



DeLaRue

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## Going Beyond

De La Rue Newsletter. June 2020

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## Introduction

This month our annual results were announced, reporting financial performance in line with our previous commitments and setting out the path for the future of the Currency Division. Our Currency Leadership Team is now well established and using their combined experience (totaling over 120 years in the currency sector) to ensure De La Rue continues to be the supplier of choice for banknote design, polymer substrate and fully finished banknotes. Our future strategy is clear, with equity capital raising of £100 million enabling investment in security features and SAFEGUARD® polymer substrate as De La Rue scales to meet future demand and simultaneously implements necessary cost savings.

As with many businesses, we continue to navigate the changing currents posed by COVID-19 and our priorities remain the same; the safety of our employees, customers and suppliers is paramount; whether employees are performing critical work at our sites, across our supply chains or remotely, we are enabling them to do their jobs safely and keeping our commitments to our customers. We continue to focus on what we can do to help issuing authorities and banknote printing facilities during this period. Since the May edition of the newsletter De La Rue featured in Currency News as an exemplar of the sectors response to the pandemic. In this newsletter Andy Davidson MBE, our Operations Director, shares his perspective on ensuring the resilience and reliability of De La Rue despite the challenging global circumstances.

As we look forward to the year ahead there are many things to be excited about. We're increasing our polymer capacity, partnering with many of you to deliver your new banknote series and investing in our security technologies. Of note, we're deeply honoured to confirm that the Qatar Central Bank will be the first central bank to issue our next generation security feature NEXUS™ and look forward to sharing more about this security feature later in the year.

For now, we recognise that COVID-19 continues to present challenges for us all. This newsletter is one way to remain in contact despite travel restrictions, but we also continue to talk to many of you, collate examples of best practice and remain available to help. The purpose of this newsletter is to keep you up to date with what we are doing and share general currency stories we hope you find interesting. Please do contact us if there is anything you'd like to discuss.



Ruth Euling, Managing Director, De La Rue Currency Division

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## Sustaining Operations During COVID-19

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De La Rue has maintained operations at manufacturing facilities based in Kenya, Sri Lanka (apart a period that was government mandated), Malta and the UK throughout the COVID-19 pandemic. Our practical examples of best practice featured in a recent Currency News article. In the article below Andy Davidson, Operations Director for Currency, expands on the article and shares his experience of sustaining international operations during the crisis.

Life is not business as usual. No amount of words will truly reflect or capture the impact of the events of the first half of 2020. A large majority of people across the world have lived or continue to live under some form of “restriction” or “lockdown” to try to combat the largest global pandemic any of us have ever experienced. Many governments immediately stated that, along with their respective Health Care and critical systems and infrastructure, that the provision and availability of cash would remain an essential service.

In February my appointment as Currency Operations Director, responsible for all the manufacturing sites and supply chain, coincided with some of the most dramatic changes we have ever had to make to our working practices across the Group. Over the past few months as COVID-19 disrupted the world, De La Rue has implemented a rapid and substantial change to protect staff and to safely continue operations. Most importantly a “safety first” culture has been paramount. Our detailed Business Continuity Plans were implemented, and Government Health Guidelines were adhered to across all sites. A well tried and tested cross-functional Group Incident Management system has managed efforts to sustain operations and De La Rue is proud to have met the needs of central banks and state printing works throughout the last few months.

The Incident Management system actively involves every function and people at every level in every site and allows for the best levels



Figure 1. Andy Davidson, MBE, Operations Director

of engagement and communication to exist throughout the organisation. This heightened level of engagement is co-ordinated across the Group with strong governance, and routine of meetings and briefings from the shop floor to the CEO and back down again. This strong routine ensures that any key concerns or issues are escalated and addressed immediately, and best practice is shared quickly.

De La Rue has long placed huge emphasis on Business Continuity Plans, as demonstrated by its UK ISO22301:2019 certification that will be rolled out internationally. Since Brexit was announced I have led a cross-functional team that has been actively preparing and implementing strong mitigation measures

against the possible supply chain disruption De La Rue. Essential suppliers and service providers have long been identified, business continuity plans have regularly been discussed, challenged and agreed, with appropriate due diligence in place. Certain contingency measures are already in place, for instance increased stock holding of certain critical items, alternative stock arrangements are known and there has been a redistribution of stock internally to allow for greater resilience. Delays and closures to key airport and ports and customer routes are all carefully monitored and adjusted where possible. Prior planning and preparation associated with Brexit allowed us to be so much better prepared for COVID-19, but it has still taken the outstanding commitment and expertise of our staff to adapt quickly and flexibly to keep delivering for our customers.

There was an established Pandemic Incident Management Plan in place long before the outbreak of COVID-19. However, it is one thing to have a plan and quite another to execute that plan effectively. The plan prioritised the safety of employees and their families whilst taking precautions to restrict the spread of the virus. Huge changes were implemented very quickly across our sites and with our suppliers and partners. The rapid execution of the plan and most importantly sustaining a safe and high-performance environment could not have been achieved without the amazing professionalism, dedication and commitment of all our staff. This has enabled De La Rue to continue providing high-quality banknotes, polymer substrate and security features to issuing authorities and state printing works around the world.

De La Rue has remained resilient to the impact of the pandemic. With banknote printing sites in the UK, Malta, Sri Lanka and Kenya, De La Rue has the unrivalled ability to re-prioritise production in the event of a business continuity

incident. To date the De La Rue employee response has covered everything from strict social distancing, temperature checks before entry, routine deep clean hygiene measures and employee and shift segregation to name a few measures. The risks associated with the spread of COVID-19 have been identified and minimized, and many staff have commented about how safe they feel in the sites compared to their local or home environment. Wherever possible, staff have been digitally enabled to work from home and vulnerable employees have been found safer alternative working areas. Travel and site visits have been almost stopped completely, leading to an increase in digital communication that included global conference calls and collaborating over Skype and Microsoft Teams.

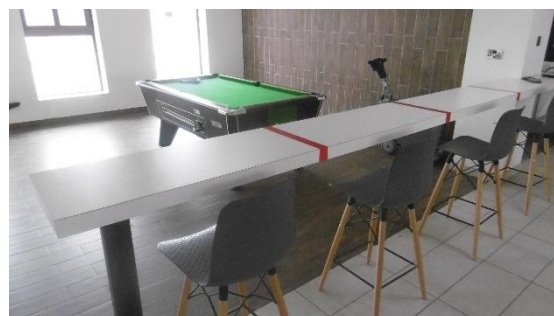


Figure 2. An example of social distancing measures.

The protection of key workers who are unable to work from home has required major operational changes, designed to minimise disruption. Shift patterns have been completely overhauled to maximise production flexibility, social distancing and to allow cleaning between shifts. Entire areas of buildings have been redesigned to ensure social distancing, with temporary walls, alternative entrances and new layouts being introduced across De La Rue manufacturing sites. These measures have allowed operations to continue, supported by a strong supply chain that was in place before the COVID-19 pandemic.



Figure 3. An example of a temporary wall to segregate an area of a factory and improve social distancing.

Overall the Pandemic Incident Management Plan and rigorous risk mitigations that were already in place to provide operational resilience has ensured that De La Rue has sustained operations, unless government mandated as was the case in Sri Lanka. New banknote designs have continued as planned. Technology development and security feature trials have continued as planned. With Risk Management processes and Business Continuity plans that have been fully tested, and with outstanding professionalism and commitment of De La Rue employees, De La Rue has proven it can successfully sustain

operations, with limited disruption and continue to support all our key customers and their Governments fight through this pandemic. Going forward De La Rue will continue to be prepared, flexible and resilient to ensure we continue to meet the needs of central banks and our other customers.

I personally have never been prouder to be a part of De La Rue and part of an amazing group of people.

Andy Davidson, MBE, Operations Director for De La Rue Currency

## Why Invest in Polymer?

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Many banknote issuing authorities who upgraded to polymer have cited reasons such as greater security, durability, cleanliness of notes and the reduced environmental impact compared to their previous banknotes. DLR Analytics™ data, based on over 12,000 data points and covering issuing authorities from around the world on De La Rue and CCL polymer, shows that overall polymer banknotes last 2.5 times longer than overall paper banknotes on average. This increased durability leads to cost saving, capacity demand reduction in state printing works and reduced carbon footprints across the lifetime of a banknote. Polymer is also less porous than paper substrate, leading to notes

that look cleaner for longer and some central banks transitioning to polymer to improve the quality of their banknotes in circulation.



Figure 4. Recently issued Scottish and English £20 banknotes, that used SAFEGUARD® polymer substrate

On June 17<sup>th</sup> De La Rue announced its intention to invest in increasing polymer capacity and bringing new and improved polymer security features to market. This investment is very much driven by issuing authority demand, with SAFEGUARD® being De La Rue's fastest growing product. Last year was a record year for SAFEGUARD® polymer sales and in 2019 15 of the 16 new notes issued on polymer. In fact, since 2013 83% of all banknote issuing authorities who issued new banknotes on polymer chose SAFEGUARD®. Looking forward, several central banks have publicly stated their intention to transition to polymer and De La Rue is supporting multiple

qualifications and global discussions on the topic.

We also recognize that 84% of all denominations remain on paper and we don't anticipate the switch to polymer to happen instantaneously. De La Rue has always strived to meet all issuing authority needs, which is why we offer SAFEGUARD® as well as a large and diverse paper security features portfolio. In addition to SAFEGUARD® we will bring NEXUS™ to market in 2021 and continue to develop our popular KINETIC STARCHROME®, PUREIMAGE™ and IGNITE® threads.

## Product and Service Spotlight: IGNITE®

Colourshifting technologies have long been popular in banknote security threads. They provide a simple public education story and an easy way to authenticate a banknote: tilt the banknote and watch as the colour of the thread changes. De La Rue's StarChrome® thread, launched in 2003, has become the world's most popular colourshifting thread and continues to prove itself as secure and durable in billions of banknotes issued globally every single year. Yet technology advancements and alternative micro-optic threads have highlighted the interest in more dynamic effects, especially for higher value denominations.

IGNITE® is the next generation in colourshifting threads, combining secure colourshift and micro-optic materials to produce a wide colourshift combined with eye-catching

movement. Specific icons and effects can be incorporated to ensure a bespoke thread and the precise combination of two highly secure technologies more than doubles the challenge faced by a counterfeiter. Pulsing or counterintuitive movement effects occur whilst the colour switches between blue-green, red-black or red-green colours; with an overall impact that is visible from a wide range of viewing angles and tolerant to many lighting conditions.

De La Rue is proud that IGNITE® thread was selected for the 100 Taka commemorative note, which was printed by the state printing works of Bangladesh and issued by the Bangladesh Bank in March this year. More banknote denominations containing IGNITE® are due to be issued later in the year.



Figure 5. IGNITE® (blue-green colourshift variant) in the Bangladesh 100 Taka Commemorative Note



## June News

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### The Official Birthday of Queen Elizabeth II

The 13<sup>th</sup> June marked the official birthday of Her Majesty Queen Elizabeth II. Her Majesty's actual birthday is the 21st April but her Official Birthday is marked on the second Saturday in June.

The tradition of a second birthday started with King George II over 270 years ago; for Kings and Queens born outside of summer months it increases the likelihood of good weather for Trooping the Colour (the Birthday Parade).

This year the Queen's Birthday Parade did not go ahead in its traditional form but a special military ceremony was held in Windsor Castle.

The portrait of Queen Elizabeth II has appeared on banknotes in every continent of the world except Antarctica. She is represented on more banknotes than any other female and has appeared on banknotes in the UK since 1960. De La Rue is honoured to have been responsible for many of those portraits and the multiple holograms that celebrate the Queen on many banknotes around the world.



Figure 6. Her Majesty Queen Elizabeth II on the Gibraltar £100 Banknote

### The Anniversary of the First ATM

The first ATM was introduced in Enfield, London on 27th June 1967. The “cashpoint” revolutionised banking for the public by dispensing banknotes 24 hours a day, seven days a week.

The first ATM was built by long-serving De La Rue employee John Shepherd-Barron, OBE, who had a bathtub moment of inspiration, saying "it struck me there must be a way I could get my own money, anywhere in the world or the UK. I hit upon the idea of a chocolate bar dispenser, but replacing chocolate with cash." Nine days later De La Rue and Barclays Bank signed a contract for the installation of the world's first ATM.

As part of his work John Shepherd-Barron also came up with the idea of a four-digit PIN. He had originally intended it to be six numbers but reduced the number to four after his wife complained that six numbers would be too many to remember.

Today, there are over 3 million ATMs worldwide and ATMs play a pivotal role by providing communities with easy access to cash. A minority of countries are discussing the need to protect existing ATMs in order ensure financial inclusion. Elsewhere innovation related to ATMs continues, with recycling ATMs, multiple purpose ATMs and mobile ATMs increasing in popularity.



Figure 7. ATMs. Photo by Hiep Duong

### The Birthday of Alan Turing

Alan Turing, the subject of the future Bank of England £50 polymer banknote, was born in June 108 years ago. Known as the father of computer science and artificial intelligence he was chosen as part of the Bank of England's character selection process.

The Bank of England website explains their character selection process, which focuses on UK characters who have made an important contribution to UK culture or society. Their current process was used to select the artist JMW Turner to feature on the new £20 polymer banknote. For the £50 the theme of science was selected and the Bank received 227,299 nominations from the public, covering 989 eligible characters.

The Bank of England's website states that "The new £50 note will celebrate Alan Turing and his pioneering work with computers."<sup>1</sup>

The new £50 banknote will complete the transition of every Bank of England denomination to a polymer banknote.

Further information and the banknote concept below can be found in the Bank of England July 2019 announcement.<sup>1</sup>

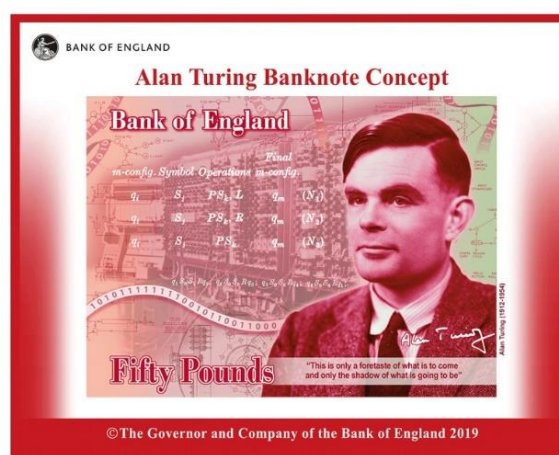


Figure 8. Alan Turing Banknote Concept, from the Bank of England website

## Expert Support from De La Rue: Cash Cycle Analytics

De La Rue has provided cash cycle analytics (including banknote demand forecasting, banknote lifetime calculations and optimal denominational mix modelling) since the 1970s. Today the award-winning DLR Analytics™ team also provides central banks with tools and analysis to benchmark their cash cycle performance and easily understand how their cash cycle compares to global and regional trends. They support environmental impact analysis for general banknote usage and model the likely financial and environmental impact of upgrading banknotes from paper to polymer.

The COVID-19 crisis is leading to some challenges when it comes to banknote demand forecasting. Many countries are experiencing a surge in banknote demand. Several issuing authorities are opting to raise their fitness standards or only issue brand new notes in order to raise the cleanliness of banknotes in circulation. Other countries are observing banknote demand dropping along with general payment demand, as lockdowns reduce the number of transactions people are making. Irrespective of your situation, if you'd like to discuss your cash cycle analytics please get in contact at [dlsanalytics@delarue.com](mailto:dlsanalytics@delarue.com)

<sup>1</sup> <https://www.bankofengland.co.uk/news/2019/july/50-pound-banknote-character-announcement>

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## Supporting Our Local and Global Communities

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All De La Rue sites around the world have autonomy to support projects and aid in their local communities via fundraising events and activities, volunteering and collections.



Figure 9. Visor Donation

Well done to our colleagues in our Malta site, who recently donated 500 visors to the Hal Far Migrant centre in Malta. The centre has experienced a long period of quarantine after a number of migrants tested positive for COVID-19 in early April. Visors are regularly used in Malta and are the most needed commodity in the Hal Far Migrant Centre. They will be used by asylum seekers as they resume their day to day lives. Thank-you to everyone involved in this great initiative.

## Going Beyond June...Next Newsletter

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The next Going Beyond Newsletter will be out towards the end of July, covering the latest De La Rue news, topical currency stories of interest, another product spotlight and a selective deep dives into areas of De La Rue currency expertise available to support issuing authorities and state printing works.

If you have feedback or questions please don't hesitate to get in contact via [CurrencyGlobal@DeLaRue.com](mailto:CurrencyGlobal@DeLaRue.com)



## About De La Rue

De La Rue provides governments and commercial organisations with products and services that underpin the integrity of trade, personal identity and the movement of goods. Our market-leading Currency Division provides fully finished banknotes, secure polymer substrate and banknote security features to half of all central banks and currency issuing authorities around the world.

De La Rue is the largest commercial printer of banknotes, producing up to 7 billion banknotes per year for half the issuing authorities in the world and designing a third of all banknotes in circulation. Our printing sites are in Sri Lanka, Kenya, Malta and, in the UK, Debden (which was the Bank of England printworks) and Gateshead. In Sri Lanka and Kenya the operations are joint ventures with the governments in those countries, contributing to the local economies and providing the benefits of local banknote supply.

Our global manufacturing footprint provides flexibility, contingency and decades of expertise associated with how to print a diverse range of banknotes globally. This combines with exceptional and seamless product design and delivery to ensure central banks have world-leading banknotes to be proud of.