

Corporate governance continued



Leadership Board of Directors



1 Philip Rogerson
Chairman

Appointment to the Board

Appointed to the Board on 1 March 2012 and became Chairman on 26 July 2012.

Committees

- Ethics Committee (Chairman)
- Nomination Committee (Chairman)
- Remuneration Committee

Current directorships and business interests

- Bunzl plc, chairman
- Blancco Technology Group plc, non-executive director (senior independent director)
- Advisory Board of the North and East London Commissioning Support Unit (NELCSU) of the NHS, chairman



2 Martin Sutherland
Chief Executive Officer

Appointment to the Board

Appointed to the Board on 13 October 2014.

Committees

- Nomination Committee
- Risk Committee

Current directorships and business interests

- International Currency Association, board member
- Forterra plc, non-executive director



3 Sabri Challah
Independent Non-executive Director

Appointment to the Board

Appointed to the Board on 23 July 2015.

Committees

- Audit Committee
- Ethics Committee
- Nomination Committee
- Remuneration Committee (Chairman)

Current directorships and business interests

- CogitalGroup Limited, deputy chairman
- Robert Kime, advisor
- Contemporary Art Society, trustee
- Actis, senior advisor



4 Maria da Cunha
Independent Non-executive Director

Appointment to the Board

Appointed to the Board on 23 July 2015.

Committees

- Audit Committee
- Ethics Committee
- Nomination Committee
- Remuneration Committee

Current directorships and business interests

- British Airways, director of people and legal
- Community Integrated Care, trustee



5 Nick Bray
Independent Non-executive Director

Appointment to the Board

Appointed to the Board on 21 July 2016.

Committees

- Audit Committee (Chairman)
- Ethics Committee
- Nomination Committee
- Remuneration Committee

Current directorships and business interests

- Sophos Group plc, chief financial officer



6 Andrew Stevens
Senior Independent Non-executive Director

Appointment to the Board

Appointed to the Board on 2 January 2013.

Committees

- Audit Committee
- Ethics Committee
- Nomination Committee
- Remuneration Committee

Current directorships and business interests

- CAE Inc., non-executive director
- Hèroux-Devtek Inc., non-executive director
- Praesidiad Group Limited, non-executive director/Chairman
- Erpe Topco Limited, non-executive director



7 Edward Peppiatt
General Counsel and Company Secretary

Appointment to the Board

Appointed as General Counsel on 1 March 2009 and as Company Secretary with effect from 1 April 2009.

Committees

- Risk Committee (Chairman)

Corporate governance continued



Leadership Board of Directors

Governance principle

The Board is collectively accountable to the Company's shareholders for good corporate governance and all Directors are responsible for complying with their legal and fiduciary obligations. The Board is committed to ensuring the highest standard of corporate governance which is critical to creating value. The diverse range of experience offered by the Chairman and the Non-executive Directors means that they are well qualified to scrutinise performance, assess the Group's risk management and control processes, provide constructive challenge and to support the Executive Directors.

Diversity

The Board recognise the importance of having an inclusive culture and the value that diversity brings to De La Rue. We aim to reflect this within the composition of the Board. The Chairman seeks to ensure that the composition of the Board includes individuals whose varied backgrounds, experience, knowledge and expertise bring a wide range of perspectives to the business.

Following the departure of Rupert Middleton and Jitesh Sodha, and as at 31 March 2018, the percentage of women on the Board was 16.7%.

The Group's inclusion strategy is discussed further on page 46.

The role of the Board

The Board is ultimately responsible to shareholders for the direction, management, performance and long term success of the Company. It sets the Group's strategy and objectives and oversees and monitors internal controls (in conjunction with the Audit Committee), risk management, principal risks, governance and viability of the Company. In doing so the Directors comply with their duties under section 172 Companies Act 2006.

To ensure Directors maintain overall control over strategic, financial, operational and compliance issues, the Board meets regularly throughout the year and has formally adopted a schedule of matters which are required to be brought to it for decision.

Matters reserved for the Board's decision

- Group strategy, long term objectives, annual budgets
- Approval of the annual and interim results
- Acquisitions, disposals
- Approval of risk appetite
- Ensuring that a sound system of internal control and risk management is maintained
- Changes to the Group's capital structure
- Approval of dividend policy
- Changes to Board composition

The Board has established certain principal Board Committees to assist it in fulfilling its oversight responsibilities, providing dedicated focus on particular areas, as set out on pages 64 to 94. The Board Committees play an important governance role through the work they carry out to fulfil the responsibilities delegated to them. The matters reserved to the Board and the terms of reference for each of its Committees, which are reviewed on an annual basis, can be found on the Company website at www.delarue.com. These were last reviewed on 21 March 2018.

Executive Leadership Team (ELT)

Matters that are not reserved to shareholders, the Board or one of its Committees are the responsibility of the Chief Executive Officer who has established and maintains a schedule of delegations of authority to members of the ELT and other management as approved by the Board.

The Chief Executive Officer reports on the activities through his (and the Chief Financial Officer's) regular reports to the Board. The Board and each Committee receives sufficient, reliable and timely information in advance of meetings and are provided with access to all necessary resources and expertise to enable them to fulfil their responsibilities and undertake their duties in an effective manner. The ELT comes together to communicate, review and agree on issues and actions of Group-wide significance. It develops, implements and monitors strategic and operational plans, and considers the continuing applicability, appropriateness and impact of risk. It leads the Group's culture and aids decision-making of the Chief Executive Officer in managing the business in the performance of his duties.



1 Philip Rogerson Chairman

Career, skills and experience

Philip was an executive director of BG plc (formerly British Gas plc) from 1992 to 1998, latterly as deputy chairman. Since then he has been both a non-executive director and chairman of a number of companies.



2 Martin Sutherland Chief Executive Officer

Career, skills and experience

Martin joined De La Rue from BAE Systems Applied Intelligence, where he was managing director since its acquisition by BAE Systems in 2008. At BAE Systems Applied Intelligence (formerly Detica), Martin was responsible for the strategic expansion of the business internationally through both organic growth and acquisitions. Prior to joining Detica in 1996, Martin worked for Andersen Consulting (now Accenture) and British Telecom.



3 Sabri Challah Independent Non-executive Director

Career, skills and experience

Sabri was a Partner at Deloitte from 1991 to 2013, where he had a varied career. He served as a member of both the Deloitte UK board, where he acted as chairman of the remuneration committee, and the Deloitte Global board, where he was chairman of the succession planning committee. Sabri was also chairman of Igneus UK Limited, a leading provider of welfare to work services. Sabri has significant and wide ranging experience in organisational design, change management, strategy, and corporate development.



4 Maria da Cunha Independent Non-executive Director

Career, skills and experience

Maria has spent her career in a range of legal roles as a solicitor and in-house at Lloyds of London and since 2000, with British Airways where she is director of people and legal and is a member of the executive board and corporate security board. Maria is experienced at working with international regulators and governments and has a deep understanding of operational risk, including cyber security, data and mobile risk. She also has significant geo-political, multi-channel distribution, acquisition and post-merger integration experience.



5 Nick Bray Independent Non-executive Director

Career, skills and experience

Nick has extensive international experience in the technology and information security industries and for the last six years has been chief financial officer of security software firm, Sophos Group plc. Before joining Sophos, he was chief financial officer at Micro Focus International plc, Fibernet Group plc, and Gentia Software plc. Prior to that, he held various senior financial positions at Comshare Inc. and Lotus Software.



6 Andrew Stevens Senior Independent Non-executive Director

Career, skills and experience

Andrew has extensive international experience in the technology and engineering sectors, having spent over 30 years operating across the globe, including in North America, Europe, the Middle East and Asia. He was a director of Cobham plc between 2003 and 2012, where he held a range of positions, becoming chief executive in 2010 until stepping down from that role in June 2012. Before that he held senior positions in Rolls Royce, Messier Dowty International and Spirent plc.



7 Edward Peppiatt General Counsel and Company Secretary

Career, skills and experience

Edward has many years of experience as a general counsel and company secretary in publicly quoted businesses and his roles in the past have included responsibility for risk, security, insurance, HSE and HR. He was previously general counsel and corporate secretary of Christian Salvesen PLC and prior to that practised as a corporate lawyer at Stephenson Harwood. He is a qualified solicitor and holds an MBA from Cranfield School of Management.

Corporate governance continued



Leadership Our governance framework

Certain Board responsibilities are delegated to formal Board Committees which play an important governance role through the work they carry out:





Leadership Board roles

Board composition and roles

The following table summarises the role and responsibilities of the different members of the Board:

Chairman

- Providing leadership to the Board, setting its agenda, style and tone to promote constructive debate and challenge between Executive Directors and Non-executive Directors
- Ensuring good information flows from the Executive Directors to the Board, and from the Board to its key stakeholders
- Supporting and advising the Chief Executive Officer, particularly in the development of strategy
- Chairing the Nomination Committee and building an effective and complementary Board, regularly considering its composition and balance, diversity and succession planning
- Ensuring high standards of corporate governance and probity throughout the Group are established and maintained

Chief Executive Officer

- Maintaining a senior leadership team with the appropriate knowledge, experience, skills, attitude and motivation to manage the Group's day-to-day activities
- Exercising personal leadership and developing, on an ongoing basis, a management style which encourages excellent and open working relationships at all levels within the Group
- Ensuring, through the Chief Financial Officer, the implementation, control and coordination of the Group's financial and funding policies approved by the Board
- Ensuring that the Group has in place appropriate risk management and control mechanisms
- Setting the operating plans and budgets required to deliver the agreed strategy
- Implementing and reviewing health, safety and environment policy and, supported by the Executive Leadership Team, overseeing improvements and performance
- Identifying acquisitions and monitoring competitive forces

Other Executive Directors

The Chief Financial Officer supports the Chief Executive Officer and is responsible for managing the Group's finance strategy, financial reporting, risk management and internal controls, investor relations programme and the leadership of the finance function.

Senior Independent Director

A key role of the Senior Independent Director is to be available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve or for which such contact is inappropriate. The Senior Independent Director is also available to the other Directors should they have any concerns which are not appropriate to raise with the Chairman or which have not been satisfactorily resolved by the Chairman.

Independent Non-executive Directors

The Non-executive Directors play a key role in corporate governance and accountability through their attendance at Board meetings and their membership of Board Committees. The Non-executive Directors bring a broad range of business and financial expertise to the Board which complements and supplements the experience of the Executive Directors.

General Counsel and Company Secretary

The General Counsel and Company Secretary advises the Board on matters of corporate governance and supports the Chairman and Non-executive Directors. He is also the point of contact for investors on matters of corporate governance and ensures good governance practices at Board level and throughout the Group.

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer, which is set out in writing and has been agreed by the Board.

Executive and Non-executive Director balance No.



Executive Directors	1
Independent Non-executive Directors	4
Chairman	1

Board tenure No.



More than 5 years	2
3 to 5 years	1
1 to 3 years	3

Gender of Board No.



Male	5
Female	1

Corporate governance continued



Leadership The Board's area of focus

Board activity during the year

The Board has a programme of meetings during the year and also meets on an ad hoc basis as required. In the period under review, the Board's focus has been on progress with strategy and ensuring that the structures, capabilities and reports are in place to support the Group strategy. The Board has received regular reports from both the Chief Executive Officer and the Chief Financial Officer.

In particular the Board:

Strategy	<ul style="list-style-type: none"> Received presentations from different parts of the business on progress with agreed strategy and opportunities Held the annual strategy review meeting in October 2017 Approved updated budget and medium term plans in the context of the agreed strategy Reviewed progress with implementation of the strategy through regular reports from the Chief Executive Officer Approved the strategic paper partnership Reviewed the manufacturing footprint restructuring programme Considered the Kenya joint venture Received presentations on technology and innovation and on cyber security 	 For more information on our strategy see page 22
Shareholder engagement	<ul style="list-style-type: none"> Reviewed reports from brokers on shareholder feedback following meetings with the Chief Executive Officer and Chief Financial Officer during the period Received presentations from brokers on the market perception of De La Rue plc Consulted with shareholders and proxy voting bodies on resolutions put to the AGM 	 For more information see page 63
Performance monitoring	<ul style="list-style-type: none"> Reviewed performance reports from the Chief Executive Officer and Chief Financial Officer Reviewed reports on the Group's financial position Reviewed the year end and interim results 	 For more information see pages 34 to 35
People	<ul style="list-style-type: none"> Visited the Malta and Sri Lanka sites during Board meetings in March 2017 and September 2017 respectively Reviewed progress on the culture change journey Received presentations from the Group Director of Human Resources on succession planning Reviewed the operation of the apprenticeship levy 	
Governance and risk	<ul style="list-style-type: none"> Received reports from the Director of Audit, Risk and Assurance Approved principal risks and the risk appetite for those risks Discussed the results of the Board performance evaluation Received reports from the Chairs of the Audit, Remuneration, Ethics and Nomination Committees Approved changes to composition of the Board Carried out the annual corporate governance review 	 For more information on principal risks see pages 36 to 41  For more information on Board Committee reports see pages 64 to 94
Other	<ul style="list-style-type: none"> Approved the 2017 annual report and accounts and the 2017 notice of AGM Approved the 2017/18 annual budget Reviewed the Group's insurance programme renewal Reviewed HSE performance Approved capital expenditure projects and other matters reserved for the Board Approved Non-executive Directors' fees Received an update on the proposed changes to pension fund indexation 	



Leadership Board attendance

Board and Board Committee meetings

The Board and Board Committee attendance during the year is shown in the table below. In addition to the schedule of Board meetings, the Board meets for dinners that give the Directors additional time together to discuss issues more broadly. For further information regarding when the Board members joined or stepped down from Committees during the year, please refer to the relevant Board Committee report.

Directors' attendance 2017/18 ¹	Board ²	Nomination Committee	Ethics Committee	Audit Committee	Remuneration Committee
Nick Bray	14(15)	0(1)	2(2)	5(5)	5(6)
Sabri Challah	13(15)	1(1)	2(2)	5(5)	6(6)
Maria da Cunha	12(15)	1(1)	2(2)	3(5)	6(6)
Rupert Middleton (stepped down from the Board 20 July 2017)	4(4)	–	–	–	–
Philip Rogerson	15(15)	1(1)	2(2)	–	6(6)
Jitesh Sodha (resigned from the Board on 19 March 2018)	13(14)	–	–	–	–
Andrew Stevens	14(15)	1(1)	2(2)	5(5)	6(6)
Martin Sutherland	14(15)	1(1)	–	–	–

Notes

¹ Figures in brackets denote the maximum number of meetings that could have been attended.

² Of the meetings detailed within the table, six Board meetings were convened on an ad hoc basis to consider matters in between scheduled Board meetings.

Unscheduled meetings

The unscheduled meetings of the Board during the year were to discuss the strategic paper partnership and the resignation of the Chief Financial officer.

Non-attendance

Some Board members were unable to participate in Board and Board Committee meetings due to these being held at short notice as noted in the table above. If any directors are unable to attend a meeting they communicate their opinions and comments on the matters to be considered via the Chairman of the Board or the relevant Board Committee Chairman.