

Responsible business

Our approach

Responsible business practice not only creates wider benefits for society but also contributes to our commercial success. De La Rue's commitment to doing business responsibly is evidenced by the attainment of various internationally recognised accreditations such as ISO standards, which we work hard to achieve and maintain, but also in the way we conduct our day to day relationships with customers, suppliers, communities, investors and employees based on ethical values and behaviours. Doing business responsibly helps us earn trust and attract and retain talent.

Accountability

The Board is responsible for assessing the impact of corporate responsibility issues on the Group and setting appropriate policies and the Chief Executive Officer is the Board member with designated responsibility. The Executive Leadership Team, the Risk Committee, and the Health, Safety and Environment Committee support the Chief Executive. The HSE Committee's responsibilities include monitoring HSE activities around the Group, identifying areas for improvement and making recommendations on strategy. The Ethics Committee, made up entirely of Non-executive Directors, is responsible for monitoring and advising the Board on ethical matters. For further information see pages 36 to 37.

Ethics

De La Rue was one of the first companies to be accredited as a member of the Banknote Ethics Initiative (BnEI) in February 2014 and this important achievement has been maintained. The aim of BnEI is to promote ethical business practice, with a focus on the prevention of corruption and on compliance with anti-trust law in the industry. The independent nature of the accreditation provides customers with assurance in respect of the ethical standards they are looking for from their suppliers. De La Rue's BnEI accreditation covers the whole Group, not just our banknote business.



All employees and business partners are required to follow our Code of Business Principles when they are representing De La Rue. Training on the Code is an integral part of our employee induction process and third party partners all receive training on the Code and the standards of ethical behaviour expected by De La Rue.

A steering group of senior employees meets regularly to look at ways to ensure that the principles are embedded in everything we do and is also a central point of advice and support for our network of site based ethics champions. The ethics champion initiative helps us understand and respond to the needs of each site in a focused and effective way and ensure that they have local support and representation for Code of Business Principles related matters. In May 2014 a training conference was attended by all ethics champions and regular conference calls are scheduled to highlight issues and provide a forum for discussion.

Our whistleblowing policy and procedures are reviewed annually by the Audit Committee. They enable employees who have concerns about the application of the Code of Business Principles or business practices within the Group to raise them either internally or anonymously through the De La Rue CodeLine, a telephone and email helpline operated by an independent third party. The Board and Ethics Committee receive details about any issue raised and how it has been followed up.

Our people Communication

A global internal communications programme with a dedicated resource was introduced during the year and means we have been able to improve significantly employee communications across the Group.

To complement existing internal communications channels, our Chief Executive Officer writes a blog to share his impressions of the business, and employees are invited to post comments. This is available in a printed format for employees who do not have access to a computer. A dedicated email address also means employees are able to communicate directly with the Chief Executive Officer. We also hold regular global business update calls, which are open to all employees, and the Executive Leadership Team hold their monthly meetings at sites to get closer to the business and our people.

We recognise the importance of sharing and celebrating success around the business and one of the ways we do this is via regularly updated news stories on our intranet.

A comprehensive internal communications campaign, using a variety of channels, is underway to ensure that all employees understand the part they will play in execution of our new strategy and are motivated to work together to achieve our strategic goals.

On a localised level there continues to be regular interaction across each functional area and at every site, ranging from daily informal walkabouts to monthly site team briefs. Company management meet regularly with elected representatives of our European and UK National Employee Forums to enable a regular communications channel between our people and senior leadership.

Equality and diversity

Our policy is to treat all employees fairly and equally in recruitment, training, development, promotion and in terms and conditions of employment irrespective of their sex, transgender status, sexual orientation, religion or belief, marital status, civil partnership status, age, colour, nationality, national origin, ethnic origin, disability or trade union membership or affiliation. If an employee becomes disabled when in the Group's employment, full support is given through the provision of special training, equipment or other resources to facilitate continued employment wherever possible.

Every manager and employee has a responsibility to ensure that our equal opportunities policy is implemented.

To the extent permitted by relevant local laws, the Group collects certain data on staff diversity.

Gender diversity

Employees by gender (as at 28 March 2015)		
Male	2,915	(73%)
Female	1,072	(27%)
Total	3,987	

Senior managers by gender (as at 28 March 2015)		
Male	60	(83%)
Female	12	(17%)
Total	72	

Directors by gender (as at 28 March 2015)		
Male	5	(71%)
Female	2	(29%)
Total	7	

For further information about Board diversity, see page 37.

Engagement and development

Recognising the importance of really understanding our people to get the best from them is key to a successful future. Our 'Your say' employee engagement survey was most recently conducted across all sites in local languages in October 2014. The survey achieved an excellent overall response rate of 83 per cent (compared with 70 per cent in 2012), with 71 per cent of our people stating that they would recommend De La Rue as a great place to work. The survey results identified areas for improvement and team workshops have focused on these and developed action plans.

Alongside the employee survey we have engaged with the employer review platform Glassdoor where existing, past and potential employees can post their views on what it is like to work at De La Rue. We monitor all reviews which are fed back to our Executive Leadership Team so we can capture what we do well and not so well.

As part of our focus on learning and development we have recently launched a global training platform, our Centre for Learning, to facilitate all De La Rue training, talent and leadership development. Our aim is to develop consistent, best in class learning experiences for everyone at De La Rue. We are initially focusing on our senior leaders, to ensure they are equipped to manage their teams through the restructuring and the new strategic goals, with a wider programme scheduled for later in the year.

Our values of working together, acting with integrity, excelling in what we do, taking responsibility and being open to change are now being embedded across the business through various initiatives: as well as being an integral part of the personal development review process they are also used as a measure across many sites as part of reward and recognition schemes.

Health and safety

We have a responsibility to safeguard the health and safety of all stakeholders affected by our operations and keeping employees safe and secure when they are at work and travelling on business is a priority.

To enhance existing health and safety training we have launched a Hostile Environment Awareness training programme for travellers who regularly visit high risk areas. A mandatory online 'Travelsafe' training module for all employees who travel regularly for business will launch in July 2015.

We also hold a regular health and safety conference which brings together representatives from our sites all over the world to discuss key issues and share best practice.

In 2014 De La Rue received a Merit award in the UK's Royal Society for the Prevention of Accidents annual Occupational Health and Safety Awards and our Sri Lanka site won the manufacturing section of the National Occupational Safety and Health Excellence Award.

All of our main manufacturing sites have maintained OHSAS18001 certification for their health and safety management systems, following audit by accredited providers.

During the year no De La Rue operation was prosecuted for infringing any health and safety laws or regulations. However, we had one small administrative fine to pay in Malta following a machinery accident that occurred in February 2013. We were not cited or prosecuted following this accident.

The Executive Leadership Team and the Board receive confirmation that all sites comply with Group health, safety and environmental policies and any applicable legislation through external and internal audits on their management systems. Sites are measured against any corrective actions identified and these reports are used to develop effective continuous improvement programmes. The HSE standards and audit protocols were updated this year and aligned with the stepped approach used in the operational excellence programme.

De La Rue works with its main suppliers and contractors to ensure their health and safety processes are robust. Our focus on machinery safety continues, with many improvements completed this year. All new machinery purchased is checked by an independent machinery safety consultancy to verify compliance with the latest UK/EU machinery safety requirements.

We have continued to invest in and improve our fire risk management with several sites upgrading their fire alarm and suppression systems. We had two minor fires this year at one site both of which were controlled well by our procedures and suppression systems.

We achieved all of our health and safety objectives for 2014/15. We reduced our overall number of reportable accidents and lost time days due to accidental injuries and increased our near miss reporting by 18 per cent which we view as a positive trend. With continuing organisational changes we have successfully maintained our positive safety culture and excellent internal reporting processes and continue to engage employees in our safety training programmes. We delivered over 2,000 man-days of HSE related training this year across the Group. We will continue to set robust health and safety objectives and targets and verify our compliance/good practice programmes through our internal audit programme.

Our health and safety objectives for 2015/16 are:

- To move to using a Lost Time Injury Frequency Rate (LTIFR) per 200,000 worked hours metric
- To continue to reduce at work injuries and achieve a LTIFR per 200,000 worked hours of 0.55 or lower
- To continue to demonstrate manufacturing site improvements within our internal HSE audit levels programme
- To ensure that all older equipment is independently assessed for safety and upgraded or replaced as appropriate over a three to five year period
- To obtain OHSAS18001 certification at head office with a view to bringing all manufacturing sites under a group accreditation within two years

Human rights

De La Rue fully supports the principles set out in the UN Universal Declaration of Human Rights, in particular with regard to equal opportunity and freedom from discrimination, fair working conditions, freedom of association and collective bargaining and the prohibition of forced and child labour. Our Code of Business Principles covers human rights issues including whistleblowing, employment principles, health and safety, and protecting personal information. These principles are underpinned by specific global Group policies and other relevant local workplace policies which the business is required to follow.

Responsible business continued

Our relationships

Third party partners

All applications for the appointment or renewal of third party partners are managed by a central team which reports directly to the General Counsel and Company Secretary. The process is subject to audit and external verification. All third party partners are subject to appropriate due diligence and receive training covering anti-bribery and corruption, competition law and third party partner policy.

Customers

We have invested in software to enable the creation of bespoke market surveys and have used these to collect meaningful information from both existing and prospective customers about the marketplace as well as about De La Rue's products and services.

We attend relevant industry conferences to maximise personal contact with our customers. Regional conferences and user group meetings are held on a regular basis and we run an annual 'Advanced Banknote Manager' course which is available to our central bank and state print work customers.

Suppliers

De La Rue applies consistent procurement policies and processes to ensure accountability and sustainable value for money while minimising risk and enabling the Group to fulfil its legal and financial obligations. De La Rue expects its suppliers to share the Group's commitment to best practice standards in HSE matters. Suppliers are also required to meet defined quality, product security and business continuity standards.

Suppliers are obliged to abide by the Group's Code of Business Principles and the United Nations Convention on the Rights of the Child and International Labour Organisation Conventions 138 and 182. As part of our ongoing procurement programme we will continue to monitor our key cotton comber and linter suppliers.

De La Rue subscribes to the policies in the UK Government's Prompt Payment Code. We undertake to pay suppliers on time, give them clear guidance on payment procedures, and encourage good practice amongst our lead suppliers.

Community

Our sites continue to support local charities.

In the UK, at our head office, activities included employability workshops and interactive demonstrations for local students as well as fundraising for a local hospice. In Malta employees got together to donate blood and also took part in the President's fun run. Other sites held bake sales, swapped rival football shirts, took part in ice bucket challenges, climbed mountains, cycled, drummed and ran multiple marathons as well as donating food and bedding for a local homeless charity.

The Group operates a Give As You Earn scheme in the UK which enables employees to make regular donations to charity from their pre-tax monthly salary. Donations are matched by De La Rue up to £500 per employee per annum.

The De La Rue Charitable Trust continues to match funds raised by employees for charitable causes and also distributes funds to appropriate causes.

Environment

The Group continues to measure greenhouse gas (GHG) emissions arising from all of the activities for which it is responsible worldwide. In response to new mandatory reporting requirements the Group has undertaken a thorough review of its data collection and reporting programme with support from independent specialist consultants Carbon Clear.

Using an operational control approach the Group has collected activity data and reported on all material GHG emissions including scopes 1 and 2 and a range of scope 3. The validity and completeness of the data were checked both internally and by Carbon Clear, with the internally assured data being used to calculate the GHG emissions for the Group. KPMG LLP previously reviewed the process used for collecting and analysing the data.

The calculations performed follow the ISO 14064-1:2006 standard and the results presented in the table on page 27 give absolute and intensity factors for Group emissions. The Group uses renewable energy and exports electricity to the grid at one of its sites. These practices have been quantified and accounted for against the Group's gross GHG emissions to show a net reduction.

The emissions intensity, which is reported relative to Group revenue is 222 net tCO₂e per £m revenue (2013/14: 209 net tCO₂e per £m), an increase of 6.2 per cent mainly reflecting the 8 per cent drop in revenue.

In real energy terms the natural gas consumption kWh usage was up 2 per cent, primarily affected by production demand at the Overton site. On electricity consumption there has been a decrease of 6.6 per cent, of which 1.7 per cent is related to site closures and 4.9 per cent is a reduction in consumption from all active sites.

Water used per gross tonne of banknote paper produced is dependent on product mix and volume and also reflects complexity of specifications and security features. Water usage in absolute terms decreased by 8.8 per cent compared with the prior year, partly reflecting the slightly reduced production volumes and more efficient production runs. Due to the ongoing increased complexity of paper specifications the levels of water recycling remained low. The water used per gross tonne of banknote paper produced was down 6.5 per cent. Overton mill is one of De La Rue's major installations. Its sole water resource is groundwater, which is abstracted and then cleaned and recycled into the River Test, within 500 metres of the point of abstraction. At least 95 per cent of water abstracted is recycled. The river is classified as a Site of Special Scientific Interest protected by UK conservation regulations. We share the keen interest shown by varied stakeholders in ensuring that the water quality and quantity are optimised for good ecology, and so follow best practice regarding our use, treatment and release of freshwater. Our water treatment facilities meet and exceed expected quality standards as stipulated within the installation's environmental permit.



Greenhouse gas emissions year on year comparison

Type of emissions	Activity	2015		2014		% change
		tCO ₂ e	% of total	tCO ₂ e	% of total	
Direct (scope 1)	Natural gas	38,375	37	37,505	35	2
	Other fuels	983	1	1,048	1	(6)
	Process emissions	35	-	34	-	3
	Fugitive emissions	235	-	234	-	-
	Owned vehicles	240	-	75	-	221
	Subtotal	39,868	38	38,896	36	2
Indirect (scope 2)	Electricity	37,532	35	40,177	37	(7)
	Subtotal	37,532	35	40,177	37	(7)
Indirect other (scope 3)	Rail travel	2	-	2	-	-
	Air travel	5,307	5	8,803	8	(40)
	Non-owned vehicles	500	-	271	-	85
	Water	1,900	2	1,956	2	(3)
	WTT all scopes ¹	20,826	20	18,402	17	13
	Subtotal	28,535	27	29,434	27	(3)
Total gross emissions (tCO ₂ e)		105,935		108,507		(2)
Renewable electricity (tCO ₂ e)		(8)		(19)		(58)
Electricity exported to grid (tCO ₂ e)		(1,164)		(891)		31
Total net emissions (tCO ₂ e)		104,763		107,597		(3)

Intensity metric

	2015	2014	% change
Total gross emissions (tCO ₂ e)	105,935	108,507	(2)
Total net emissions (tCO ₂ e)	104,763	107,597	(3)
Revenue (£m)	472	513	(8)
Tonnes of gross CO ₂ e per £m	224	211	6
Tonnes of net CO ₂ e per £m	222	209	6

¹ Standard 'well to tank' carbon calculation

Examples of environmental achievements during 2014/15 include:

- Maintenance of ISO14001 certification that is independently externally audited for all supply chain manufacturing sites with only a few minor non-conformances, all of which were promptly rectified
- Reduction in our solid waste going to landfill sites by 10 per cent over the three year period (>3 per cent p.a.)
- A reduced carbon footprint and improved utilisation of energy at some sites resulted in a saving of over 1,600 tCO₂e in Scope 1 and 2 emissions during the year
- Projects to reduce energy use such as the installation of a gas boiler optimised burner and trialling an innovative steam recovery electricity generating unit at our Bathford site, and the installation of LED lighting throughout our Gateshead facility

Environmental objectives for 2015/16 are to:

- Progress our ISO14001 certification alignment for all manufacturing sites so that they are all covered by one central certificate and audit process
- Reduce our greenhouse gas emissions in tCO₂e related to output by 3 per cent per annum over a three year period ending 2017/18
- Achieve EU Energy Savings Opportunity Scheme (ESOS) compliance in the UK and Malta by December 2015
- Reduce solid waste sent to landfill by 2 per cent per annum over a three year period ending 2017/18
- Install centralised, energy efficient compressed air and vacuum plant at our Gateshead site
- Upgrade our combined heat and power control system panels to improve efficiency of our plant at Overton mill
- Improve energy utilisation through increased LED lighting, replacement of machinery and upgrade of lagging

Recycled and recovered solid waste as a percentage of solid waste

Percentage

