainability isn't going away and will become even more central as a guiding principle for businesses that want to survive and thrive into the long-term future. But the challenge in this, of course, is that the markets are still very fixated on looking at results on a yearly basis, and very often on a quarterly basis. This kind of focus on short-term returns to the bottom line isn't always easy to reconcile with a vision of longer-term sustainability.

Over the longer term, businesses will find there is a happy alignment between environmental sustainability and commercial sustainability, we believe. And the business case is there, and growing.

For example, the so-called 'clean economy' is forecast to grow four times faster than the economy as a whole, according to the UK government's Clean Growth Strategy. On the cost-saving front, a study carried out at the University of Reading identified yearly savings of £14,000 from an initial £8,000 investment in carbon monoxide sensors for a single business.

The UK's low-carbon economy itself – which encompasses a range of products and services across energy, buildings, transport and finance – already supports 430,000 jobs and has a growth potential of 11% per year to 2030, according to research commissioned by the government's Committee on Climate Change.

GRANT PEARCE

At the other end of the spectrum, Bank of England governor Mark Carney said in a speech given at the Mansion House in June 2018: "The private sector is recognising that financing the transition to a low-carbon economy will be a major opportunity. On some estimates, this transition could require investments in infrastructure equivalent to $6 trillion per year through to 2030."

The role of investors and regulators

For its part, the financing community can exert significant influence in steering businesses towards more sustainable policies and practices. While care must be taken not to dictate ethics, there are clear science-backed, international agreements in place that funders and investors can help to translate into reality. The Paris Agreement on Climate Change and the United Nations Sustainable Development Goals (SDGs), for example, which Lloyds Banking Group fully supports and endorses, set out clear definitions and targets on sustainability, most notably on tackling climate change and reducing carbon emissions.

It's also likely that the role of the regulators will grow in this area – and so, too, their influence on the banking community through the cost of regulatory capital. Addressing the United Nations General Assembly in 2016, Carney said that the UN's SDGs represented a "moral imperative, with objectives that include nothing less than ending poverty, fighting inequality and injustice, and tackling climate change". But they are also, he added, "an economic imperative. Their achievement would mean greater productivity, increased labour supply and ultimately stronger growth [...] Achieving the SDGs will require mainstream finance."

Clean Growth Finance Initiative

Lloyds Banking Group (LBG) launched a £2bn Clean Growth Finance Initiative in 2018, which provides discounted funding across a broad range of green purposes to help our clients transition to a lower-carbon, more sustainable future. The first project it enabled is the purchase of a new fleet of hybrid and electric buses for London, supported by a £50m facility for bus provider Metroline. The fleet renewal is squarely in line with London Mayor Sadiq Khan's plans to make the capital the world's greenest global city.

To support this initiative further, Transport for London is committed to operating low-emission transport across London, with a target to reduce carbon dioxide emissions by 60% by 2025.

In 2018, we also launched a new target to support infrastructure projects that will produce renewable energy for the equivalent of 5 million homes by 2020. We provided debt and hedging to support the construction of the £2bn 860MW Triton Knoll wind farm off the coast of Lincolnshire. It's one of the largest in the UK and a boost for the north of England, expected to deliver 100+ jobs and inject £16m of new investment.

We have also made a clear statement to the market that LBG has no appetite to fund new projects for coal-fired power stations and thermal coal mines, though we will continue to support clients involved in these activities that are able to demonstrate a clear transition to reducing their reliance in this area. Supporting transition is central to our strategy and an appetite to consider and act sustainably is an increasingly important criterion that we apply in the risk and rating assessment of our clients.

Here we see a vision of the virtuous circle in action – lasting businesses working for a sustainable planet.

So, where do you start?

Increasingly, corporate social responsibility reporting is becoming standard practice for large and mid-cap companies around the world, and many publish the findings on corporate websites. However, if sustainability hasn't been high on your organisation's agenda as yet, the question of where to start can be daunting. Honesty is the best policy here, as in all things: begin with an assessment of where you are currently, in terms of key criteria such as your energy consumption, carbon footprint, supply chain and investment sources. Look at whether funding adheres to green principles and initiatives, and explore new avenues for sustainability in your business.

But change here is incremental, too, a matter of small actions and habits as much as strategy and policy. So ask: what could you do today that would make a difference? Could you stop using plastic glasses or straws in your company, make a decision to print less paper, encourage greater recycling?

Every journey begins with a small step, and this is one we must all take together.

Guillaume Fleuti is head of infrastructure, Lloyds Bank Commercial Banking

MONEY GO ROUND

A COLLABORATIVE PILOT TRIALLING SWIFT'S GLOBAL PAYMENTS INITIATIVE IS SHOWING PROMISING RESULTS FOR CORPORATE TREASURERS. SEBASTIAN ROJAS REPORTS

Until recently, even the most digitally savvy bank could not guarantee the full end-to-end, efficient and transparent cross-border payment experience their corporate customers demanded. Now, thanks to a new industry-wide initiative, SWIFT's global payments innovation (gpi) service, corporates around the world are enjoying a faster, more transparent payments experience, integrated into their existing treasury systems.

"As treasurers, we have long suffered from inefficiencies when making cross-border payments," says Javier Orejas, head of banking, EMEA & Americas at the International Air Transport Association (IATA). "This is largely because those payments are dependent upon not just the debtor and creditor banks, but also different correspondent banks and possibly even different clearing systems. With no synchronisation, it can create errors and delays and, ultimately, more work for us."

A large-scale, global collaboration by the financial community to standardise processing and reporting of international payments was urgently needed. Corporates required a cross-border payment experience that gave them certainty as to the whereabouts and costs of the payment so they could efficiently send and receive funds, manage their cash and reconcile their invoices.

The industry response

SWIFT gpi was launched in 2017. Banks, fintechs and the corporate treasury community worldwide, together with SWIFT, combined their expertise to determine how gpi should be developed to meet the service levels needed for cross-border payments in today's business environment. Speed and efficiency were key, as well as consistency in the customer experience corporates can expect from their banks, transparency on the progress of a payment at any given moment, and ease of integration into existing back-office systems.

"For us, transparency of the overall transaction life cycle and defined service level agreements within gpi are going to be the biggest benefits for GE," says Peter Claus-Landi, senior director treasury at General Electric. "We see this as an opportunity for us to improve our cash forecasting and optimise liquidity, because we will finally know how long it will take a payment to get from point A to point B. We also look forward to seeing data around the lifting of fees for these transactions, which will allow us to seek the most cost-effective routing solutions with our banks. I also believe that these insights could put pressure on banks to rethink their transaction-based pricing models."

> With SWIFT gpi, transaction times have been drastically reduced

Rapid adoption

Since its launch, SWIFT gpi has seen a rapid take-up, with more than 430 banks and other payment providers globally now signed up, including the top 50 banks on SWIFT. Today, gpi payments account for 50% of the cross-border payments traffic on SWIFT, and this is set to keep rising as more and more banks join.

According to IATA's Orejas, "What gpi does, through bank collaboration, is establish a set of strict business rules to make the process much smoother. As a treasurer, this translates into an enhanced payments service, with same-day use of funds, transparency of fees, end-to-end payments tracking and the certainty of having remittance information transferred unaltered. This ultimately allows us to more efficiently manage our cash positions and improve our working capital management."

Additionally, with SWIFT gpi, transaction times have been drastically reduced. While more than 50% of SWIFT gpi payments are credited to the beneficiary in less than 30 minutes, many arrive in just seconds. Errors in payment data, such as incorrect or missing beneficiary or incomplete regulatory information, which is necessary for compliance purposes, often hold up those payments that take longer. Correcting these preventable errors and omissions before the initial instructions are sent will result in a far more efficient payments experience.

The benefit for the supply chain is massive, as faster payments mean goods can be moved more quickly and trade can take place with fewer bottlenecks on the payments side.

Delivering transparency

"I think most corporates are at the mercy of the same issue – and that is a lack of cross-border payment visibility," says Thibault Moncouet, corporate finance operations, Airbus Integrated Treasury. "Having tracking capabilities means knowing precisely where any payment is on the network at any given time. The time we spend trying to get more information about the state of payments, not least in dialogue with the banks, is recaptured."

Lack of transparency indeed poses a major challenge for treasury teams – particularly those managing an in-house bank or payments factory – situated at the centre of a company and its multiple entities. As the centre of expertise for payments in the company, and also when managing relationships with the company's banks, treasury regularly faces questions and requests for updates on a payment's progress.

By making gpi payment tracking information directly available through their e-banking portals, banks today are already passing on the increased transparency directly to their corporate customers. This is a win-win for banks and

their customers as it improves customer satisfaction and means that banks need to spend less time answering operational queries related to payments' statuses and claims of non-receipt of funds, as the information is directly available to the corporate.

Multi-banked corporates

For all the benefits that offering gpi tracking information directly to corporates via bank portals provides, challenges for corporates with multiple banking relationships remain.

Each bank has its own web portal and often banks do not provide the same details. Even when information is available in the banks' web portals, corporates still need to transfer it to their own treasury management systems (TMSs) to fully integrate gpi into their business processes.

Therefore, SWIFT launched the gpi for corporates pilot programme in early 2018 to define and implement gpi standards for corporates working with multiple banks. The programme streamlines the process for corporate treasurers by allowing them to initiate and track gpi payments to and from multiple banks in a single format and integrate gpi flows in enterprise resource planning and TMSs.

In October 2018, seven banks and nine corporates on the pilot, including Airbus, BBVA, Booking.com, Borealis, Citi, Deutsche Bank, General Electric, IATA, JPMorgan, LVMH Moët Hennessy Louis Vuitton, Microsoft, Ping An Group, Roche, Sumitomo Mitsui Banking Corporation, Société Générale, Standard Chartered Bank and SWIFT Treasury went live on the service.

In addition to allowing them to initiate and track payments, corporates also receive confirmations once the payment reaches the final beneficiary bank. This makes the entire cash management and cross-border payment process much more efficient.

The new gpi for corporates service harmonises practices across banks, including how fees are reported and bank routing information. It can also easily be integrated with corporates' existing TMSs and connectivity channels, and allows messages to be exchanged in both SWIFT FIN and ISO 20022 format.

"The g4c pilot has been the perfect opportunity for us to collaborate with peers and banks to co-create a common solution that responds to our requirements," says Moncouet. "It is important for corporates that our banks offer a standardised solution, instead of us having to adapt our systems differently depending on the bank we are working with."

What's next?

SWIFT gpi is the foundation for providing a significantly enhanced cross-border payment experience for banks and corporates alike. More than 100 banks are live on SWIFT gpi, with many more ready to go live this year.

SWIFT gpi for corporates will be extended to additional banks and corporates as part of an early adopters phase in 2019, with a view to providing availability to the entire community by mid-year.

SWIFT is also looking into whether, by integrating and enabling the service via gpi members into a domestic instant payment system, the gpi experience could be extended deeper into domestic markets, to end beneficiaries' accounts, even outside normal business hours. An initial trial completed in October 2018 confirmed that the SWIFT gpi 'payments in seconds' experience can be extended seamlessly via domestic real-time payment systems.

The findings of the trial, which focused on payments going into Australia, are now being used to finalise a new SWIFT gpi instant cross-border payments service, designed to scale and integrate with other real-time payment systems across the world.

Sebastian Rojas is head of SWIFT gpi for corporates at SWIFT

DATA: THE NEW CURRENCY

DATA ANALYTICS INCREASINGLY OFFERS OPPORTUNITIES FOR TREASURERS. ISAAC P THOMAS SUGGESTS FOUR STEPS TO BUILDING A MEANINGFUL STRATEGY

Data analytics is set to become increasingly important to all client segments and banks. In several surveys focusing on treasurers, more than half the respondents said they expected data analytics to become very important to their roles in the future. The concept of Big Data has been around for more than 70 years now, but it has not been taken up to any large extent, as many organisations have not known how to make use of it, other than by deploying more and more staff to gather and analyse data.

Today, thanks to vast improvements in computer processing speeds, data analytics presents a different and exciting opportunity for both treasurers and banks alike. So, while data analytics is not directly within the remit of treasurers, it is an area that is becoming increasingly relevant and one where treasurers will need to interact with technology and other finance colleagues.

Strategy-driven data

Treasury decision-making has become very complex over time due to increasing risk and other variables such as tax, regulations, trade tariffs, rising interest rates, oil prices and so on. Financial risk management has also become an increasingly strategic issue in the years following the global financial crisis.

Technology's capacity to process and store vast amounts of data has grown rapidly. Gaining customer insights, forecasting cash, risk modelling and management, and real-time visibility on cash are some of the key areas of treasury where data analytics can add value. Access and leverage of this data can help transform treasury into a more strategic function.

Data analytics can be used to analyse and predict supply trends, and provide more insight on customers' financial health. Predictive data models can be deployed to forecast receivables, working capital needs and payment trends. It also helps when analysing different data streams for any anomalies and unknown correlations that might open new revenue streams or cost-saving opportunities for treasurers.

In all the above activities, access to real-time and accurate data is key. Data needs to be managed in a way that can be deployed to make meaningful decisions. Data management cannot be segregated from the treasury functions and there is an increasing requirement for treasurers to upskill themselves so as to manage data in addition to their traditional responsibilities.

But there are some questions that immediately come to mind if we want to successfully leverage this for maximum value:

1. Is there a comprehensive data strategy in place?
2. Is Big Data the 'one-size-fits-all' answer for most requirements?
3. What is the extent of data to be analysed and for what purpose?
4. How can we leverage this data in terms of the technologies that are available?

The following, therefore, identify some key guidelines for successful implementations of data analytics strategies within organisations:

1. Buy-in from the board of directors

Board members need to appreciate and understand the importance and complexities of data analytics, and have a grasp on how the organisation can potentially leverage the emerging technologies. They need to be prepared to ask the right questions of the teams managing the data sourcing and analytics. The objective should be to drive a change in culture and become more 'analytics' driven. This will help drive decisions on ways to organise data from different parts of the organisation or bans, host them in the right manner, maintain a 'single version of the truth' and have a process to analyse them in an efficient manner.

2. Develop a scalable and robust data strategy

This strategy should focus on how the data would be sourced, what type of business decisions would require this data, how often this data would be required and for which audience (for example, whether internal or external). The governance structure around how the data would be organised and maintained would need to form a key part of this strategy. Good data architecture is an essential component in enabling new technologies to work with existing technologies in a seamless manner.

3. Agreement on how the data would be organised

Any data model is only as good as its inputs. Treasurers and banks can make much better decisions by aligning all the data that the organisation collects and making sure that it is accurate, timely, in context and available to all who need it. The idea here is that we leverage data analytics to transform any automation and efficiency-driven investment decision to one that provides more insight and additional sources of value for stakeholders or customers. If there are different sources of data, there should

> Banks also need to embrace data to meet the growing demands of their clients and their treasuries

Data analytics can be used to analyse and predict supply trends, and provide more insight on customers' financial health

be a conscious effort to avoid duplication of data storage. Over one third of IT spend each year can be approximated to spending on data storage costs. Data deduplication has an important role to play in reducing these costs and also improving on the real-time performance of applications using this data.

4. Ability to draw insights from the data

One of the key challenges in any analytics-driven organisation is how much data is sufficient and how much of this can be drawn into insightful information that can help in better decision-making. Today, a large part of the treasurer's activities are transaction focused. Access to better insights from the data sources will transform their roles to be more strategic and value-adding to their internal and external stakeholders.

Banks also need to embrace data to meet the growing demands of their clients and their treasuries.

According to recent statistics, banks give back an average of only 8% of the data that they receive from the customers in the form of information. The rest is shelved in paper or digital warehouses, never to be brought back again. The financial sector deals with data that is exhaustive and of a sensitive nature. Therefore, it is even more important that a data-management strategy is deployed that helps with rich insights to their clients and regulators, and protects them from cybercrime and fraud.

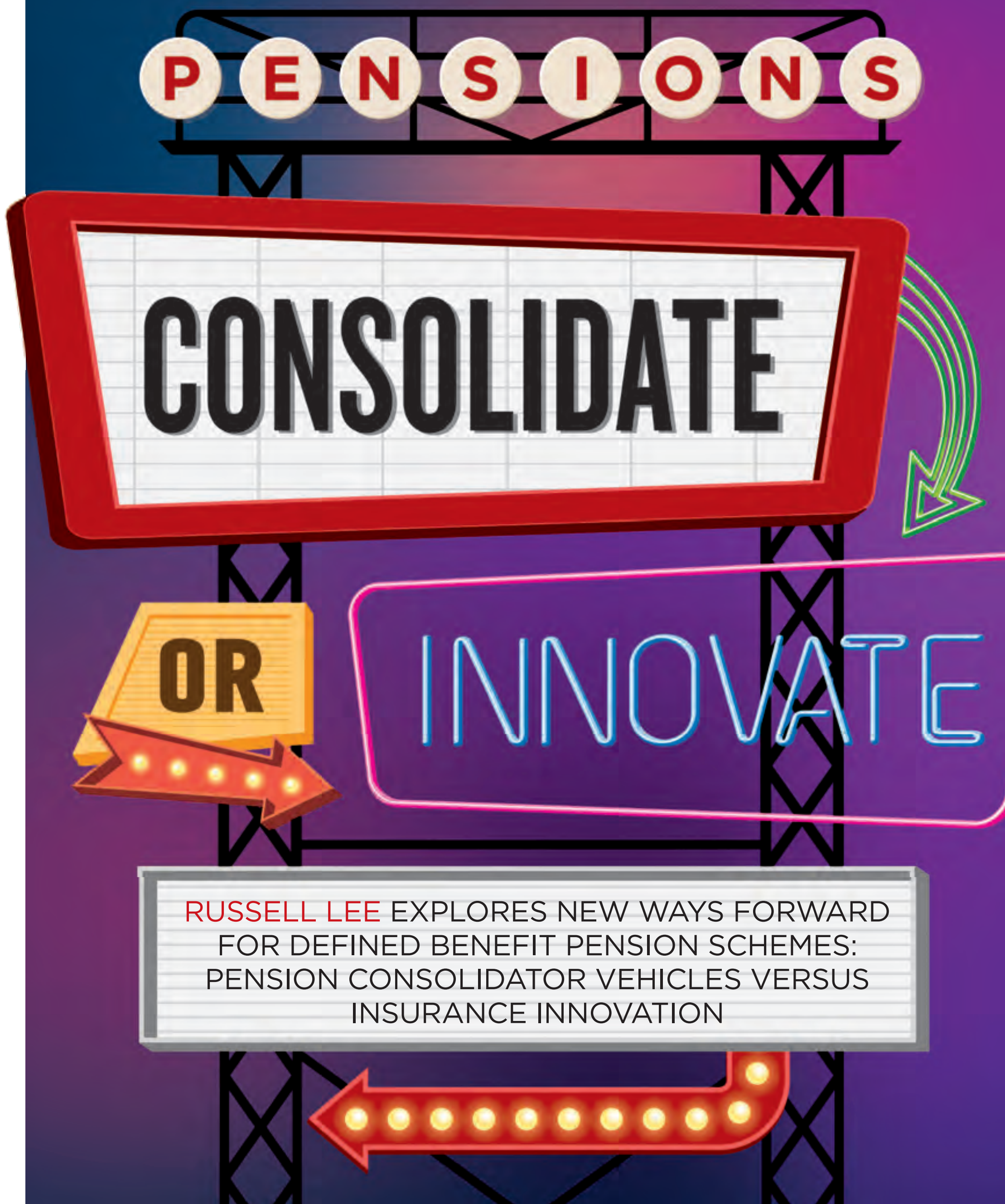
The future is exciting for both banks and treasurers. With the increasing focus on open banking and application programming interface there are even more opportunities for both to collaborate and work in digital ecosystems for their own benefit. Machine learning and predictive analysis is likely to take on more importance with strong foundations of data analytics in the future. Data aggregation, and at the same time micro-segmentation of client behaviours, would be increasingly seen as a competitive advantage.

Data is the new currency, and both banks and treasurers needs to learn to deploy it well or be left behind in this new digital age.

Isaac P Thomas is head – transaction banking at Abu Dhabi Commercial Bank (ADCB)

بنك أبوظبي التجاري
ADCB

SPONSORED FEATURE



RUSSELL LEE EXPLORES NEW WAYS FORWARD FOR DEFINED BENEFIT PENSION SCHEMES: PENSION CONSOLIDATOR VEHICLES VERSUS INSURANCE INNOVATION

Defined benefit (DB) pensions are often seen as an intractable problem for corporate sponsors. Despite costing FTSE 350 companies an estimated £10bn in contributions in 2017, we understand that DB pension issues are often not on corporate treasurers' top worry lists.

Despite ongoing asset and longevity risk, and the pressure to increase deficit contributions, the general view seems to be that not much can be done until recovery plans finish, and/or funding levels get to the prudent level that scheme actuaries are targeting. Buyout remains the prized end-game solution, but is not immediately affordable for most schemes. In this context, we consider two alternative end-game solutions.

PCVs

Proponents of pension consolidator vehicles (PCVs) argue that they offer a solution that is cheaper than buyout, and more cost-effective than run-off under an existing scheme sponsor. Debate on the benefit of PCVs among market participants has focused on a point-in-time comparison of the existing sponsor's covenant to the PCV's covenant, with schemes that have a perceived weak sponsor, or for whom the scheme liabilities are large relative to the sponsor's balance sheet, expected to benefit from a new enhanced covenant. There tends to be less focus on governance and/or conduct risks, or a likely re-risking of investment strategy that could increase the dispersion of outcomes for scheme members.

From a pure economic risk perspective, there are two key considerations: first, that the PCV's capital base is too small to absorb funding volatility over the life of the liabilities; and second, that the capital providers take high initial returns (for example, from risky credit assets which then deteriorate over time), with members suffering long-term loss.

In the UK, the Department for Work and Pensions (DWP) published a consultation paper on PCVs in December 2018. The paper seeks to address the market-risk issues set out above and helpfully acknowledges the need for legislation in order to provide appropriate regulation and validation of PCVs in order to protect members.

Like the DWP, we believe that certain key requirements must be met in order for a PCV to be able to overcome the challenges of achieving beneficial outcomes for members of transferring schemes. However, our view is that the proposals in the consultation paper do not go far enough towards creating a robust framework and certainty of better outcomes for scheme members. We summarise our key observations below.

Risk calibration

The consultation paper focused on an objective of PCVs achieving a 99% probability of paying members over their lifetimes. This places a crucial reliance on the PCVs' risk model, which needs to cover both assets and liabilities (including longevity). A good model will enable measurement

of 'how well the PCV is doing' in terms of funding level and the amount of risk being run.

Since the covenant assessment for the PCV depends on the level of risk inherent in its asset strategy, it is crucial that the amount of risk can't be increased later. Hence constraints are needed on the PCV's investment strategy and the sponsor's ability to influence it.

It is hard to have confidence in PCV operating models unless they are subject to a consistent calibration process. Insurers can point to the extensive calibration and testing of internal models under the Solvency II framework. Simply relying on stochastic models, in the absence of robust calibration and benchmarking, would imply that we have learned very little from the financial crisis – one need only think of collateralised debt obligations (CDOs) and a host of other financial instruments, which were rated AAA on the basis of stochastic models and then failed.

The CDO analogy is an insightful one, since transferring into a PCV is, in many respects, similar to the scheme investing its assets into the debt of a CDO. A CDO's debt is supported by a fixed equity amount analogous to the PCV sponsor's capital, yet its asset strategy is highly constrained, with 'funding' triggers that mean the CDO manager cannot take additional risks if things are not going well. Also, any distributions to equity holders are back-end loaded, and subject to a range of tests.

In the rating world, a 99% probability of paying debt holders would correspond approximately to a single-A rating. We think it would be reasonable for The Pensions Regulator to require the involvement of rating agencies (once bitten twice shy, as they say) in validating PCV operating models, particularly in light of the risks of relying on equity cushions against investment risk that is not sufficiently constrained, and the additional risk of a fall in the market value of scheme assets triggering an unwind of the PCV.

Fairness between different groups of members

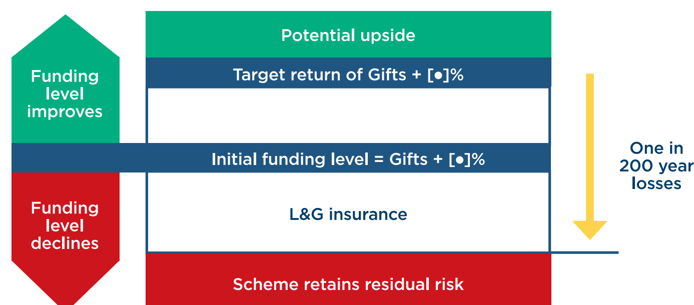
Insurers think of fairness in terms of the Treating Customers Fairly, outcome-based regime that applies to them. It would make sense for a similar regime to apply to PCVs. This would help protect against conflicts of interest and ensure that no group of members is at a disadvantage to others.

However, even with such a regime in place it is hard to see how such fairness could be ensured if the PCV funding position falls due to market movements. It would appear inevitable that in this scenario new members would then be subsidising existing members. Perhaps the only solution is for PCVs to adopt an insurance-like approach and be subject to constraints on writing new business if their capital buffers are not intact. Furthermore, in case capital buffers end up being exhausted, there should be an explicit provision held by PCVs to facilitate orderly run-off or transfer of liabilities to another provider, akin to the risk margin held by insurers under the Solvency II regulations.

Conflicts and profit extraction

PCVs are radically different from other pension schemes: the PCV is running the vehicle to make a profit. Indeed, the sponsor gets investment upside in exchange for the scheme's improvement in funding. The problem is that the sponsor is incentivised to take more risk, particularly if things start to go badly.

In order to address this *economically*, payments to PCV sponsors need to reflect risk, not just the funding position. If the probability of members receiving benefits has reduced, the sponsor should not be receiving any payments. However, this doesn't remove the potential conflicts of interest between members and capital providers, and there is a lot to be learned from the conduct risk framework that insurers operate under.



Insurance innovation

A stop-loss insurance contract that provides a maximum payment is economically equivalent to the fixed amount of capital available under the PCV model.

Therefore, innovative insurance solutions that are cost-effective are likely to meet with strong demand. Such solutions would also allow for the utilisation of an insurer's expertise in longevity analysis, investment management and asset sourcing. They would protect against longevity and investments risks, while strengthening the scheme's covenant. In addition, dealing with an insurer would have the benefits of a tried-and-tested conduct regime that puts policyholders' interests first.

Legal & General has developed such a solution. It takes the form of an affordable self-sufficiency strategy, with insurance cover against all the risks a scheme faces. It also involves a risk management framework for the assets that follows insurance principles, to align performance with the risks run by the scheme.

Such a solution would insure pension risks up to around one in 200 year loss (ie 95.5%) event covering longevity, inflation, interest rate, credit and reinvestment risk. The scheme would pay for the insurance out of investment upside. A solution such as this, that is cheaper than buyout, would allow a scheme to take less risk immediately. In addition, it could allow the sponsor to reduce recovery-plan payments. A high-level illustration of the solution is set out above.

In summary, the key choice for a scheme considering entry into a PCV will be whether to trade an immediate improvement in covenant for a greater dispersion of potential outcomes. These adverse outcomes may be both economically driven, and also because of potential conflicts of interest that the consultation paper has not resolved.

However, an insurance solution that allowed trustees and sponsors to move to a position where (i) a third party was willing to underwrite the risks, (ii) the funding level required was more affordable than buyout, (iii) there was an investment strategy that adopted insurance principles, and (iv) conversion to buyout at a later date was straightforward, could solve a problem that is currently viewed as intractable.

Russell Lee is head of client solutions at Legal & General

APPRAISALS

THE ART OF CONSTRUCTIVE CONVERSATION

PROGRESS MEETINGS WITH BOSSES OFTEN PUT US ON THE DEFENSIVE. MATT PACKER PROVIDES FIVE TIPS TO MAKE THE MOST OF THE MOMENT

In the field of work, there are two types of 'selling yourself': the type that helps you to get the job, and the type that enables your career to flourish. With the second of those, the key is to make a positive and lasting impression in scenarios that tend to give us the jitters: appraisals or progress meetings.

1. Be authentic and honest

Getting across to your supervisor that you are focused on the demands of your role – rather than on interfering with the careers of those around you – is always going to help you make a positive impression. In the words of philosopher Charles Hampden-Turner: "To be authentic you must communicate to others what you think and what you feel without disguise or tactical cunning."

As an Institute of Leadership & Management report noted, authentic staff don't allow their personal agendas to dominate, nor do they engage in office gossip, or one-upmanship office politics. So, be honest about what has been working and what hasn't, and explain clearly how you plan to steer anything in the latter category into the former.

2. Speak from an evidence base

In a brilliant podcast at Business Insider last year, Anjali Sud – CEO of video-streaming platform Vimeo – explained how she bagged the firm's top job in her mid-30s, after just three years of service. Her master stroke was to take charge of what was then a tertiary part of the business: the suite of technical facilities it provides to creatives. Sud began to nurture the creator suite at a time when Vimeo was dead set on competing with YouTube and Netflix – but in the end, her pet project overtook streaming to become the brand's primary focus. Sud then used that success as evidence to support her promotion to CEO.

The lesson: be vocal about *your* pet projects, and what you are learning from them, in a way that combines passion with analysis. Explain in numbers how that work has benefited the business, and how you aim to make your brainchild even more of an asset as time goes on.

3. Be open to change and criticism

Putting up a fight against new ways of doing things can be perilous, even when you disagree strongly with a proposed new strategic direction. Be wary of focusing solely on what the change means for you and think about what it means for the organisation as a whole.

Any appraisal process will require you to consider fresh approaches to your work, new responsibilities or modifications to your role in light of strategic shifts – or even simple performance critiques. Be open to anything in that vein. See it as something that could help you become even more effective. Come up with thoughts on how you could make it work.

4. Be proactive and entrepreneurial

Now, we have to consider the distinct possibility that in the next five to 10 years, the traditional appraisal could be a thing of the past. So perhaps there's no time like the present to get in shape for that eventuality by asking the question: why even wait for appraisals anyway? Does it not signal a more outgoing, entrepreneurial and proactive mindset to book update chats with your boss(es) on a far more regular basis?

Not only is it miles better than slipping off the radar for a year at a time between appraisals – it signals that you are genuinely engaged not just with your career, but also with the progress of your organisation.

5. Focus on organisational goals

Many people who are about to head into an appraisal process will be thinking about what's next for them: "How can I get to where I want to be?" But a more winning way to frame it would be: "How can I help my organisation get where it wants to be?"

Believing in that mission in a sincere and selfless way chimes with point 1 on this list. Conveying that you are eager to support your company in the fulfilment of its objectives will, in the long run, ensure that you are trusted to take a leading role in that work.

Matt Packer is a freelance business, finance and leadership journalist

Nairobi city skyline

ACT TRAINING COURSES

14-15 March, London
7-8 November, London
Advanced Cash Management
The cash management marketplace is morphing: global banks are 'de-globalising' and corporates will increasingly be multibanked. New (and recycled) techniques are being introduced: Partner Banking, SWIFT Corporate Access, ISO 20022. At the same time the regulators – whether via SEPA or Basel III – are moving the goalposts, and enabling new types of competition to traditional banks. This two-day course will arm you with the knowledge to prepare for this rapidly changing environment.
academy.treasurers.org/training/advanced-cash-management

20 March, London
2 October, London
Treasury in a Day
A one-day introduction aimed at anyone new to treasury, looking to broaden their understanding of the function or improve their ability to have better conversations with management, operations, banks or with treasurers as customers. You will learn about the role of a treasurer within the context of business, and you will be introduced to key treasury concepts and financial instruments.
academy.treasurers.org/training/treasury-in-a-day

22 March, London
1 October, London
Nuts and Bolts of Cash Management
If you're new to the challenges of cash and liquidity management, this is the training course that will help you understand the major elements and issues of this treasury segment. It provides a broad understanding of the basic principles and practices of cash and liquidity management and its importance to the business and treasury function, and you'll walk away with practical insights into the basic building blocks of good cash management.
academy.treasurers.org/training/cash-management

Dubai's Madinat Jumeirah resort, with the Burj Al Arab hotel in the background

25-28 March, London
7-10 October, London
26-29 November, Amsterdam
A-Z of Corporate Treasury
An intensive four-day overview of the fundamentals of treasury management. This is a perfect forum for new entrants to the profession, bankers and those working alongside the treasury. Throughout the course, you will hear from the best trainers in their field and have access to corporate practitioners. Learn about corporate treasury within the context of international markets, and build a deep insight into the core areas and how they function as a whole through a mix of theory and practical application.
academy.treasurers.org/training/corporate-treasury

To view more ACT training courses or to book online, visit academy.treasurers.org/training. For more information, contact academy@treasurers.org or call +44 (0)20 7847 2529
• *Members of National Treasury Associations benefit from special rates on ACT-led training courses.*

ACT EVENTS

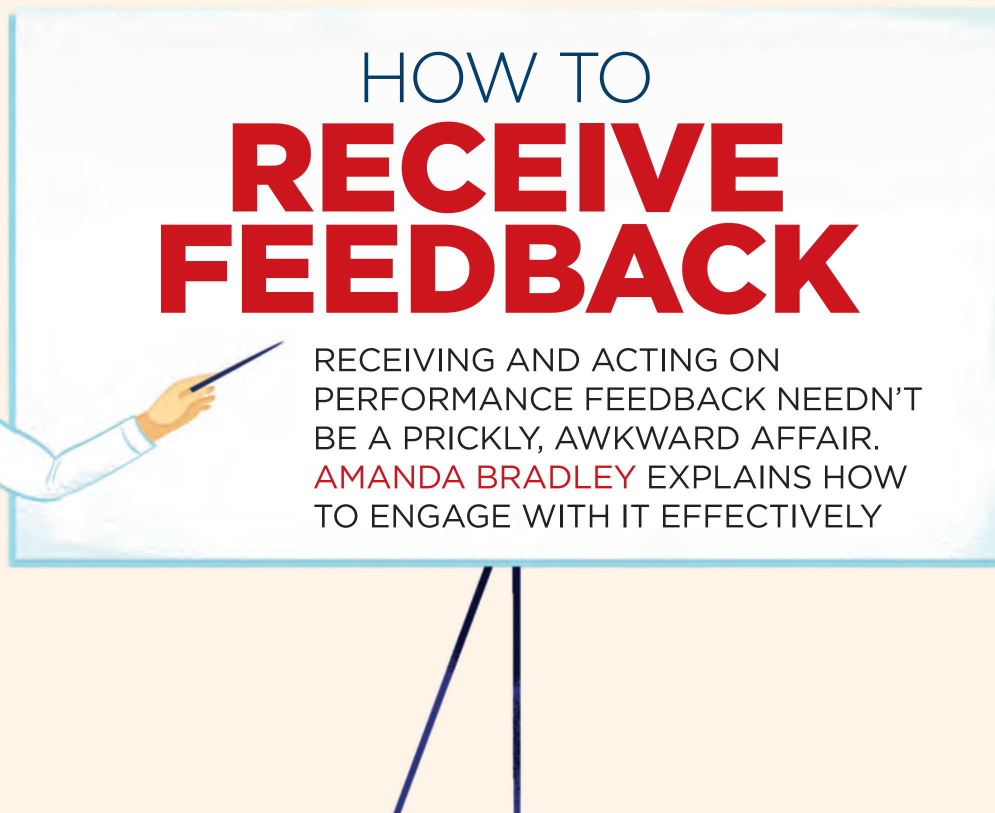
13 March, Nairobi
ACT East Africa Treasury Forum 2019
Following its success last year, the ACT East Africa Treasury Forum is back! This established industry event supports growth and continued development of the treasury function in East Africa and provides a voice for treasury and finance professionals.
Make sure you join the region's only one-day conference with the experts who are leading treasury in dynamic markets.
treasurers.org/africa2019

21-22 May, Manchester
ACT Annual Conference 2019
The most powerful treasury and finance debate returns to Manchester in the 40th year of the ACT. Join more than 1,100 of your peers, over 100 speakers and 80-plus exhibitors at the UK's largest conference designed specifically for treasury and finance professionals.
Don't miss the early-bird deadline: book online by 31 March 2019 and save up to £500!
treasurers.org/annualconference

1-2 October, Dubai
ACT Middle East Treasury Summit
Join us at the largest and most popular treasury event in the Gulf Cooperation Council. Bringing together the region's leading corporates, you can expect to meet more than 500 treasury and finance professionals, and hear thought-provoking insights and best practice from over 50 speakers, all under one roof.
More details coming soon

13 November, London
ACT Annual Dinner
Taking place in the elegant surroundings of the Great Room at the Grosvenor House Hotel, this event provides you with a fantastic opportunity to network with your peers while enjoying a superb three-course meal, fine wine and entertainment in one of the most prestigious venues in London.
treasurers.org/annualdinner

To attend an ACT event or webinar, book online at treasurers.org/events. For more information, email events@treasurers.org or call +44 (0)20 7847 2589



A strong feedback culture is central to development, engagement and team trust. According to HR agency WorkHuman, 43% of engaged employees receive feedback at least weekly, compared to only 18% of disengaged employees. So, whether you want to create an engaged workforce or feel more connected as an employee, getting to grips with giving, receiving and handling unhelpful feedback is key.

It's not all in the giving...

We give each other feedback all the time, but not always obviously or helpfully. Imagine a boss tossing an aside over their shoulder, a peer giving the feedback sandwich (compliment, constructive feedback, compliment) or a leader saying a quick "well done" in passing. There is also the more helpful approach to giving feedback (see box opposite). Whether well presented or not, feedback can show us how we are perceived and highlight things we can do better. So, instead of focusing on how to give feedback, I'll focus on how to receive feedback.

...it's in the receiving

I'm often told by clients that they can't give feedback because they're scared about how it will be received. And when we receive feedback, we can feel like we don't have a legitimate platform or the right tools to be able to seek clarification or to ask for help in changing the behaviours highlighted.

People sometimes react badly to feedback because they're afraid, embarrassed or ashamed. When we feel ashamed, we can either withdraw, reject what's being said, attack ourselves or attack the other person. These complicated reactions can happen with complimentary as well as constructive feedback. Either way, if we can set aside our feelings, we can seek out the helpful nuggets of insight being offered to us.

Regardless of where we are in the pecking order, receiving feedback well can start a cultural revolution in our teams. When you receive feedback well, you improve yourself. People see that improvement and want to know how you did it. Receiving feedback gracefully encourages the feedback giver to do it again and they become further invested in your development. So, how do we receive feedback?

Get ready: If we can't set our feelings aside yet, when someone asks permission to give feedback, we can say "not right now, but soon" – set a time to receive the feedback and prepare yourself.

Listen with gratitude: Listen attentively to the person, assuming they intend to help you be even more awesome. Reiterate their points in your own words to make sure you've understood and to demonstrate that you've heard them. Thank them for the feedback.

Ask questions to understand, not to be understood: Resist the temptation to explain yourself. Ask the person questions instead. Questions ground us in the here and now, and stop us attacking ourselves in our heads. Suspend your judgement about the feedback as much as possible and seek to understand their point of view. "Can you tell me more about that?", or "what words particularly resonated?" are a good place to start. Remind yourself that their feedback is about your actions, not about who you are as a person. Breathe easy!

Agree on next steps: It's OK not to agree with the feedback you're given. Some of the most powerful feedback experiences start with admitting that the information is new to you. Saying something like "I don't recognise that behaviour, but that doesn't mean I'm not doing it" can start a great partnership to help you change something

you didn't even know you were doing. Saying "please can you tell me next time it happens again?" puts you and the feedback giver on the same team, working together to understand the behaviour.

Decide if you want to act: Up until now, you've simply been receiving and understanding a viewpoint. You'll have heard how the other person would like things to go in future. But you've yet to decide whether to change your behaviour. We are the only people who can change how we act. So, we need to make an honest decision about whether we want to or not. If the feedback doesn't sit right, you can agree to observe when it happens again instead of committing to make an immediate change. You could ask people who know you well whether they recognise the behaviour. Or you could simply put the feedback on the shelf and just watch. See if it crops up again.

If you recognise the feedback and want to change, ask the person to partner with you to notice when you use the new behaviour as much as when you slip back. Agree to speak after a few weeks to see how it's going. But the important thing is to decide what you're going to do rather than kid yourself that you'll act then do nothing. That's the same as hanging on to an unwanted Christmas gift and never using it. It's a waste for the giver and the receiver.

Giving feedback

Check in with yourself: What are your motives for giving this feedback? Do you want to help the other person be their best? Or are you using feedback to feel better about yourself, express frustration or apportion blame? Feedback lands better and is more likely to result in change if your motives are positive.

Ask permission: We never know what's going on for other people. They might have just had to put their dog down or just finished a difficult meeting. By asking permission and setting a time to give feedback, you'll get a better result than surprising the person with it.

Be specific: Be clear about the situation you're describing, what happened and how you felt. I find the "When you did this, I felt this" structure helpful. Be brave and use one of the four big feelings (mad, sad, scared and glad) to guide you as you explain how the person's actions affected you.

Share what it meant to you: Share a little of yourself to create further trust. Explaining how you make meaning of the event helps add context, for example, "I was sad when I heard what you said because it sounded like you didn't value the sacrifice and late nights I'd worked to hit the deadlines."

Contract for change: Outline to the other person what you would like to happen instead and ask if they're willing to do that. Even if they say no, you'll understand them more than when you started.

Mining for feedback

As I said earlier, feedback isn't always useful. But when you receive a throwaway comment or unhelpful comment, you can also take the lead. "Don't do that again", or even worse, the 'Great job' email, can have learnings in them, too. You can take the reins and make something actionable that you can choose to replicate or change in the future. We are all entitled to know what to do to be more effective at work.

So, ask for time. Explain that you want to learn and would like to understand their comment more. This signals you want more detail and gives them time to reflect and get it for you! Then, coach them through the good feedback steps described in the box (above). Ask them to think about the situation and help you by being specific. Ask them exactly what you did, how that made them feel and what the impact was on your work. And like magic, you've gathered yourself useful feedback – using the same finishing steps as the receiving model, you can agree next steps and decide what you want to do.

Turning feedback to behavioural change

Behavioural changes don't happen overnight. They take daily practice. Setting daily objectives and rewards for yourself is a great way to hold yourself accountable to act. And if you've been given feedback, staying connected and partnering with the person who gave you the feedback makes it more likely they'll have your back and help you identify more blind spots. You'll also have a mandate to do the same for them. Frustration evolves into partnership, shame gives way to meaningful relationships and individuals become teams, all thanks to carefully receiving feedback.

You can find more career resources at careers.treasurers.org/members

Amanda Bradley is an executive coach at Liberty EQ

"DELIVERING THE BEST POSSIBLE RESULTS IS KEY"

FATIH TOKKAL, TREASURY DIRECTOR AT YILDIRIM GROUP, TALKS TO *THE TREASURER* ABOUT HIS ROLE

I am the head of the treasury department and credit risk management at Yildirim Group, overseeing the treasury functions of the whole group and its subsidiaries. Yildirim Group is a global Turkish industrial group operating in a wide array of sectors, including metals and mining, fertiliser, coal and coke, port operations, logistics, energy, shipping, shipbuilding, real estate development, construction and private equity businesses.

Responsibilities

Within this diverse range of business lines, the treasury department has a strategic role that includes, but is not limited to, cash and liquidity management, financial risk management, long-term funding of the group, managing relationships with local/international banks and optimising capital structure of the group.

As the treasury director, I am responsible for the supervision of all of these treasury functions, managing the risks the group might encounter and boosting the bottom line. I report directly to the group CFO.

Daily life in treasury

On a typical working day, I interact with internal and external stakeholders on various projects and issues, as well as manage relationships with our banking partners. I also discuss recent developments in both local and global markets with colleagues. I attend and manage meetings on different projects, and represent the group at a variety of events and conferences around the world. External events are a great opportunity to increase the awareness of our group's business.

As the corporate treasury becomes more strategic day by day, collaboration with different stakeholders and colleagues is inevitable. Most of the time I interact with the CFO, executive management and board members on the executive level and take the insights of my team's subject matter to experts on different projects and issues. I think I can truly say that I have 360-degree interaction with my colleagues at all levels.

Fatih Tokkal speaking at last year's ACT Middle East Treasury Summit in Dubai

> Strict regulations put into force for banks have made the job of being a treasurer more challenging

An eye on the future

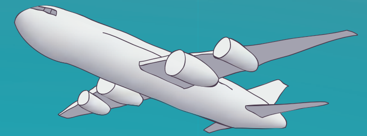
As our company embraces long-term sustainable growth, delivering the best possible results is the key element in defining success on the projects that we work on. We have ambitious goals to achieve success and, although these can be challenging, we are highly motivated by these ambitious targets. The achieved growth and success of Yildirim Group and its vision to expand and sustain this growth are significant motivating factors for my team.

Evolving role of the treasurer

After the global financial crisis, I can see how the role of a corporate treasurer has radically changed. Besides daily operational routines, treasurers have more strategic roles in financial risk management and liquidity management as the risks are more imminent than ever before. On the one hand, strict regulations put into force for banks have made the job of being a treasurer more challenging as the reporting and compliance requirements increase and lenders become more risk-averse. On the other hand, developments in the fintech space offer new opportunities for most of our functions. As corporate treasurers, we should keep abreast of the changes in the technology that could be beneficial to our daily working lives.

Overall, the role of corporate treasurer has become more challenging as we have more responsibilities and additional risks to manage.

LEARNING ACADEMY



YOUR PASSPORT TO A SUCCESSFUL CAREER IN TREASURY

Skilled treasury professionals are globally in demand and ACT qualifications are designed to support every level of your progression. With flexible online learning, there is simply no excuse for your career not to take off.

ADVANCED DIPLOMA IN TREASURY MANAGEMENT

DIPLOMA IN TREASURY MANAGEMENT

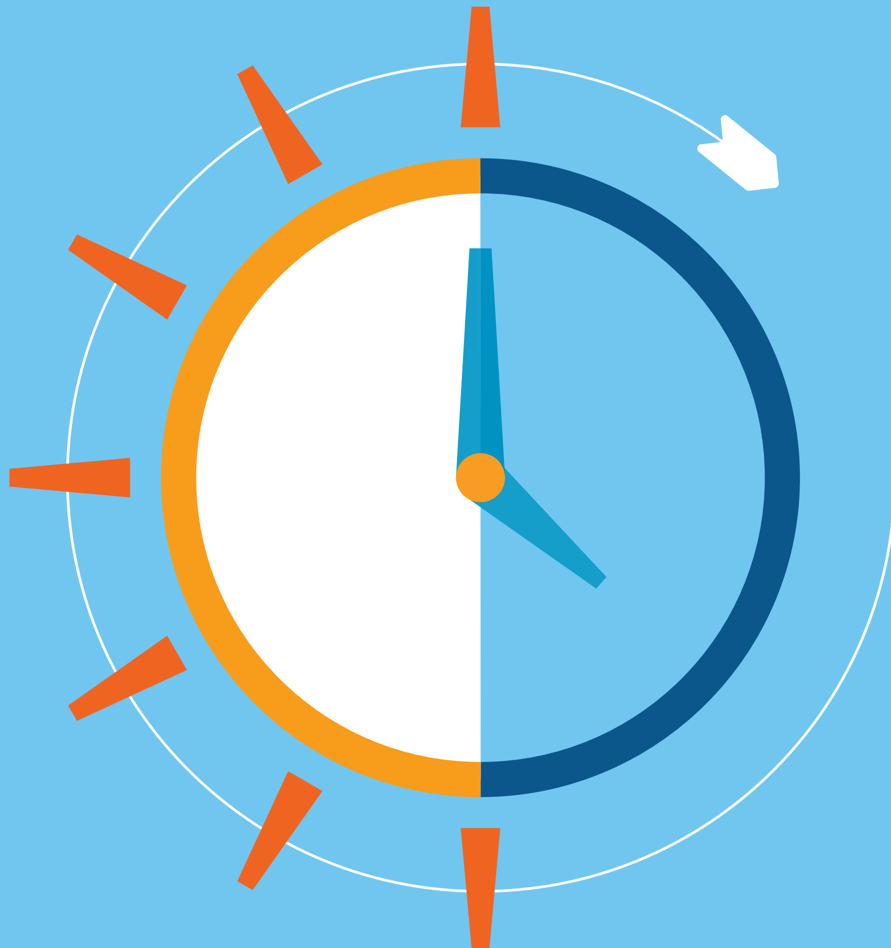
CERTIFICATE IN TREASURY

CERTIFICATE IN TREASURY FUNDAMENTALS

academy.treasurers.org

SWIFT gpi

Cross-border payments securely settled in seconds



SWIFT gpi
Credit your international beneficiaries in seconds.

Join SWIFT gpi today.
www.swift.com/gpi