



DE LA RUE PLC

Questions received in relation to the 2023 Annual General Meeting and answers provided

Questions relating to the business of the meeting

Q1: Can you tell me about the “new share plan”, explaining the need for and effect of this please?

A1: This need for the new market-value share option plan is touched on briefly in the AGM Circular and in far more detail in the Directors’ Remuneration Report within the 2023 Annual Report – please see pages 104 and 110. In the chair’s introduction to the remuneration report, Margaret Rice-Jones explains the need in these terms:

We are proposing a change to our current long term incentive arrangements by introducing a proportion of higher leveraged reward for both executives and senior management for over-achievement of targets that results in an increase in share price. Long Term Incentives (LTIPs) have previously been applied as Performance Share Plans (PSP) subject to a three year performance period measured against two equally weighted metrics, followed by a two year holding period. Following review of appropriate metrics and consultation with our shareholders we are proposing that LTIP will be made up of a mix of PSP and market value options.

The changes proposed will:

- Strongly align executive and shareholder interests
- Allow for common and unified reward amongst all senior management and Executive Directors, aligning all participants
- Provide greater levels of reward where longer term focus results in improving the share price
- Provide a mechanism to attract, retain and motivate executives and leaders over the longer term to deliver our strategic goals
- Promote a high-performance culture

We remain confident that all other aspects of the Policy are fit for purpose and are not proposing any further material changes.

The change being proposed followed extensive consultation with our major institutional investors.

The fundamental differences between the existing plan and the proposed Investor Returns Plan are as follows:

- PSP is a nil-cost option scheme (meaning that the executives pay nothing on exercise of the option), where the vesting is dependent on the achievement of performance conditions. Those conditions (we are proposing to use EPS growth and Free Cash Flow) require us to forecast business performance three years into the future in order to set what the Remuneration Committee believes will be stretching, yet realistic targets.
- The Investor Returns Plan is a market-value option scheme (meaning that on exercise the executives have to pay the equivalent of the share price at the date when the option was granted), so will only generate reward for them if the share price has increased. To ensure that there is no benefit from a general market movement with all share prices increasing, the vesting of IRP awards will be subject to an underpinning requirement that our return to shareholders exceeds that of the FTSE250 index.



- Q2: We note that the Company is seeking authorities to disapply pre-emption rights in line with the Statement of Principles most recently published by the Pre-Emption Group. Can the Company confirm whether the Company will follow the shareholder protections as set out in Part 2B of the Statement of Principles?
- A2: Yes, in the event we were to use these rights we would follow the shareholder protections set out in Part 2B of the Statement of Principles. We do say on page 11 of the AGM Circular that “*the Board intends to adhere to the Principles*” though we accept that the drafting could have been more explicit.

Questions relating to the conduct of the meeting

- Q1: Why is the meeting being held in Basingstoke, rather than London?
- A1: De La Rue plc has c 4,500 shareholders. The vast majority of these are UK residents and, obviously, spread nationally. But we do have clusters of shareholders close to our main UK operational sites in Basingstoke, Debden, Gateshead and Westhoughton. Having met in Manchester (close to the Westhoughton polymer site) in 2022, in 2023 we have chosen to meet in Basingstoke. By using the company’s offices to host the meeting, we also minimise the costs of the AGM.
- Q2: Why aren’t you offering a webcast facility?
- A2: Market practice around AGMs has changed a lot since the lifting of Covid-19 restrictions. Other than largest FTSE100 businesses, the overwhelming majority of companies are reverting to the traditional form of in-person AGMs. We value our interactions with all our shareholders, and the AGM is an excellent opportunity for us to meet our retail investor base face-to-face, both formally in the meeting and informally afterwards.