

## Corporate governance continued

## LEADERSHIP

## Board of Directors


**Philip Rogerson**  
**Chairman**
**Appointment to the Board**

Appointed to the Board in March 2012 and became Chairman in July 2012.

**Committees:** E N Re

**Current directorships and business interests:**

- Bunzl plc, chairman
- Blancco Technology Group plc, non-executive director (senior independent director)
- Seal Laundry Management Company Limited, director

**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.


**Martin Sutherland**  
**Chief Executive Officer**
**Appointment to the Board**

Appointed to the Board in October 2014.

**Committees:** N Ri

**Current directorships and business interests:**

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

**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.


**Helen Willis**  
**Chief Financial Officer**
**Appointment to the Board**

Appointed to the Board on 27 July 2018.

**Committees:** Ri

**Current directorships and business interests:**

- NACRO, trustee director

**Career, skills and experience:**

Having joined De La Rue as Interim Chief Financial Officer on 16 April 2018, Helen was appointed as Chief Financial Officer on 19 July 2018 and became a member of the Board on 26 July 2018. Helen is a qualified accountant and has a wealth of finance experience, most recently with Premier Farnell PLC, where she held the positions of chief financial officer and director of financial operations between 2014 and 2017, until its acquisition by US parts distributor Avnet in 2017. Her previous experience spans a number of senior finance roles in international manufacturing environments including, among others, AZ Electronic Materials plc.


**Andrew Stevens**  
**Senior Independent Non-executive Director**
**Appointment to the Board**

Appointed to the Board in January 2013.

**Committees:** A E N Re

**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

**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.

## Key for Committees

A Audit Committee  
 E Ethics Committee  
 N Nomination Committee  
 Re Remuneration Committee  
 Ri Risk Committee  
   Committee Chair



**Nick Bray**  
Independent Non-executive Director

**Appointment to the Board**  
Appointed to the Board in July 2016.

**Committees:** A E N Re

**Current directorships and business interests:**

- Sophos Group plc, chief financial officer

**Career, skills and experience:**

Nick has extensive international experience in the technology and information security industries and, since 2010, 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, having previously held CFO roles at Fibernet Group plc and Gentia Software plc. Prior to that, he held various senior financial positions at Comshare Inc. and Lotus Software.



**Sabri Challah**  
Independent Non-executive Director

**Appointment to the Board**  
Appointed to the Board in July 2015.

**Committees:** Re A E N

**Current directorships and business interests:**

- CogitalGroup Limited, deputy chairman
- Actis, senior adviser
- Robert Kime, senior adviser

**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.



**Maria da Cunha**  
Independent Non-executive Director

**Appointment to the Board**  
Appointed to the Board in July 2015.

**Committees:** A E N Re

**Current directorships and business interests:**

- Royal Mail plc, non-executive director
- Community Integrated Care, trustee
- Competition and Markets Authority, panel member

**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, from 2000 to July 2018, with British Airways where she was director of people and legal, and was 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.



**Edward Peppiatt**  
General Counsel and Company Secretary

**Appointment to the Board**  
Appointed as General Counsel in March 2009 and as Company Secretary from April 2009.

**Committees:** Ri

**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

#### 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 support the Executive Directors.

#### Board Diversity

The Board recognises the importance of having an inclusive culture and the value that diversity brings to De La Rue and aims 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 appointment of Helen Willis on 26 July 2018, as at 30 March 2019, the percentage of women on the Board is 28.5%.

→ 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

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 62 to 91. 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](http://www.delarue.com). These were last reviewed on 28 March 2019 and were updated so as to be compliant with the 2018 UK Corporate Governance Code.

#### Board Diversity

##### Executive and Non-executive Director balance



##### Board tenure



##### Gender of Board



→ Read about the Directors' careers, skills and experience on [pages 52 and 53](#).

## Board composition

As at 30 March 2019, the Board was made up of seven members comprising a Chairman, Chief Executive Officer, Chief Financial Officer and four independent Non-executive Directors. Helen Willis, Chief Financial Officer, was appointed to the Board on 26 July 2018. Brief biographies and skills and experience of the Directors who held office during the year are set out on pages 52 and 53 and the role of the Board is on page 54. None of the Company's Non-executive Directors had any previous connection with the Company or its Executive Directors on appointment to the Board and all of them are considered by both the Board and the criteria set out in the Code to be independent. Philip Rogerson was considered independent at the date of his appointment and continues to be independent in character and judgement and there are no relationships or circumstances which are likely to affect, or appear to affect his judgement. His external appointments are set out on page 52. The Chairman and each of the Non-executive Directors have a breadth of strategic, management and financial experience gained in each of their own fields in a range of multinational businesses.

In accordance with the Code, Helen Willis will be subject to election at the forthcoming AGM with each of the other Directors subject to re-election.

## Board and Board Committee meetings

The Board and Board Committee attendance during the year is shown in the table opposite. Two of the scheduled Board meetings were held at the Group's UK locations in Gateshead and Westhoughton, thus enabling all Directors to visit those sites' operations and meet with employees. In addition to the schedule of Board meetings, the Board meets for dinners which give the Directors additional time together to discuss issues more broadly.

## Unscheduled meetings

The unscheduled meetings of the Board held during the year related to various capital expenditure and major business initiatives that required consideration by the Board in accordance with the Group's internal approvals process.

## Non-attendance

Some Board members were unable to participate in Board and Board Committee meetings as noted in the table below. 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.

Directors' attendance 2018/19 <sup>1</sup>	Board <sup>2</sup>	Nomination Committee	Ethics Committee	Audit Committee	Remuneration Committee
Nick Bray	11 (12)	4 (4)	2 (2)	5 (5)	5 (5)
Sabri Challah	12 (12)	4 (4)	2 (2)	5 (5)	5 (5)
Maria da Cunha	12 (12)	4 (4)	2 (2)	5 (5)	5 (5)
Philip Rogerson	12 (12)	4 (4)	2 (2)	–	5 (5)
Andrew Stevens	12 (12)	3 (4)	2 (2)	5 (5)	4 (5)
Martin Sutherland	12 (12)	4 (4)	–	–	–
Helen Willis <sup>3</sup>	8 (8)	–	–	–	–

### Notes:

- Figures in brackets denote the maximum number of meetings that could have been attended.
- Of the meetings detailed within the table, four Board meetings were convened on an ad hoc basis to consider matters in between scheduled Board meetings.
- By invitation, Helen Willis also attended all the Board meetings held during the financial year prior to her appointment as an Executive Director on the Board on 26 July 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 Group's 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 is 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.

## Corporate governance continued

### LEADERSHIP

## The Board's areas 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 made on the execution and delivery of the strategic objectives. The Board held a meeting with the ELT dedicated specifically to this review. Feedback and content of discussions were shared with the ELT. The Board has received regular reports from both the Chief Executive Officer and the Chief Financial Officer.

In particular the Board:

<b>Strategy</b>	<ul style="list-style-type: none"> <li>Received presentations from different parts of the business on product portfolios, progress with agreed strategy and potential business opportunities</li> <li>Held the annual strategy review meeting in November 2018, following which an updated strategy base case was considered and agreed</li> <li>Approved updated budget and medium term plans in the context of the agreed strategy</li> <li>Reviewed progress on implementation of the strategy through regular reports from the Chief Executive Officer</li> <li>Reviewed potential M&amp;A activity</li> </ul>	 For more information on our strategy see page 22.
<b>Shareholder engagement</b>	<ul style="list-style-type: none"> <li>Reviewed reports from brokers on shareholder feedback following meetings with the Chief Executive Officer and Chief Financial Officer during the period</li> <li>Received presentations from brokers on the market perception of De La Rue plc</li> <li>Consulted with shareholders and proxy voting bodies on resolutions put to the AGM</li> </ul>	 For more information see page 61.
<b>Performance monitoring</b>	<ul style="list-style-type: none"> <li>Reviewed performance reports from the Chief Executive Officer and Chief Financial Officer</li> <li>Reviewed reports on the Group's financial position</li> <li>Reviewed the year end and interim results</li> </ul>	 For more information see page 35.
<b>People</b>	<ul style="list-style-type: none"> <li>Visited the Gateshead and Westhoughton sites during Board meetings in September 2018 and March 2019 respectively</li> <li>Received an update from the Group Director of Human Resources on people capability, employee engagement and progress on the culture change journey</li> <li>Succession planning and Board appointment</li> </ul>	
<b>Governance and risk</b>	<ul style="list-style-type: none"> <li>Received reports from the Group Director of Security, HSE and Risk</li> <li>Approved principal risks and the risk appetite for those risks</li> <li>Conducted an assessment of the UK Corporate Governance Code 2018</li> <li>Discussed the results of the Board performance evaluation</li> <li>Received reports from the Chairs of the Audit, Remuneration, Ethics and Nomination Committees</li> <li>Approved changes to the composition of the Board</li> <li>Carried out the annual corporate governance review and reviewed and agreed proposed changes to the Terms of Reference for the Board and its principal Committees to bring these in line with the UK Corporate Governance Code 2018</li> <li>Considered the scope and remit for a Non-executive Director to be responsible for workforce engagement in line with the UK Corporate Governance Code 2018</li> </ul>	 For more information on principal risks see pages 36 to 41.  For more information on Board Committee reports see pages 62 to 91.
<b>Other</b>	<ul style="list-style-type: none"> <li>Approved the 2018 Annual Report and Accounts and the 2018 notice of AGM</li> <li>Approved the 2018/19 annual budget</li> <li>Reviewed the Group's insurance programme renewal</li> <li>Reviewed HSE performance</li> <li>Approved capital expenditure projects and other matters reserved for the Board</li> <li>Considered the Group's Modern Slavery Transparency Statement</li> <li>Approved Non-executive Directors' fees</li> </ul>	

## Our governance framework

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

### Remuneration Committee

Sets the remuneration policy for the Chairman and Executive Directors and monitors the policies and practices applied to senior management remuneration.

→ See pages 74 to 91.

### Risk Committee

Oversees the risk management framework for the Group. Identifies, evaluates and monitors principal risks facing the Group.

→ See page 69.

### Audit Committee

Reviews and monitors the integrity of the Company's financial reports, risk processes and internal controls and the effectiveness of the internal audit function and external auditors.

→ See pages 64 to 68.

### Board of Directors and Company Secretary



### Nomination Committee

Reviews the structure, size and composition of the Board and its Committees with regard to diversity and to ensuring a balance of skills, knowledge and experience.

→ See pages 62 and 63.

### Ethics Committee

Makes recommendations to the Board on ethical matters and reinforces the Group's commitment to ensuring business ethics are a fundamental and enduring part of the Group's culture.

→ See pages 70 to 73.

### Disclosure Committee

Oversees the implementation of the governance procedures associated with the assessment, control and disclosure of inside information in accordance with the Market Abuse Regulation.

### Chief Executive Officer

### Executive Leadership Team

- Operates under the direction and authority of the Chief Executive Officer
- Manages the day-to-day running of the Group
- Develops and implements strategy, monitoring the operating and financial performance and the prioritisation and allocation of resources

### Group Health, Safety and Environment Committee

- Makes recommendations on HSE strategy
- Monitors compliance with HSE obligations
- Reports on key HSE KPIs
- Recommends appropriate training and actions to maintain HSE improvements and performance