

Responsible business

Responsible business



We are committed to running our business sustainably.”

Enabling everyone to participate securely in the global economy remains the focus of our business as we continue to support economies and financial systems across the world.

Clear policies on the environment, human rights, labour rights and ethical issues including anti-corruption within our business and its supply chain are integral to this purpose and ensure that we continue to run our business sustainably.

De La Rue is a signatory to the UN Global Compact, and I am pleased to confirm our ongoing commitment to the initiative and its principles.

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

Clive Vacher
Chief Executive Officer



Environment

> For more information
see pages 33 and 34

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.



Human rights and social matters

> For more information
see pages 35 to 38

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.



Labour rights

> For more information
see pages 38 and 39

We are committed to preventing slavery and human trafficking in our operations and in our supply chain. 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.



Anti-corruption

> For more information
see page 40

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.



Environment

We are committed to minimising, as far as is appropriate, the impact of our operations on the environment while ensuring the sustainability of the products we offer and the future of our manufacturing sites. We set clear environmental goals and report against them each year. We share our commitment and standards with our suppliers and partners.

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 have this year achieved a score of B-, a year on year improvement. We work with our customers to reduce environmental impacts and, in addition to the case study on Samoa on page 35, 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 aim to provide our customers with the opportunity to recycle our Safeguard polymer notes as an alternative to landfill or incineration. We work with our customers to reduce environmental impacts together.

To reduce the impact of our activities on the environment, during the year we offset travel and accommodation costs for our delegates and exhibitors at several events in which we participated. Carbon offsetting projects we have supported this year, working with Carbon Footprint Ltd, included a tree planting project in the Great Rift Valley, Kenya.

Delivering against objectives

Senior management regularly review our environmental management results. Progress against 2019/20 environmental objectives is detailed below:

Objective	Progress
An absolute energy reduction target of -2.1% per year until 2021 (set on a science based trajectory).	Over the year we reduced our energy consumption by 12%.
To track our sustainability KPI at operational sites of energy used (kWh) per tonne of good output against a target of -5% per annum.	Across the sites we achieved our targets on our Sustainability KPI with good improvements at Kenya, Sri Lanka, Malta and Westhoughton sites. Gateshead was affected by the closure of one production line during the year coupled with a site base load and Debden with its relatively new machinery was level for most of the year.
To improve our waste segregation and recycling/reuse options for our polymer waste streams.	Our polymer printing waste from the Debden site is securely granulated on site and sent for mono-material recycling and reprocessing into new BOPP pellets used for new processes. Our polymer substrate manufacturing waste from the Westhoughton site is securely granulated on site and sent for blended material recycling and reprocessing into new plastic materials used for new processes. We are reviewing our mixed waste processes at Gateshead to see if we can segregate polymer-based waste for recycling.
To roll out further education on environmental awareness to >80% of operational employees across the Group.	New Environmental Awareness training materials have been uploaded to our online employee training platform for use during 2020 across the manufacturing sites.

Our environmental goals/objectives for 2020/21 are:

- To continue driving energy reduction to achieve -2.1% per year until 2021 (set on a science-based trajectory) when we will review across the business
- To roll out the new environmental awareness training to >80% of operational employees across the Group
- To widen our application of sustainability principles across key areas of our supply chain and developments
- To ensure that all capital expenditures and product/process developments have a level of environmental impact analysis to consider the best decisions and options to be made

Energy efficiency measures

In the period covered by the report, De La Rue has implemented and tracked various energy saving activities across the business. An overview of the key energy efficiency measures undertaken by De La Rue are noted below:

- At our Gateshead site in late 2018 significant energy efficiency works occurred with the replacement of chillers, compressed air system and upgrading the Building Management System (BMS) control systems. This is the first full year of the site utilising the new systems, which has resulted in a 2,800,000 kWh (23%) reduction in electricity consumption
- A significant number of energy measures are being undertaken across the site in Malta. These measures include installing a new chilled water network, installing a centralised compressed air system and replacing the old chiller system. Combined, these measures are anticipated to save in the region of 2.5 million kWh per annum
- Sub-metering has been rolled out across our Debden site, which will monitor energy usage on large process equipment. This will enable the site team to better understand how the site can operate more efficiently and support the identification of future energy efficiency measures

Responsible business continued

Greenhouse gas emissions year on year comparison for FY 2019/20

Type of emissions	Activity	2019/20				2018/19				% Difference in emissions	
		UK		Global*		UK		Global*			
		tCO ₂ e	% of total	tCO ₂ e	% of total	tCO ₂ e	% of total	tCO ₂ e	% of total		
Direct (Scope 1)	Natural gas	2,618	20.1%	75	0.5%	2,491	13.0%	67	0.4%	5%	11%
	Other fuels	6	0.0%	452	3.1%	5	0.0%	385	2.3%	23%	17%
	Process emissions	1,496	11.5%	–	0.0%	1,496	7.8%	–	0.0%	0%	n/a
	Fugitive emissions	95	0.7%	228	1.5%	0	0.0%	–	0.0%	n/a	n/a
	Owned vehicles	46	0.4%	88	0.6%	21	0.1%	82	0.5%	118%	7%
	Subtotal	4,262	32.7%	842	5.7%	4,013	21.0%	534	3.2%	6%	58%
Indirect (Scope 2)	Electricity	5,304	40.7%	10,244	69.4%	8,006	41.9%	12,048	72.0%	(34%)	(15%)
	Subtotal	5,304	40.7%	10,244	69.4%	8,006	41.9%	12,048	72.0%	(34%)	(15%)
Total Scope 1 and 2	Subtotal	9,566	73.4%	11,087	75.1%	12,019	62.9%	12,582	75.2%	(20%)	(12%)
Indirect other (Scope 3)	Rail travel	5.4	0.0%	–	0.0%	4.5	0.0%	0.3	0.0%	21%	(100%)
	Air travel	1,606	12.3%	329	2.2%	4,463	23.4%	589.3	3.5%	(64%)	(44%)
	Non-owned vehicles	28	0.2%	–	0.0%	93	0.5%	–	0.0%	(69%)	n/a
	Business travel	1,640	12.6%	329	2.2%	4,560	23.4%	590	3.5%	(64%)	(44%)
	Water	37	0.3%	52	0.4%	53	0.3%	41	0.2%	(30%)	29%
	WTT all scopes	1,790	13.7%	3,303	22.4%	2,466	12.9%	3,519	21.0%	(27%)	(6%)
	Subtotal	3,467	26.6%	3,685	24.9%	7,079	37.1%	4,150	24.8%	(51%)	(11%)
Total gross emissions (tCO₂e)		13,033		14,772		19,098		16,731		(32%)	(12%)
Total gross emissions (tCO ₂ e) UK and Global		27,804		35,830		(22%)					
Energy consumption used to calculate Scope 1 and 2 emissions/kWh		35,208,116		25,613,721							

Note:

* Global represents all sites outside of the UK.

Intensity metric

	2019/20		2018/19		% Difference	
	UK	Global*	UK	Global*	UK	Global*
Total gross emissions (tCO ₂ e)	13,033	14,772	19,098	16,731	(32%)	(12%)
Revenue (£m)	109.8	316.9	101.1	415.5	9%	(24%)
Intensity ratio: Tonnes of gross CO ₂ e per million GB £ turnover	118.70	46.61	188.90	40.27	(37%)	16%
Intensity ratio UK and Global: Tonnes of gross CO ₂ e per million GB £ turnover	65.2		69.4		(6%)	

Note:

* Global represents all sites outside of the UK.

Methodology

As a large, quoted company, De La Rue is required to report its energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The data detailed in this table represent emissions and energy use for which De La Rue is responsible, including electricity, gas use, process and fugitive emissions in our offices. We have used the main requirements of the Greenhouse Gas Protocol Corporate Standard to calculate our emissions, along with the UK Government GHG Conversion Factors for Company Reporting 2019.

First carbon neutral banknotes



In June 2019, the Central Bank of Samoa unveiled the first known carbon neutral polymer banknote to celebrate the XVI Pacific Games, leading the industry and helping to combat global climate change. The 10 Tala note was designed by De La Rue and printed on our Safeguard® polymer substrate.

The Central Bank of Samoa and De La Rue are both extremely proud to have been able to work with Carbon Footprint Ltd to make this banknote Carbon Neutral by offsetting the emissions from production used through funding an equivalent carbon dioxide saving elsewhere. For this banknote, the carbon impact of both the materials and manufacturing process have been calculated and offset by supporting a power generation project in Indonesia.



Human rights and social matters

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 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.

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.

We recognise the positive impact that a diverse and inclusive workforce has on the success of the business and therefore actively seek to recruit people with diverse backgrounds, experience and ways of thinking and working.

We can see that the initiatives and policies we have put in place are effective through an increase in the score in our engagement survey in response to the statement 'De La Rue recognises and respects the value of human differences' (71% in 2017 to 81% in 2019).

Our commitment to achieving an inclusive workforce can be demonstrated by the following initiatives and activities:

- We celebrate diversity and our Women's Networks are well established in many sites with events such as lunchtime discussion groups led by employees.
- In March 2020 events were held at some of our sites to celebrate International Women's Day. The theme this year was 'Each for Equal' and provided an opportunity to raise the profile of gender and wider diversity issues across the Group.
- At our head office we have hosted our local MP who holds regular Inspiring Women events in the local community.
- Some sites showed support for women in their local communities by collecting essential items such as toiletries and food for women's refuges.
- Every manager and employee has responsibility for the implementation of our inclusivity and associated policies and procedures such as stress management, grievance and fairness and respect.
- Flexible working policies are in place and every application is carefully considered.

Our long term commitment to eliminate any gender pay gap remains. As at 5 April 2019 our gender pay gap was 14.10% (mean) or 15.78% (median) and the bonus gap was 52.62% (mean) or 12.44% (median).

Analysis has shown us that changes since the pay gaps were first reported in 2017 are due primarily to a number of significant organisational changes during this period that have impacted the figures making it premature to draw any conclusions on trends.

We are confident that we do not have issues of equal pay and remain committed to increasing the number of women in senior roles which we believe to be the underlying reason behind the gap.

Responsible business continued

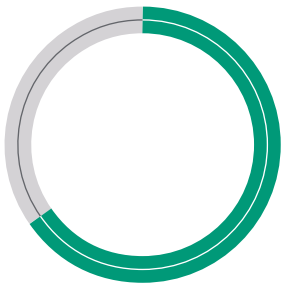
Gender diversity as at 28 March 2020

Employees



Male	1,684
Female	748

Senior Management



Male	17
Female	9

Executive Management



Male	4
Female	3

The male to female ratio for Senior Leaders at the end of the financial year was 65:35 and we are pleased that we have achieved alignment with the overall UK workforce ratio of 69:31 and our aim of increasing the proportion of women within our senior leadership to 30% by 2020. Our focus is maintained on improving the diversity of our shortlists through our talent and succession planning processes and work with our recruitment partners.

Engagement

We engage with our employees on a regular basis in a variety of ways on matters of concern to them, including matters relating to the performance of the Company to ensure that communications are accessible by everyone wherever they are based. Methods include regular calls hosted by the Chief Executive Officer, Newsflashes circulated via email and printed and displayed at sites, a companywide intranet and engagement with employee forums.

Feedback is always welcome and we have a network of communications champions across our sites who regularly talk to colleagues to share information and gather ideas and feedback related to how we communicate.

Our 2019 engagement survey gave us valuable insight into our employees' perspective on where they work. Generating feedback is a real opportunity for us to build a deeper understanding of what matters to our employees, and how we can improve our business. With an 84% response rate, we used the feedback to kick off further discussions which enabled us to build tailored action plans at team level.

Since the establishment of our Currency and Authentication divisions employees receive regular updates about the area in which they work through regular calls where questions are welcome and answered openly.

Employee recognition remains a key component of our engagement strategy and we use a global recognition platform to enable employees and managers to send thanks and recognise celebrations such as work anniversaries and birthdays. 2019 saw our fourth annual Above and Beyond event take place, celebrating outstanding achievements by our employees. This is in addition to local site recognition events.



> Our Sri Lanka site held their Family Day 2019 for 640 colleagues and their family members at Jetwing Lagoon in Negombo.

In 2019 we held our third annual global art exhibition celebrating the talent of our people through a variety of mediums from photography, painting and crafts. The art is displayed in head office then shared virtually in our sites.

To enable people to collaborate more easily wherever they are based we have rolled out Office 365 and Microsoft Teams and this is becoming well embedded as a way of communicating and working together.

Wherever possible we recognise significant days across our sites – in 2019 this included World Environment Day, World Mental Health Day and International Women's Day.

In line with the 2018 Corporate Governance Code, the Board has appointed a Non-executive Director responsible for engagement with the workforce, Maria da Cunha. Maria is required to support the Board's objective of gathering the views of the workforce at all levels throughout the organisation to inform its decision making.

We recognise that different sections of the workforce will have different interests and priorities and a combination of engagement methods are necessary to gain a thorough insight into the culture and concerns at different levels within the organisation.

During the year, Maria has worked with our national employee forums, meeting with both the UK Forum and European Employee Forum (EEF) to agree how best to ensure meaningful engagement.

We conducted a visit to our Debden site which included a walkaround with trade union site representatives and a visit to another UK site is planned for the coming financial year.

In February 2020 Maria met with the UK Forum representatives to brief them specifically on the remuneration policy changes proposed.

It is expected that we will continue to utilise established communications channels on an ongoing basis to engage with our employees and seek their views including:

- Ongoing attendance at the UK Employee Forum and EEF which are bodies made up of elected representative from each site and which meet with senior management twice each year
- In 2020/21 we propose to extend our current forums to a wider workforce engagement team, representing all sites, in which key information will be shared and discussed. Maria will be an invited participant
- Board site visits, which will be used to engage directly with the global workforce
- Additional methods of engagement will be used in line with planned improvements to employee communications including:
 - Listening groups for frontline workers and supervisors and/or focus/consultative groups on specific topics or subject matter
 - Meeting future/emerging leaders

We recognise that engagement methods are likely to evolve over time as we establish what is most effective and we will continue to monitor to ensure productive and effective dialogue is maintained.

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.

Training and development

There has been significant shift, changes and challenges in the business this financial year which have had an impact on delivering learning and development initiatives. With a reorganisation and challenging financial position and now combating COVID-19, face to face training initiatives have been withdrawn.

This has given us the opportunity to look at further utilising our Learning Management System and we have continued to build content in a number of areas to encourage employees' learning and curiosity. We have added new content on a wide variety of subjects every month, including building resilience, managing change, Code of Business Principles, diversity and inclusion, high performing teams and innovation and effective communication.

Our plans for the 2020/21 financial year include a complete course on management fundamentals, leadership and team effectiveness. We will continue to build both bite-sized learning and curriculum to support the Company and individual objectives.

We lost many apprentices through the reorganisation and leavers. The decision was taken to put on hold all new apprenticeship schemes until we are in a position to ensure that further business changes will not impact the ability to complete apprenticeships at De La Rue.

Community

We continue to support charities in the communities where we operate.

Our sites organise their own activities to support local charities. Activities during the year have included seed and tree planting, collections of clothing, food and essential items for those most in need, bake sales and quizzes to name but a few. These activities are encouraged by the business and provide an opportunity for employees to engage with each other in a less formal way and spend time with colleagues from different teams and departments. De La Rue also supports employees who wish to give up their time to support worthy causes during work time.



- During Easter week our Malta site ran a number of activities to support local charities, including the donation of Easter eggs and toys to orphanages and a local hospital.

Responsible business continued

Tree planting in Kenya



Pupils and De La Rue staff joined forces to plant 350 trees

To mark World Environment Day in June 2019 our Kenya site supported a tree planting activity at Drive Inn Primary school. Staff from different departments participated and 350 trees were planted.

World Environment Day has been celebrated every June since 1973 to raise global awareness about the importance of the healthy and green environment, solve environmental issues by implementing positive actions and increase awareness worldwide that everyone is responsible for saving the environment.

De La Rue has a Charitable Giving and Sponsorship Policy which is regularly reviewed and includes a robust governance policy to be followed before funding is approved. Giving is discretionary and the company targets the majority of its support towards charities and charitable activities within countries where it does business, and which fall demonstrably into specific categories including well-researched causes in under-developed countries, educational charities which promote relevant skills and international understanding, disaster funds and community or environmental organisations having activities directly related to the Company's geographical or commercial areas of operation.

An example of De La Rue's engagement with communities in areas where we do business is the scholarship programme in the Caribbean which was started in Jamaica in 2002 in collaboration with the Central Bank and the University of the West Indies.

Since its foundation, the programme has expanded across the region and The Association of De La Rue Scholars was launched in 2015 to promote the personal and academic fulfilment of each scholar and to help build future leaders—young men and women with a commitment to serving their community, their country and their region. There are currently 59 scholars and alumni members of the Association.

The De La Rue Charitable Trust is an independent body established by De La Rue. It provides financial support in the form of small donations to help address issues such as relief of suffering, educational support and development and self-sufficiency promotion. The Trust is accountable to the Governance Standards and Principles of The Charity Commission (UK's governing body for charities) and audited by an external auditor. The Charitable Trust Board of Trustees meets approximately three times a year to consider applications for donations and to agree how funds will be distributed.



Labour rights

We directly employ around 2,500 people and provide livelihoods to thousands more indirectly. We are committed to preventing slavery and human trafficking in our operations and in our supply chain and our modern slavery statement details the steps we take to eradicate the practice and how we comply with the Modern Slavery Act 2015. 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. We also work with our main suppliers and contractors to ensure that their health and safety processes are robust. During the year we have delivered over 1,600 person days training. Our safety policies ensure accountability and engagement throughout our business and with our suppliers.

Wellbeing

We recognise that the health of our employees includes both mental and physical wellbeing. We have a network of Mental Health First Aiders across our UK and Malta sites whose role is to provide additional support to employees and to understand and assist with any potential mental health issues. Appropriate support is also provided in other international sites. We have run a number of wellbeing events across our sites during the year, including free health checks, healthy eating workshops, cancer awareness talks, and smoking cessation sessions offering information and guidance to our employees. Health and wellbeing is recognised as being an integral part of our overall global SAFE initiative.

Health and safety

Progress against our 2019/20 objectives is detailed below:

Objective	Progress
To maintain our LTIFR per 200,000 worked hours of less than 0.25.	At the end of the year we achieved 0.37 LTIFR which fell short of our objective but is still 35% below the UK HSE All Industry average, a good achievement in changing and challenging circumstances.
To maintain our strong HSE training delivery performance of over 1,900 person days per year.	We exceeded the reduced and reset target of 1,680 HSE training days which reflected the reduction in our workforce during the year.
To achieve more than 94% conformance to our Zone 'SAFE' HSE inspection programmes.	We achieved over 95% and during the period relaunched this initiative as SAFE & SECURE covering some security aspects.
To ensure all operational line managers and process leaders are trained to IOSH Managing Safely, an equivalent, or higher qualification.	This objective was removed from the training plan part way into the year due to cost reductions and travel restrictions, but we have maintained our NEBOSH General Certificate coverage across all manufacturing sites at 100%.
To ensure our OHS management system meets all the requirements of the new international standard ISO45001:2018 (replacing OHSAS18001).	All of the sites have been successfully transitioned across to the new ISO45001:2018 International Standard during the year.

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 2020/21:

- To ensure all operational line managers and process leaders are trained to IOSH Managing Safely, an equivalent, or higher qualification (a carry forward objective)
- To achieve a reported Near Miss/My Safety Concern closure rate or >90% at all facilities
- To achieve ≥94% of conformance to our Zone 'SAFE & SECURE' HSSE inspection programmes
- To develop an online health and safety training platform for use by all employees and target these training modules as identified by the sites' Training Needs Analysis frameworks
- To maintain our strong HSE training delivery performance of over 1,500 person days per year with the lower employee headcount created by the ongoing business transformation programme

International Women's Day 2020



In recognition of 'International Women's Day 2020' Westhoughton held a 'Time to Shine' workshop to explore Life Coaching Skills and Personal Development Plans to shine a spotlight on women in the workplace and encourage them to share their ideas, aspirations and goals.

Responsible business continued



Anti-corruption

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. All employees are made aware of our zero tolerance stance through their acknowledgement of our Code of Business Principles, and online anti-bribery and corruption training is mandatory for those in relevant roles. The Ethics Committee of the Board has oversight of our anti-corruption policies and procedures (see pages 62 and 63).

Banknote Ethics Initiative

The Banknote Ethics Initiative (BnEI) is an initiative established to provide ethical business practice, with a focus on the prevention of corruption and on compliance with anti-trust law within the banknote industry. Members must adhere to a strict Code of Ethical Business Practice and all organisations that have signed the Code must become accredited after passing an audit carried out by a third party auditor.

The BnEI Audit Framework is a complete evaluation of policies and procedures a company has in place covering Leadership, Responsibility, Policies and Procedures (sales and marketing, including third party partner management and remuneration, human resources, finance, government and regulatory affairs), Due Diligence, Training, Compliance Declaration and Internal Monitoring.

De La Rue was one of the first companies to receive BnEI accreditation in 2014 after passing an audit carried out by GoodCorporation, which is recognised worldwide as one of the leading organisations working in the field of corporate responsibility and business ethics. De La Rue has passed all audits to date at Level 1, the highest level. Full audits are conducted every three years with annual affirmations of compliance and progress required between audits.

In addition to the Banknote Ethics Initiative (BnEI), De La Rue is a member of various industry bodies and associations, including Intergraf and the International Tax Stamp Association, which provide us with platforms to drive positive changes in our industries. We will continue to use our influence to promote the highest product and ethical standards and push for further transparency and accountability in our sectors.



 **UK HMRC:**
Tax Stamps