

Responsible business

De La Rue's mission is to provide products and services that underpin the integrity of trade, personal identity and the movement of goods, supporting economic growth, job creation and prosperity of citizens.

As we strive to enable everyone to participate securely in the global economy, a commitment to responsible business practices is crucial. Membership of the United Nations Global Compact helps to ensure that governance and ethics remain at the heart of the products and services we provide and I am proud to reaffirm our commitment to the UN Global Compact and its principles.

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→ Further information about the ways in which De La Rue as a business supports a fairer, more prosperous and secure future is available on our website www.delarue.com



We continue to focus on running our business sustainably, ensuring that alongside a clear Environmental Policy, wellbeing, human rights and labour rights are protected in our customer solutions as well as within our business and its supply chain.

Further information about the ways in which De La Rue as a business supports a fairer, more prosperous and secure future is available on our website www.delarue.com

Martin Sutherland
Chief Executive Officer

Environment



→ Read more on protecting the environment pages 43-45.

Human Rights



→ Read more on human rights pages 45-47.

Labour Rights



→ Read more on labour rights pages 48-49.

Anti-Corruption



→ Read more on anti-corruption page 49.



We are committed to minimising, as far as is appropriate, the impact of our operations on the environment. We set clear environmental goals and report against them each year. We share our commitment and standards with our suppliers and partners.

We fully support the principles set out in the UN Declaration of Human Rights and the guidelines of the International Labour Organisation, including equal opportunity and freedom from discrimination.

Our Modern Slavery Transparency policy details how we comply with the Modern Slavery Act 2015. We are committed to preventing slavery and human trafficking in our operations and in our supply chain. We work closely with main suppliers and contractors to ensure that their health and safety processes are robust.

We are committed to preventing our employees, third party partners, other representatives, contractors, consultants or other third parties from engaging in bribery or other corrupt practices and implement a robust framework of anti-bribery policies and processes.

Protecting the environment

We aim to minimise risk and our impact on the environment while ensuring the sustainability of the products we offer and the future of our manufacturing sites.

We continue to participate in the Carbon Disclosure Project, a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts, and work with our customers to reduce environmental impacts together. In addition to the case studies on pages 44 and 45, examples of our environmental stewardship include:

aiming towards zero to landfill in the UK, a move towards science based goals where possible; commitment to a Group HSE Sustainability policy and maintaining ISO 14001 certification. Our research and development function reviews and assesses environmental impacts of new products being developed according to our technical manual and we provide our customers with the opportunity to recycle our Safeguard polymer notes with Yes Recycling Ltd as an alternative to landfill or incineration.

Delivering against objectives

Progress against 2018/19 environmental objectives are detailed below:

Objective	Progress
To measure key environmental KPIs in the changed business during the year to enable the business to set science based targets that are realistic for the next two to three years.	Achieved. See 2019/20 objectives below.
To review all products and main processes, identifying all significant carbon impacts in order to drive an investment and change programme.	Partially achieved. Banknote products have been reviewed and work is continuing on remaining processes.
To review our supply chain in order to improve our sustainable procurement and reduce carbon impact.	Some progress has been made but there is work still to be done.
To include Sri Lanka and Kenya in our ISO14001:2015 Group Certification by the end of 2019.	Due to the different legal entities it is not possible to include Sri Lanka and Kenya in the Group certification. However, the sites are operating within the Group Environmental Management System and standards alongside local arrangements.

Our goals/objectives for 2019/20 are:

- an absolute energy reduction target of -2.1% per year until 2021 (set on a science based trajectory)
- to track our sustainability KPI at operational sites of energy used (kWh) per tonne of good output against a target of -5% per annum
- to improve our waste segregation and recycling/reuse options for our polymer waste streams
- to roll out further education on environmental awareness to >80% of operational employees across the Group

Responsible business continued

Greenhouse gas emissions year on year comparison for FY 2018/19

Type of emissions	Activity	2018-19		2017-18*		% Difference in emissions
		tCO ₂ e	% of total	tCO ₂ e	% of total	
Direct (Scope 1)	Natural gas	2,558	7.1	2,702	7.0	(5)
	Other fuels	390	1.1	547	1.4	(29)
	Process emissions	1,496	4.2	1,197	3.1	25
	Fugitive emissions	0.1	0.0	373	1.0	(100)
	Owned vehicles	103	0.3	99	0.3	4
	Subtotal	4,547	12.7	4,919	12.7	(8)
Indirect (Scope 2)	Electricity	20,054	56.0	19,390	50.1	3
	Subtotal	20,054	56.0	19,390	50.1	3
Indirect other (Scope 3)	Rail travel	5	0	5	0.0	(7)
	Air travel	5,052	14.1	6,961	18.0	(27)
	Non-owned vehicles	93	0.3	0	0.0	-
	Water	94	0.3	125	0.3	(25)
	WTT all scopes	5,985	16.7	7,264	18.8	(18)
	Subtotal	11,229	31.4	14,355	37.1	(22)
Total gross emissions (tCO ₂ e)		35,830		38,665		(7)
Renewable electricity (tCO ₂ e)		0		0		-
Electricity exported to grid (tCO ₂ e)		0		0		-
Total net emissions (tCO ₂ e)		35,830		38,665		(7)

Intensity metric

	2018-19	2017-18*	% Difference
Total gross emissions (tCO ₂ e)	35,830	38,665	(7)
Total net emissions (tCO ₂ e)	35,830	38,665	(7)
Revenue (£m)	516.6	461.4	12
Tonnes of gross CO ₂ e per million GB £ turnover	69	84	(17)
Tonnes of net CO ₂ e per million GB £ turnover	69	84	(17)

* 2017/18 figures have been restated to exclude Overton mill and Bathford mill following the sale of Portals De La Rue.

The numbers have been re-based following good practice.

Methodology: The table and the calculations have been created using the IEA 2017 emission factors for power and DEFRA 2018 for all other emission factors, and comply with DEFRA mandatory greenhouse gas reporting guidelines.



Carbon offsetting events

We regularly take part in events around the world, which involves significant travel. In order to reduce the impact of these activities on the environment, we have agreed to offset all travel and accommodation cost for our delegates and exhibitors at these events.

Working with Carbon Footprint Ltd, De La Rue has estimated savings of 268 tonnes of CO₂ – which is the equivalent of around 29 homes' energy use in a year or the CO₂ emissions of 30,156 gallons of gasoline.

We support three international carbon-offsetting projects, each of which will have a positive impact in the community: a tree project in Kenya, a drinking water programme in Uganda and the Wayang Windu Geothermal power initiative in Indonesia – all locations where De La Rue attended events throughout the year, so directly giving back to the local community.



Human Rights

We fully support the principles set out in the UN Declaration of Human Rights, in particular with regard to equal opportunity and freedom from discrimination. We have effective management systems in place to protect human rights. Our Code of Business Principles (see our Corporate Governance report on page 71) covers human rights issues including employment principles, health and safety, anti-bribery and corruption and the protection of personal information. The Code also highlights that we seek to provide an environment where employees can raise any concerns via a variety of mechanisms, including a whistleblowing hotline known as 'CodeLine' which is managed by an external third party, and a network of Ethics Champions across the Group where issues can be raised in confidence. A global awareness programme is planned for 2019/20 to promote CodeLine.

The business has remedial processes in place should there be any human rights infringements. These include claims procedures and trade union engagement procedures.

Equality and diversity

We treat our employees fairly and equally irrespective of their gender, transgender status, sexual orientation, religion or belief, marital status, civil partnership status, age, colour, nationality, national origin, disability or trade union affiliation. Our commitment to achieving an inclusive and diverse workforce can be demonstrated by the following initiatives and activities:

- By working with our recruitment partner Optamor we have introduced changes to our recruitment process, which seeks to remove bias. For example, CVs are now provided to our managers absent of details not relevant for the role, such as gender and name. By working with Optamor we are also starting to see a richness of management information allowing us to assess our talent acquisition process and start using data to inform decisions



Energy saving awareness

Energy efficiency in the workplace cuts costs, improves competitiveness and helps to safeguard profits and employment. It also reduces our impact on the environment by reducing carbon dioxide emissions, helping to combat climate change.

During the year, De La Rue Malta launched 'DLR Unplugged', an energy awareness campaign to improve understanding amongst employees on our

energy consumption and giving practical advice on energy saving measures for the workplace and home.

The initiative included presentations by representatives from the 'Energy and Water Agency' a governmental agency that specialises in the drafting and implementation of national policies on water and energy.



Gateshead clean water initiative

Our Gateshead site has partnered with Hydro Industries Ltd, a water technology start up in Wales to see if they could help find a way to minimise the chemicals needed to clean the effluent and recover as much purified water as possible. Following a successful week long trial, Hydro Industries designed a custom made solution for the Gateshead plant and signed a £500,000 contract with De La Rue to support them in reducing wastewater. This will be done by installing a reverse osmosis unit, which recycles the waste and splits it from the clean water. Half of the clean water will be put back into the effluent water treatment plant which dilutes the chemicals needed for the process, making it less damaging to the environment and reducing costs. The other half will go back to Northumbrian Water for wider consumption.

The new technology will be installed by summer 2019 and, once fully operational, staff at the plant will be trained to operate and maintain it. If the new project is successful there is potential for it to be rolled out at other De La Rue sites.

Responsible business continued



International Women's Day

In March 2019 events were held at some of our sites to celebrate International Women's Day. The theme this year was 'Balance for Better' and provided an opportunity to raise the profile of gender issues across the Group.

- Following the successful launch of unconscious bias training last year, open sessions across the organisation have continued. We have also provided an infographic on unconscious bias that is accessible to all employees. We view this training as a key step in developing an inclusive culture but acknowledge that the true value comes from exploring our organisational biases and putting in place action plans to remove any barriers
- We continue to celebrate diversity and our Women's Networks have gained momentum. Networks have been established at our head office site as well as in Sri Lanka and Westhoughton and a number of events have taken place this year, providing both men and women with the opportunity to hear external speakers, create informal networks with colleagues and to discuss and debate topical issues relating to inclusion. De La Rue uses Insights profiling which helps our employees to understand themselves and the teams that they work within. This enables employees to recognise the value of diversity of thought and communication style and improve their ability to communicate with others
- We continue to embed our flexible working policies and implement them whenever possible

Our long term commitment to eliminate any pay gap remains. As at 5 April 2018 our gender pay gap was 15.37% (mean) or 17.47% (median).

This was higher than in 2017, but the bonus gap of -2.25% (mean) or 22.88% (median) has decreased. Analysis, however, has shown us that these differences are primarily due to two main organisational reasons not linked to our Inclusion and Diversity strategy. Firstly, at the end of FY17/18 De La Rue sold 90% of its shareholding in the Group's paper business to Epiris and retained the remaining 10% shareholding. This change of ownership meant that c500 employees transferred out of De La Rue to Portals in March 2018. Significantly a larger percentage of males, particularly in the lower two pay quartiles, transferred out compared to females; this decrease in UK employee numbers changed the overall male/female pay ratio and also our gender pay gap. Secondly, individuals in roles covered by our collective bargaining agreement received a lump sum as part of the 2017 pay settlement. These payments are included in the bonus data and consequently show that a high proportion of our employees received a bonus during the year. It should be noted that this payment was unique to 2017 and if we remove this payment from the data, the mean and median bonus gap are more in line with the 2017 figures.

We continue to strive towards improving the proportion of women in senior roles, which we believe to be the underlying reason behind our gap. To reflect our ratio between males and females overall in the UK, we aim to increase the proportion of women within our senior leadership to 30% by 2020.

As at the end of this financial year, the percentage was 25%.

Every manager and employee has responsibility for the implementation of our inclusivity policy and training is provided to newly appointed line managers in inclusivity and associated policies and procedures such as stress management, grievance and anti-harassment.

Engagement

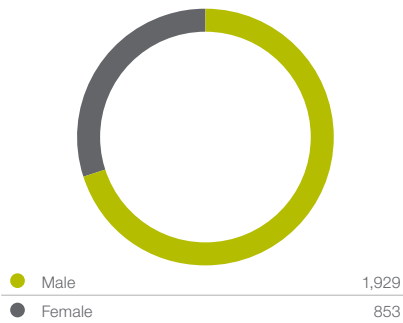
On a regular basis we conduct global employee surveys. Our most recent survey was launched in April 2019. The results will be analysed and action plans created through employee workshops. These plans will be closely monitored by the Executive Leadership Team.

We work closely with the relevant trade unions, employee forums and other employee representatives and report to all employees the outcomes of these meetings.

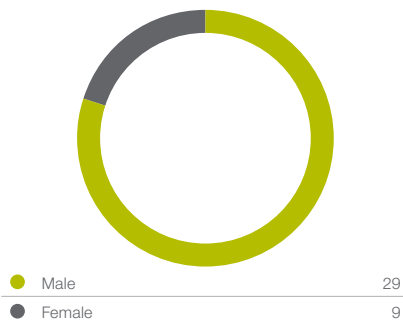
We communicate all relevant news, business and financial updates. To do this we hold regular town hall meetings, conduct conference calls, update our intranet and screens in communal areas, send email announcements and publish monthly site news updates. These are adapted to the audience, whether all staff, a country, a site or department. During the year we have continued to develop a standardised approach to employee communications and engagement across our sites, coordinating campaigns where possible. Examples include National Apprenticeship week in the UK and International Women's Day. Each site organises its own social events including family days and local celebration events and most have an employee forum. Our global employee recognition scheme, High Five, launched in August 2015 and in February 2019 the 100,000th High Five was celebrated. In 2019 we will hold our fourth annual 'Above and Beyond' employee awards event, recognising the most outstanding contributions to the business from across the organisation.

In line with the 2018 Corporate Governance Code, the Board has appointed a Non-executive Director responsible for engagement with the workforce.

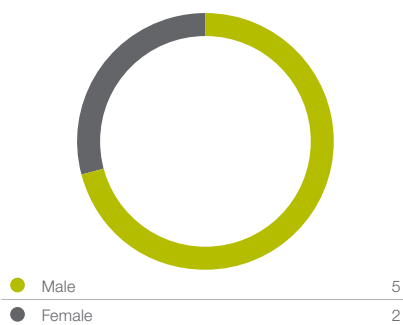
Gender diversity as at 30 March 2019
Employees



Senior Management



Executive Management



Training and development

A new learning system called 'Venture' launched at the end of the year and is being made available to all employees globally. In its first phase we have encouraged people to explore the content and make suggestions about what they want to see on the system. We have set up small groups to design content that is relevant to different functions, demonstrating how knowledge sharing across the business can be facilitated. The content on the system will continue to grow and our ambition is to enable learners to own their own development by mapping content to career paths. Face to face training globally has been ongoing throughout the year and will continue as part of a blended learning approach. Examples of face to face training include unconscious bias awareness sessions across the business to help our people understand more about themselves and how they can reinforce inclusivity through their actions, storytelling, presenting with charisma, influencing and stakeholder management skills.

With the apprenticeship levy in the UK opening up an increasing number of opportunities for our employees to develop their skills and experience, we now have around 40 colleagues participating in apprenticeship schemes across all of our UK sites. Apprenticeships currently being undertaken include accounting, engineering, machine printing, lean improvement, as well as team leader, management and senior leader apprenticeships to support management development at every level of our organisation. Nearly half of these apprenticeships are at level 5 (foundation degree level) or above, demonstrating that apprenticeships can support everyone at any stage in their development, not just new starters or those just embarking on their career.

Community

We take pride in supporting many varied local charities. This includes the De La Rue Advanced Partnership programme, focused on building a lasting footprint in a country through a programme of sustainability, education, training and enterprise development. Through our relationship with Rwanda Aid we have helped to fund business development for new start ups; giving them a small amount of investment that enables them to take themselves to the next level of sustainability and business success. In order to qualify, the start ups had to have been trading for a set period of time and achieved certain basic goals and also produce a thorough business plan for evaluation.

Our employees around the world continue to engage with their local communities via fundraising activities or giving their time to contribute to projects in their local area. For example, our Malta site has supported several charities including 'Beyond the Moon', a charity which offers holidays to seriously ill children and their families. The site also supported World Down Syndrome Day and a team of volunteers helped with the refurbishment of a children's home.

Responsible business continued



Labour Rights

We directly employ over 2,800 people and provide livelihoods to thousands more indirectly across our global supply chain. Our modern slavery statement details the steps we take to eradicate the practice and suppliers are obliged to abide by the United Nations Convention on the Rights of the Child and International Labor Conventions 138 and 182. Improving health and safety and protecting people in our business is a priority. We insist on the highest health and safety standards and provide training across the organisation to ensure all employees understand and are aware of their responsibilities. During the year we have delivered over 2,000 person days training. Our safety policies ensure accountability and engagement throughout our business and with our suppliers.

Wellbeing

During the year our SAFE health and safety initiative was updated to include mental health issues, highlighting that health at De La Rue includes both mental and physical wellbeing. We have also piloted mental health awareness training for our managers at head office. The case study opposite gives more details about our network of mental health first aiders.

Health and safety

Progress against our 2018/19 objectives is detailed opposite:



Read more on www.delarue.com

Mental health first aiders

During 2018 we introduced a team of Mental Health First Aiders (MHFAs) to the business as part of a broader focus on employee wellbeing and support. With over 40 qualified MHFAs located across our six UK sites, we are continuing to roll out a programme of awareness to the wider population and provide additional training resources to support our global sites.

The De La Rue MHFA role is to provide additional support to employees and to understand and assist with any potential mental health issues. They can listen and signpost employees to the appropriate professional help should it be required. The team has been trained by MHFA England, whose vision is to normalise society's attitudes and behaviours around mental health, by developing the skills needed to look after our own and others' wellbeing. Mental health education empowers people to care for themselves and others. By reducing stigma through understanding, MHFA England hopes to break down barriers to the support that people may need to stay well, recover, or manage their symptoms – to thrive in learning, work and life.

All line managers in Malta, one of our manufacturing sites, have completed the MHFA module under the MHFA Malta framework and we are exploring appropriate opportunities for the rest of our business.

Objective	Progress
To bring all the manufacturing sites under the central OHSAS18001 certification.	Due to the different legal entities it is not possible to include Sri Lanka and Kenya in the Group certification. However, the sites are operating in accordance with our Group manual and standards.
To maintain a world class LTIFR per 200,000 worked hours of less than 0.6.	Achieved. Our LTIFR was <0.25.
To maintain our strong HSE training delivery performance of over 2,000 person days per year.	Achieved.
To achieve >92% of conformance to our Zone 'SAFE' EHS inspections programmes.	95% conformance was achieved.
To cascade more certified (eg NEBOSH, IOSH) health and safety training and deliver four 'SAFE' training modules.	Achieved. NEBOSH training has been completed by 92% of those in the Delivery function identified for training. Ninety people across our sites have completed IOSH training. 'SAFE' modules have been updated and issued to sites.



Anti-Corruption

During the year, we experienced zero prosecutions for infringing health and safety laws or regulations. All our main manufacturing sites have maintained OHSAS18001 certification for their health and safety management systems, following external audits by accredited providers. More details on our Company policies and procedures around health and safety and wider labour rights can be found on our website.

We have set the following new objectives for health and safety for 2019/20:

- To maintain our world class LTIFR per 200,000 worked hours of ≥ 0.25
- To maintain our strong HSE training delivery performance of over 1,900 person days per year
- To achieve $\geq 94\%$ of conformance to our Zone 'SAFE' HSE inspection programmes
- To ensure all operational line managers and process leaders are trained to IOSH Managing Safely, an equivalent, or higher qualification
- To ensure our OHS management system meets all the requirements of the new international standard ISO45001:2018 (replacing OHSAS18001)

Corporate culture and strategy

The Board receives annual updates on corporate culture. For the first time our employee survey in 2019 included questions related to culture in order to inform and shape the culture of the organisation.

De La Rue are experts in delivering complex features and solutions that help protect against crime and corruption. We are committed to preventing our employees, third party partners, other representatives, contractors, consultants or other third parties from engaging in bribery or other corrupt practices and implement a robust framework of anti-bribery policies and processes.

During the year the leadership group and core personnel in customer facing roles and central functions completed an online affirmation that they understand their obligations and continue to comply with our Code of Business Principles.

BnEI

As the largest commercial security printer in the world, we take our responsibility seriously. We recognise that our influence can help ensure that international standards and best practice become the norm. Being a member of the Banknote Ethics Initiative (BnEI) as well as the Secure Identity Alliance and International

Tax Stamp Association provides us with platforms to drive positive changes in our industries towards the highest product and ethical standards. We will continue to use our influence to push for further transparency and accountability in our sector.

Transforming our sales partner remuneration

We are now four years into a five year programme to change the way our sales partners are remunerated. Our aim is to reduce risk to the business while recognising all the work carried out by our partners. A rolling Agent Transition Plan is being implemented to change partner remuneration as agreements become due for renewal. The majority of partners are now engaged under the new scheme, which is based on the BnEI commitments. Work has started to define the next phase of our partner management programme as we drive to further improve our anti-corruption credentials.

