



Vaultex UK – Environmental Social Governance Report 2020/21

Investing in a sustainable future



What's inside:

| | | | |
|-----------|--|-----------|--|
| 3 | Who we are | 29 | Health and Wellbeing |
| 4 | What we do | 30 | Mental Wellbeing |
| 5 | An introduction from our CEO | 31 | Physical Wellbeing |
| 7 | Diversity and Inclusion | 32 | Health and Safety |
| 8 | Our Equality, Diversity and Inclusion strategy | 33 | Our commitment through Covid-19 |
| 9 | Speak | 35 | Governance |
| 10 | Stand | 36 | Vaultex Governance Committee structure |
| 11 | Share | 37 | Three Lines of Defence (3LOD) |
| 13 | Shape | 38 | Assurance Coverage |
| 14 | Corporate Social Responsibility (CSR) Strategy | 39 | Regulatory Compliance |
| 15 | Enterprise | 40 | Controls Testing |
| 16 | Ethics | 41 | Future of ESG at Vaultex |
| 17 | Employability | | |
| 19 | Environment | | |
| 19 | Engagement | | |
| 21 | Managing Environmental Impacts | | |
| 22 | Vaultex supports the Cash Industry Environmental Charter | | |
| 23 | Environmental key performance indicators | | |
| 24 | Green Path | | |
| 25 | Third Party Engagement | | |
| 26 | Discover, Develop, Deliver | | |
| 27 | Innovation | | |
| 28 | Engaging with potential candidates | | |



Who we are

Vaultex were formed as the result of a joint venture between Barclays and HSBC to create a centralised cash management structure that provides cash and coin services for their customers. We optimise our service by working with stakeholders in the end-to-end cash cycle, providing expertise and implementing value-adding processes and procedures that create efficiencies.

Meet the business: Our Executive Committee



Andy Nash

Chairman

Andy oversees our Board of Directors which consists of two NEDs (Non-Executive Directors) from each of our shareholder banks.



Phill Vaughan

Chief Executive Officer



Richard Maddison

Operations Director

Operations, Treasury,
Operations support,
Operational Finance,
Customer & Client Services



Fergus Connolly

HR & Risk Director

Human Resources,
Safety & Security,
Risk, Internal Audit,
Conformance



Lesley Ashman

Chief Information Officer

Technology & Change



Mark Trevor

Commercial Director

Commercial,
Consultancy



Dan Sisson

Chief Financial Officer

Finance,
Procurement

What we do

Mission • Vision • Values



Our Mission

To excel in delivering best-in-class cash management services for our customers.



Our Vision

To be the most innovative end-to-end cash management company, and the world's recognised leader for efficient cash services.

Vaultex provide customers with a highly efficient, adaptable service that delivers cost-savings today, whilst foreseeing and preparing for tomorrow's challenges. It's this commitment to innovation and forward thinking that has led us to develop a number of products and services that improve the efficiency of the cash cycle, and create value for our customers.

Our vision spans beyond business interests too; evidenced by the progression of our ethical stance as a business, and embracing direct ownership of our responsibilities when considering Environmental and Social impacts - as well as the Governance we have in place. We are focused on actively working to make a difference within the organisation and wider communities. As a business, we have developed a number of functions and programmes to support initiatives that are dedicated to promoting happiness for our people, creating an inclusive culture and reducing our carbon footprint.

Our movements have progressed substantially, but we are more willing and excited to continue building in areas where we haven't yet made our impact.



Our Values

The Vaultex community uphold three core, company values on a day-to-day basis:

We treat others how we want to be treated

We do what we say we will, when we say we will

We have a right first time approach

The values are fundamental to Vaultex's culture. They're simple principles designed to ensure representatives of Vaultex act with integrity, quality and accuracy at all times – whether on a personable level when interacting with colleagues, or in relation to the quality of our service output.

We communicate these values to all of our stakeholders to provide visibility of the attitudes they can expect after entering a working relationship with Vaultex. We also ensure they are transferable to our non-operational company initiatives. Having a right first time approach and treating others how we want to be treated extends to all our stakeholders, including the environment.

Exploring Environmental, Social Governance (ESG) as a concept within Vaultex is another opportunity to demonstrate our proactive behaviours. As the UK's leading cash management company, we believe it's important for us to acknowledge our responsibility to do more: for our people and their wellbeing, our local communities by working alongside them, and our environment, as pressing issues such as climate change becomes more prevalent.

Above all else, we pride ourselves on doing the right thing. ESG aligns with our moral obligations, and our strategy expresses this commitment through five areas of focus, all of which will be targeted and detailed individually throughout this report:

- Diversity and Inclusion
- CSR Strategy
- Managing Environmental Impact
- Third Party Engagement
- Health and Wellbeing

An introduction from our CEO

Using our core values to drive continuous success, adaptation and evolution



The starting point for a resilient business is strong, relevant and simple values, embedded into everything you do. Get the values right, and you create a strong core from which the business can flex but remain balanced and in control. In essence, they're Pilates for business.

In 2011 we changed our company values to three simple mantras that truly encapsulate our culture and approach to everything we do:

- We do what we say we will, when we say we will
- We have a right first time approach
- We treat others as we expect to be treated

These values have come to form the strong core around which our business can quickly evolve and adapt to changing circumstances. By their nature, living by our values means the principles of Environmental Social Governance are already engrained into our business and a key element of how we approach our day-to-day activities. Whether it's reducing our energy consumption to slow down climate change, or diversifying our offering to surpass customer expectations, staying true to our core values in everything we do has been key to our success.

So, whilst it's my pleasure to introduce Vaultex's 2021 Environmental Social Governance Report, our first such report with ESG title, it certainly isn't our first foray into the ESG arena. Throughout the pandemic, I've been honoured to witness such courage, understanding and integrity in our people. Covid has ravaged our society and economy in many different ways, but the people at Vaultex reached out to hold each other up, whether professionally through taking

on extra work when colleagues were isolating, or personally in supporting each other's mental wellbeing.

“ Our biggest areas of success are those where our employees are involved in triggering meaningful change

The rock at the foundation of all our success this year yet again, has been our values. As we faced daily challenge and uncertainty, it was this ethos the leadership team held steadfast to as we were presented with decisions that would affect everyone at Vaultex. Despite our colleagues' categorisation as key workers, we worked out we could remain operationally viable and keep our people safe by moving to a fully paid, two-week-on, two-week-off working pattern – without the need to utilise the Government's furlough scheme and allowing our support function colleagues to work full-time from home. To say I'm proud of this fundamental change to our way of working, and how everyone at Vaultex cooperated and adapted to it, would be a huge understatement.

We focus on authentic, tangible metrics that make real differences to our stakeholders – be it our people internally, or our suppliers and local communities externally. Our resources and budgets aren't huge, but the impact we make is quantifiable in the feedback we receive from those we work with.

Authenticity and making sure ESG is truly lived throughout the business is a necessity, and a challenge we never underestimate. Throughout this report you'll see that our biggest areas of success are those where our employees are involved in triggering meaningful change. One example of this is our Green Path campaign, which has seen many of

An Introduction from our CEO continued

our people embrace the task of innovating our operations to improve our environmental impact.

To support our Green Path campaign, earlier this year we signed a new initiative called the UK Cash Industry Environmental Charter, signalling our commitment to collaborate as an industry to combat climate change. We've even sponsored a report that will be presented at the UN's 26th Conference of Parties, in which we will outline some of the logistics around how we've improved our environmental impact, in the hope that we can help others within the industry to do the same. It's this openness, honesty and transparency pervading our culture that will help us make widespread behaviour changes that stick and together achieve the UN's 2030 Sustainable Development Goals as an industry.

“It's the strength of our governance structure that allows us the confidence to invest in the future of cash

Speaking of change, we have all witnessed powerful images and stories regarding the abhorrent racism that still exists in our society - and many of us were moved to long overdue action. At Vaultex we understood that our people would be deeply affected, and sought to quickly reassure our people that Equality, Diversity & Inclusion remains the highest priority on our board agenda. As a company we will fight discrimination in all its forms. An internal initiative to show our words weren't without action were the 'Everyone Counts' Open Forums we set up soon after the tragic death of George Floyd. The forums provided a safe environment for our people to talk about what was happening, how they felt and how they thought Vaultex could do their part to ensure discrimination can be eradicated. From these honest, open and moving conversations, we created our own movement

to ignite positive future change in Vaultex with our people leading the way.

In our industry it's paramount to seize every opportunity for innovation and collaboration. Through our Virtual Cash Centre (VCC) initiative, we've found ourselves in the enviable position of being able to create and sustain growth in a declining industry. Not only has it strengthened our position within the industry, its improved engagement for our people and enabled us to deliver a better service for our customers. It's the strength of our governance structure that allows us the confidence to invest in the future of cash, even though there's less around, and the knowledge that we're making the right decisions for all our stakeholders.

Throughout this report you'll hear from many of our people and I hope you'll feel the pride, passion and dedication they have in what they do. However, despite all the positive changes we've made recently, we can never afford to grow complacent. We'll use the progress we've made this year to keep momentum and display even more ESG progress in the years to come.



Phil Vaughan
Chief Executive Officer

“I've been honoured to witness such courage, understanding and integrity in our people. Covid has ravaged our society and economy in many different ways, but the people at Vaultex reached out to hold each other up

Diversity and Inclusion

Ensuring everyone counts • living our values • celebrating our differences

“ Our approach to Equality, Diversity and Inclusion at Vaultex is rooted in our three simple company values.

This ethos is lived throughout the entire employee lifecycle, and is the backbone of a workforce with an aligned moral compass, supporting a truly inclusive culture.

At Vaultex we are proud to deliver high standards for our customers, proven in a consistent service level achievement of 99% for our customers since the company's inception. Our people know that this level of service simply wouldn't be possible without seamless teamwork and a hard work ethic - and we can only achieve that with a diverse workforce that embrace each other's differences.

I'm proud that we've achieved a culture where inclusivity is made possible through a combination of transparency, honesty and vulnerability. Over the past year, we've successfully created safe spaces for our employees to discuss their differences, with the aim of educating each other and growing as individuals. It's difficult to talk about social injustice, discrimination and societal change. It's even more difficult to attempt to understand, and accept, a worldview that's totally different to your own. A hard conversation is usually the right one, and our people are open to doing that – creating a better working environment as a result.



Stefanie Wilson
Head of Diversity and Inclusion



Our Equality, Diversity & Inclusion Strategy

Vaultex's Equality, Diversity and Inclusion (EDI) Strategy provides the foundation for our behaviours, with a pronounced emphasis on embracing all of our differences.

Equality is a core value at Vaultex. We believe that businesses can be powerful platforms for social change, and with the help of all of our stakeholders – our people, customers, partners and community – we can achieve our purpose of driving equality for all. Creating a culture of equality isn't just the right thing to do, it's also the smart thing; as diverse companies are more innovative and better positioned to succeed. We are rich in our differences, and we strive to create workplaces that reflect the communities we serve and where everyone feels empowered to bring their full, authentic selves to work.

Our Diversity Strategy is divided into four pillars: Speak, Stand, Share and Shape



SPEAK

Speak up about discrimination by providing a platform for all employees to remove stigmas



STAND

Stand for what is right and with each other in our no-tolerance approach



SHARE

Share and educate as understanding is key to creating an inclusive culture



SHAPE

Shape our future by continuously evolving our plans to tackle discrimination



Our workforce is made up of **30 nationalities** from **4** different Continents

Our employees from Asia are the most engaged with an **85.6%** engagement score



1/3
of our senior
leaders are
female

70%
of our Site
Managers
are female

80%
of our Deputy
Executives
are female



EVERYONE COUNTS





It has taken Vaultex a long time to solidify the culture of openness and honesty we benefit from today. Trust takes time to build, especially around topics as sensitive as discrimination.

Due to the nature of our business, we've always needed to foster a culture of trust. Initiatives such as our Silent Witness Hotline, to report unethical colleague misdemeanours, and Employee Assistance Programme, providing professional, independent counselling for anyone that needs it, have been a staple to ensure there's always someone you can go to, no matter the issue. However, to tackle complex socioeconomic subjects, our efforts meant that we needed to take small, focused steps to build our people's comfort when talking about positive change in an open forum.

In 2017 we partnered with Time to Change, signalling our commitment to removing the negative stigma associated with mental health. This prompted the launch of our Speak Up campaign, which encouraged our people to share their experiences of mental health with the rest of the business via a written blog submission – with a choice to remain anonymous – or a recorded video interview. Over the years, the initiative has progressed from an opportunity for our people to inform and educate on mental health issues, to a platform dedicated to all social stances – empowering people to Speak Up about anything that impacts mental wellbeing, including: living with autism; discrimination; racism, and suffering from domestic abuse. The campaign has flourished thanks to the courage of more and more Vaultex people coming forward to share their experiences. It has also helped to build a community of acceptance and support across the company, that emphasises no one is alone in their struggles.

In 2020 our open culture went up a notch, as events of social injustice such as the George Floyd murder highlighted the Black Lives Matter movement in the public eye. We felt the urge to understand the effect this had on our black colleagues, and what more we could be doing to ensure we're eradicating any form of discrimination. To do this, we set up our "Everyone Counts" Open Forums. The forums encouraged all Vaultex people to attend to talk about the topic of race and what it means to them, in the presence of a Diversity Panel and Senior Leaders. Attendees came with a willingness to educate, learn and voice their opinions respectfully in line with our company values – allowing for meaningful and constructive discussions to take place.

They proved to be such a success we re-ran the forums in 2021, with an emphasis on bettering the amount of people we had involved. We increased participation from the first round by 104%, and are now in the process of turning the feedback we received into more actions that shape the future of diversity and inclusion at Vaultex.

Participation in our
Open Forums
has increased by

104%

“What I really liked about the Open Forums is that they created an environment for a safe discussion, and a platform for learning. It had the dual-effect of allowing everyone to attend with their questions and thoughts to speak their mind, whilst hosting meaningful discussions that would address any potential misconceptions – so we all left feeling like the sessions achieved their purpose. In relation to the wider Black History Month campaign and the educational pieces that were spotlighted, I found it really great that Vaultex showed an interest in who I am. That provided me with the opportunity to share more about my culture with not just my colleagues, but the wider business too.”

Samantha Dubidad, King's Cross



Let's discuss RACE at Vaultex



As an individual it can take bravery to stand up for what you believe in, that's why Vaultex have a zero tolerance towards discrimination of any kind. This means that if and when our people do ever witness it, they know they'll be supported in calling it out. This starts from an employee's very first contact with Vaultex, where our values form an integral part of our recruitment process to ensure new starters are aligned with our culture. Potential candidates are also encouraged to provide equality data during the application process to ensure we can offer any reasonable adjustments when telephone screening or making interview arrangements.

50%

of our workforce have shared their data with us



Equality, Diversity & Inclusion data

The data Vaultex hold about our people is important because it helps us understand our site demographics, but also illustrates what our people believe in so others can stand up for it too. All too often companies assume they're diverse because of what they see on the surface, but that only gives employers a partial view. This is why we provide education around the importance of providing your EDI data. We do this through campaigns and competition-based incentives, as well as working with our people to publish and celebrate their diversity in our internal Vaultex Voice newsletter. We're also willing to invest to ensure our internal diversity data is more readily available and accessible. Our HR system is currently being developed to accommodate a dashboard that allows continuous oversight of the diversity at Vaultex, and aid in our decision-making accordingly.



Diversity training

Our stance to monitor our diversity enables us to tailor what we offer to the specific needs and interests of our people. However, it's just as important we ensure our people have a collective understanding of the cultural backgrounds they are surrounded by at work. We have delivered face-to-face Diversity training across the business that educates people on the benefits, and potential offence, certain behaviours, treatment and terminology can cause. If we know what is and isn't acceptable, then we all have a duty to hold each other accountable, educate where we see fit and influence a culture of standing for what is right across the business.



Enabling ethical financial decisions

Our employee pension system provides people with the option to donate percentages of their pension to ethical investment funds. This means our people can grow their pensions without compromising their beliefs by investing in stocks aligned with their own moral values. It also allows our people to choose what impact their investment has by allocating proportions of their savings to some of our global challenges, including climate change, pollution or sustainable agriculture, or even align with their own religious beliefs by placing their savings into sharia funds.



All Vaultex employees have completed racial inclusivity training

Sharing and educating is another vital strand of Vaultex's approach.

As an employer, it's our duty to ensure the ethical responsibilities associated with being a Vaultex employee are widely known. With a diverse, 1,600 strong workforce from all walks of life - this is hard to achieve without our people's input. We have implemented various systems and processes that are centred on peer-to-peer interaction, and encourage the learning of different cultures and diversity within Vaultex.

Embedding this strategy across the entire organisation isn't without its challenges however. Vaultex sites are located across eleven different geographical locations in the UK, with some areas being more diverse than others; our King's Cross site for example houses 300 employees from over 30 different nationalities. Naturally, this means the focus on race and religious celebrations is greater in King's Cross than in other sites, so that our employees can truly feel included and recognised. Our Diversity Strategy sought to address this, as we knew the values attached to the strategy were consistent throughout the organisation – but it wasn't translating into tangible action.

The aforementioned "Everyone Counts" Open Forums is a prime example of an initiative that has started to solve the challenges we've had. Grouping our people from more diverse locations - such King's Cross and Birmingham - with representatives from our sites that have predominantly white demographics in the North West, North East and Scotland, has allowed them to exchange different experiences and

cultures alike. Each open forum exposed all attendees to the reality of what the world can be like for someone from a different race. They also reassured the significance of education and awareness in our sites where visual diversity doesn't exist, and the importance of working together to improve the environment for each other; not themselves as individuals.

Additionally, our Racial Inclusivity Training module was a companywide project to upskill all our people and promote self-awareness of their actions. To aid this we also created a mandatory eLearning course – containing a mixture of educational and leadership webinars, as well portraying personal racial experiences - to cement the learnings of attendees after their training was complete.

Other initiatives involve campaigning and celebrating diversity. Last year, we ran many diversity initiatives covering topics such as Black History Month and Eid as well as being comfortable asking someone their pronouns and the difficulties surrounding the menopause. When launching campaigns of significance our approach is to inject it throughout our business and branding. This has included configuring our intranet page to project the Pan-African colours during Black History Month, issuing a company rainbow logo for Pride month, and aligning the Valuable 500 colours with our Vaultex logo to celebrate and promote our partnership in ensuring we continue to discuss disability inclusion at board level.

Commemorating the events that matter to our people so they can express their identity, such as cultural traditions, holidays and celebrations, is also an important drive of the strategy. If people feel that they can bring their whole selves to work and celebrate what makes them unique, then they will likely feel happier and more comfortable. This concept introduced our Diversity Calendar in 2019. The calendar is an internal document made by Vaultex that highlights over 200 diversity events available for our sites to celebrate

each year. The events are communicated via our intranet, site TV screens and through our weekly communications pack to managers, with the expectation for sites to organise three events per year, in addition to the four events that are organised centrally by the CSR team. Event days are arranged to specifically accommodate the needs of our people, which vary from site-to-site, and provide a mixture of education and celebration; including homemade foods, competitions and sharing employee experiences.



Thanks to our people sharing their data with us we know that:

We have **17** differing religious beliefs
(962 respondents)

12.4% of our people have a disability
(945 Respondents)

4.9% are part of the LGBTQ+ community
(901 respondents)

1/5 are from ethnic minority backgrounds
(842 respondents)



Celebrating Diwali at Birmingham

Birmingham Cashier Kerry Revell has dedicated time outside of her working objectives to arrange and facilitate events for the benefit of her colleagues. Just one example of this is the site's recent Diwali celebrations...

It is important to commemorate my friends and colleagues by celebrating the various different cultures that we are all from. As well as being reflective of all of our people, doing this helps raise awareness of different heritages and enhances understanding of the people they work with.

Diwali is well known as an important festival for many people here in Birmingham, so the whole site comes together to take part in the celebrations. I asked people to come to work in traditional Diwali festival clothing; and the most beautiful, vibrant pieces were on display. This alone allowed people to reveal another part of their identity that we aren't exposed to on a daily basis, but also inspired colleagues who don't normally celebrate Diwali to fully immerse themselves in the day.

We don't need a second invitation to celebrate through food either! I liaised with my colleagues to bring in traditional Diwali dishes for everyone to enjoy and appreciate. It's a really simple, engaging way of promoting the occasion and ensuring everyone is included. It also acts as a conversation starter, as you soon hear people discussing how they can cook it at home for their families and what ingredients they need – reinforcing the sense of community we have here in Birmingham.

As well as being engaging, I wanted to ensure the day adds value by also being informative. One of our employees, Harjit Sohal, offered to help develop our employee's knowledge by delivering a site-wide presentation on why the festival is celebrated. It was really well received, and he was fulfilled through the personal satisfaction of sharing his cultural expertise with others.



“ I was thrilled to share my knowledge and experience on a topic that has always been a tradition in my life.

I explained what the festival of Diwali celebrates, as well as the traditions and practices that accompany it. As someone who is passionate about expressing my cultural behaviours so people can understand more about my identity, it was great to see how well my friends in Birmingham absorbed what I was saying. I feel this provided the day with another, unique purpose - rather than being just a celebration.

Harjit Sohal





The culmination of Vaultex's Diversity Strategy. We collectively Speak, Stand and Share to take action, and in doing so, Shape the future of our organisation by laying core foundations that Vaultex can continue to evolve from.

Our people's willingness to air their views, coupled with their appetite to make a difference, has helped us develop key, strategic areas of focus to improve diversity and inclusion at Vaultex. Many of which have since been implemented across the business, and actively contribute to the ever-improving inclusive environment we're creating:

They Said:

We want to showcase our individuality and the principles we believe in

There should be a place to go to report discrimination in a truly anonymous, safe manner where there can be no fear of repercussion

Many acts of racism appear to be down to ignorance, so education is the most important thing we can do. There should be more in depth training that is mandatory for all

The Vaultex Voice (internal newsletter) needs to be representative of our workforce in the photographs and stories it showcases

The opportunity to take part in meaningful change at Vaultex is great, but we need to make sure it's not a one off. Could we set up some kind of Diversity Networks to keep this going?

We Did (with their help):

Developed five alternate Vaultex logos that align with topics chosen by our people (LGBTQ+, Disability, Race at Work etc.) for them to display on their email signatures (more information can be found in Ethics). We also encouraged the whole business to share their pronouns on their signatures, to showcase our reluctance to assume gender identity.

Our Silent Witness Hotline is usually used to report theft, but thankfully we don't need to use it often. To fulfil our colleagues request, we have developed the hotline into a place to report any unethical behaviour, including discrimination - accompanied by a rebrand and an internal relaunch to communicate the new purpose.

We asked people from across the business to contribute to the development of a brand new online training module on Racial Inclusivity. Having this developed by our people in conjunction with subject matter experts has resulted in a meaningful and authentic piece of training which is mandatory for all. We hope to use this method to build training for other aspects of diversity in the future.

As a Communications Team we always assumed that if our people wanted to share their story, they would come forward. To address this, we completely rewrote the content-gathering process to ensure we hold ourselves accountable for reaching out to every single one of our employees before we start writing. We're also more inclusive in the way we ask: now we email every person at Vaultex to ask if they have a story to tell, use visuals to capture attention on the communications screens around sites and text those who are signed up to our SMS messaging scheme. We also redesigned our image consent process so we can feature even more images of our employees in our publications, rather than relying on stock images.

We are lucky to have passionate people who go the extra mile at Vaultex, so we asked our managers to support us in creating Diversity Networks in each site. Once a month, these diversity networks meet and feed their ideas up into the Head of Diversity & Inclusion, who escalates them to a senior panel for sign-off for the Networks to implement.

Although equality, diversity and inclusion has always been a focus at Vaultex, we are only in the early stages of an exciting new diversity strategy which will quantifiably measure our evolution and success. Whilst we're proud of the progress we've made in just one year, our focus is to ensure that we continue to develop, educate, train and celebrate all characteristics. After all, that's what makes us so special.

Corporate Social Responsibility (CSR) strategy

Engaging our stakeholders • conserving our planet • tackling taboo

“ Corporate Social Responsibility is embedded within our culture at Vaultex, and just one of the ways we live our values each day.

Our CSR strategy is dedicated to working with our people to help Vaultex do more; whether it's supporting our people, using less resources, or nurturing future talent. As an Investors in People (IIP) Gold accredited employer it is vital we highlight the importance of our companywide actions, but also help people understand how they can contribute. This is why we have a central CSR team and CSR panel to help bring promises and initiatives to life.

I also feel added motivation to deliver this strategy, as I have

benefitted from it first-hand. A previous initiative aimed at giving Employability Skills back to local communities saw Vaultex arrive at my University, where I heard about the company and began to understand their values towards CSR. I left the workshops with complete clarity on what I wanted to do, and acknowledging my lack of experience, approached Vaultex on a volunteering basis after I left University. I was successful, and have since worked my way to becoming HR and CSR Manager – where I'm now fortunate enough to shape and drive initiatives in our CSR space.

As an example of how CSR can benefit organisations and their stakeholders, the team and I are passionate to continue evolving this strategy.



Mahdiya Malik
HR and CSR Manager



Built on 5 E's, our CSR strategy is designed to influence the areas of society we impact the most:

Ethics Tackling taboo

Engagement Supporting people

Enterprise Working towards better business

Employability Helping people find work

Environment Conserving our planet

Our dedicated, full-time CSR team deliver in these areas on a daily basis, often in partnership with other departments across the business – ensuring we act in the best interests of all of our stakeholders. Each section of our strategy is designed to vary the action we take, and utilise the many skillsets of our people to deliver them.

As an organisation we are immensely proud of our journey to achieve corporate sustainability in recent years. However, the most exciting part is knowing we can continue to develop our processes and behaviour; which is what we strive to do.

Our drive for enterprise

One obligation of Vaultex's CSR strategy is to contribute to the economies we operate in.

In correspondence with the UN Sustainable Development Goals, we aim to work with different stakeholders within our communities whilst maintaining and enhancing our ethical conduct. Inside of our operation, this means providing high levels of customer service and ensuring the availability of cash in an ethically sound manner. On a wider scale, it's our duty to promote economic growth and opportunities for work within the cash industry, whilst also fighting to sustain equity and equality.

Our Supply Chain Programme reinforces our stance on corporate, collective responsibility. The Programme details our behavioural expectations from prospective third-party suppliers, and is designed to ensure the goods, services and partners we utilise share Vaultex's principles; particularly, conducting business in a morally respected way.

Transparency is a vital component we look for in prospective partners, but also a key ingredient in our approach when trying to win new business. As a result, CSR is a significant part of that process – as it allows us to transfer our values across the industry and provide stakeholders with visibility of our behaviours. This increases the viability of our labelled values, but more importantly, we believe it is the best way to drive industry-wide change. We want to share our CSR expertise to promote good practice and encourage similar social, economic, and environmental attitudes across the cash industry; using our holistic CSR strategy as the basis of that learning.

Enterprise and the bottom line

We recognise our CSR strategy can bring reputational capital and potential economic benefits. Even though this is of high focus for Vaultex, the triple bottom-line highlights - People, Planet and Profit – receive equal attention to ensure we don't lose sight of making a difference in all areas.

“ We have refined our business activities to benefit the environment and the communities Vaultex operate in

Operating in the Cash Management industry requires continuous monitoring of cash trends, due to the volatile nature of this sector. In 2019, Natalie Ceeney, Chief Ombudsman for the Bank of England, detailed in her Access to Cash Report that just three in every ten transactions are cash transactions. However, the Report also states over eight million people in the UK would struggle without cash in their lives. As the UK's leading Cash Management company we have a duty of care to protect cash, and have needed to be innovative to do so.

We have used the expertise and talent of Vaultex people to work with stakeholders to achieve efficiencies in the end-to-end cash cycle, helping cash to remain as accessible as possible. This has involved changes to our internal processes and procedures, but also collaboration with industry partners to conduct pilots for our solutions before they are implemented. This approach gives us the dual benefit of streamlining our internal processes; whilst ensuring economic sustainability across the industry.

We have refined our business activities to benefit the environment and the communities Vaultex operate in. We have worked with our shareholder banks to reduce our company levels of paper and plastic by replacing them with re-useable resources; and found alternative ways to prepare our customers' cash so it's not as heavily reliant on strapping and banding materials. In addition, we liaise with our suppliers to establish the most effective and efficient cash-in-transit routes that reduce mileage but maximise our delivery service across the UK.

With accreditation from Investors in People (IIP), a Gold status and Health and Wellbeing award, social sustainability is a high priority at Vaultex. IIP also confirmed our emphasis on social and environmental issues, by rating Vaultex's approach as high performing. As a business we feel very strongly about having an impact where we can, and strive to ensure equal opportunity for all - regardless of circumstance. This is reflected in the work we undertake externally in our local communities, be it food bank drives or partnering with charities within poverty stricken areas to provide resources that people need. We also seek to raise awareness of sensitive issues, and be proactive to remove negative stigmas attached to them so people feel comfortable to ask for support.



Treating others how we want to be treated is one of Vaultex's three core organisational values, and going the extra mile is a huge part of that. Ethics ties together our CSR strategy. Very simply, we go beyond what is expected of us both at work and in our communities to do the right thing. This has included training all of our managers to support colleagues through a mental health issue; championing the celebrations of Diversity events, and making sure we're doing even more to support social mobility in our communities.

Accreditations and partnerships

One reflection of Vaultex's pledge is the accreditations and partnerships we have adopted. We want our people to showcase their individuality at work, and feel comfortable in doing so. The organisations we align with must reflect this commitment, and contribute to our environment of everyone feeling respected at work. It's also important they remain an integral part of Vaultex's culture alongside our day-to-day business activities.



We are extremely proud of our diverse culture, and use our CSR activities to celebrate the various different nationalities and backgrounds within Vaultex. Signing the Race at Work Charter (RAW) clarifies our zero-tolerance stance on any kind of discrimination. It also ensures this issue remains firmly at the top of our agenda as we push ourselves to do more to eradicate inequality.



Vaultex feel passionate about removing the negative stigmas associated with- all forms of diversity. In 2019 we joined the Valuable 500, a global movement putting Disability Inclusion on the leadership agenda. Signing the commitment statement ensures that disability inclusion is discussed and prioritised at the highest level of our organisation, and fulfils our agenda to provide a supportive and inclusive environment for all of our employees, regardless of their circumstances. Our people are empowered to discuss any issues they may have, with our focus on promoting awareness surrounding non-visible disabilities and sharing best practices for valuing and respecting these in the workplace. Through partnering with schools and disability organisations we have been able to launch inclusive employability programmes by offering workshops, work experience and internships.



Inclusivity within Vaultex refers to all of the protected characteristics, including gender. We have partnered with Work180 with the aim of becoming an endorsed employer for women. We want to explore pathways to encourage, attract and retain women in predominantly male-dominated sectors. This has involved us delivering workshops to female students surrounding employability in industries they may not have felt considered, such as engineering and technology - giving them the platform to explore these jobs and the confidence to engage in the future.



Alongside race, disability and gender, sexual orientation is another protected characteristic Vaultex's ethical conduct celebrates. 5% of our employees who shared their data with us identify as LGBT, which adds to a significant amount in a company of company 1600 people. Every year June is acknowledged and celebrated as Pride month across our eleven-site Vaultex estate. Celebrations are always accompanied with educational material that enhance our people's understanding of the LGBTQ+ community, boosting inclusivity.

Additionally, we have recently helped our people further showcase their individuality by creating individual Vaultex logos that align to all of our partners and initiatives; including Pride. Our people can choose to utilise these on their email signatures to reflect their own personal beliefs, and start a wider conversation with the people they interact with.



It's clear that skills are needed to acquire jobs. However, knowing how to obtain those skills is less clear. Vaultex care about using our expertise to equip and upskill people with the qualities they need to get jobs and retain them.

Internally we provide training in the form of our dedicated Learning and Development team, who help people develop the skills they already have; or learn new skills in another area of the business. Outside of Vaultex, we have standing relationships with many organisations that allow us to venture in different areas to deliver our initiatives. The beneficiaries of this range from those in full-time education, to those in less-privileged positions through our partnership with UK Social Mobility Foundation. The latter in particular occupies a large part of our focus, as we recognise that people from perceived less-advantaged backgrounds are often less likely to receive equal opportunity.

Internal Employability

Our Learning and Development team have developed an enhanced, effective training platform which accommodates the needs of the whole business. It provides our people with the tools to monitor and measure their objectives, predominantly through mandatory training to gain an understanding of business regulations. However, a large section of this is focused on upskilling, and giving our people the opportunities to develop within the workplace.

Employees have access to training programmes and their own personal development plan in our online training platform; VOLT. Here they will complete training courses relevant to their role, with refreshers scheduled periodically to maintain their knowledge and understanding. A recent addition to the platform has been VOLT Growth, an initiative that gives people more control over their own personal and professional development. Growth provides exposure to over 130 different modules through a mix of videos, eLearning and reference materials. Their training plans and learning resources enhance not only the process-related skills of our people, but also important work and life topics – educating in areas such as mental health; leadership; teamwork, and work-life balance.

Online training effectively monitors and proactively enhances our employee's development. However, we also recognise the value of face-to-face training. Our Learning and Development Team deliver professional workshops on a range of topics our people experience in their day-to-day roles. Conducted all year round, everyone in the business has the opportunity to attend any course, at any location – whilst some workshops are compulsory for our managers, to ensure they are ready to act as the appropriate support lines if necessary.

Our expertise in delivering internal workshops provided us with a base to progress further. Using the same blueprint of wanting to develop our people, we introduced VaultExcel – a programme that has specific objective of identifying employees with promotional opportunities, and using succession planning to support them in their promotional aims.

38% of delegates are now working at a higher grade than when they entered the programme

“VaultExcel increased my confidence

“I found out how to react in challenging situations at work

“I learned a lot about myself

After creating interest among our people via an internal application process, selected employees were enrolled and assigned a mentor to assist them throughout the programme and monitor their development. They attended three workshops over the course of three months, where they were upskilled in a large number of areas. After the workshops they were asked to actively adapt these skills to the workplace in ways that suit them; including activity-based learning or shadowing their peers with full assurance from their mentor. The programme has been a resounding success. Don't just take our word for it; Niyat Tasfaldet used the programme to transition from one of our Team Leaders in King's Cross, to a Customer Service and Administration Clerk in the Client and Customer Services team:

“Whilst working as a deputised Team leader I enquired about the opportunity to develop within the company. VaultExcel was presented to me by my line manager, and it quickly became apparent the programme focused on training, and developing leadership skills.

Topics consisted of leadership; effective communications; managing conflicts and persuasion and influencing. Alongside my learning, I was asked to set personal objectives to work towards in other areas of the business. I wanted to shadow and learn the role of the Customer Services team, so approached my manager to secure some training with the department and was supported to shadow the team for two days.

This really aided my knowledge and learning. The team helped me understand their processes and procedures in such detail, so much so I felt confident I'd be able give it a go myself. I didn't have to wait long. On the second day they trusted me to deal with customer queries and issues like any other team member would, albeit whilst being monitored by my mentor throughout. The experience left me knowing that I would love to work within the team full-time. I returned to my role on the processing floor, but soon afterwards I was asked to return to support the team as they required extra resource. A full-time position then became available, and due to the skills and experience I had previously acquired, I was able to successfully apply for the role.

Overall, I loved my experience of VaultExcel. It was so enriching to receive the opportunity to learn with the blessing of my then line manager. It has also opened my eyes to the training and development that is available at the company, as because of it, I am now a fully-fledged member of the Customer Services and Administration team.

I would definitely recommend the programme to my peers!

Niyat Tasfaldet
Client & Customer Services

External Employability

Vaultex work in partnership with many organisations to offer employability activities in our local communities. We run local workshops around the country with the vision of investing in our future workforce. Our target audience are on the verge of starting their careers, so it's important we work with the community to offer workshops that are tailored to their specific needs – and ensure our representatives have knowledge of the skills needed to be successful. Our workshops include CV Writing, Mock Interviews and Interviewing Skills – with the main goal of ensuring recipients can transfer those skills to jobs at Vaultex or elsewhere. We have also helped our local communities create educational innovations that enhance the learning of pupils and the effectiveness of their training. We're currently shaping the future of new T Levels, and have partnered with Priestley College Warrington to aid their delivery of the first ever Digital Programming T Level.



We also incorporate external partnerships back into our organisation. In 2016 Vaultex launched its Higher Level Apprentice (HLA) scheme in partnership with Coventry University. The scheme signalled a shift in the company's focus when it came to identifying our future leaders: instead of recruiting ready-made graduates, we wanted to identify people at the beginning of their career path, and take an active role in moulding their development in the cash industry. The scheme couples a chartered accredited degree with the invaluable experience of working in a fast-paced, real-time industry environment. And, in the case of Vaultex, flexibility is at heart of the programme – as our apprentices

are encouraged to explore as many different business areas as they want.

The success of our vision in the HLA concept has already been proved, too. In December last year our 2016 cohort all completed the four year programme with first-class honours, and now shoulder management responsibility within the business. The baton is now passed to our second cohort of HLAs, who are beginning to add practice to their organisational learning as they continue their development since joining the business in September 2018.



Our partners:



81%

of paper and plastic waste diverted from landfill

8.4%

reduction in energy consumption from recorded levels in 2018/2019

100%

of IT and telephony waste diverted from landfill

Since forming a dedicated Corporate Social Responsibility team, Vaultex has worked hard to develop initiatives both internally and industry wide to reduce any negative impact on our environment.

Typically, this has meant reducing our energy consumption and increasing recycling rates, which in the last year alone we have reduced (our energy) by 7% and increased (recycling rates) from 68% to 80%. We've also removed all plastic cups from water dispensers and hot drink machines across the estate, advocating for reusable alternatives to single-use plastics.

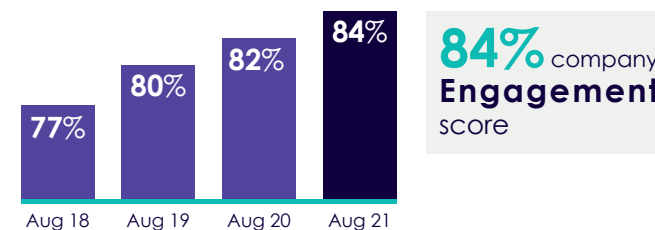
In 2019 we took it up a gear by launching our Green Path campaign – an initiative solely aimed at making a positive environmental impact. The campaign was a people-based initiative, and the challenge was put to Vaultex employees to also produce innovative ways to be a more environmentally friendly business. Over 60 ideas were put forward, some of which have since been implemented companywide – see our Managing Environmental Impact section on page 24 for more detail.



Find out more about our commitment to the environment and sustainability in our **'Managing our Environmental Impacts'** section on **page 21 - 24**

Vaultex's focus on employee engagement spans the last decade. Our people are our biggest asset, so very simply: we need to take care of them.

Our long-term approach to engagement has led to year-on-year improvement through our organisation. In 2017 we changed how we measure engagement to understand exactly how our people feel about the things that matter to them at work. Our regular pulse surveys continue to help us quickly capture our people's views, complimenting existing feedback methods such as independent focus groups and executive roadshows. Our aim is to create an inclusive environment that gives all our people a voice: as our company engagement score of 83% testifies.



In addition, our people are rewarded with a comprehensive benefits package which includes a competitive pension, life assurance, income protection, employee assistance programme (EAP) hotline and a staff discount portal. We also support employee-led social and charitable activities throughout the year.

We work with our people to support the local communities and charities that matter to them most. Our employees have the opportunity to take seven hours (one day) worth of paid volunteering leave per year, and between them have contributed hundreds of hours to positively impacting their communities. We have seen Vaultex people become Samaritans, bereavement councillors and school governors to name but a few; and complete local clean-ups at beaches, community centres and dogs homes, as well as helping the homeless. Aside from the obvious benefit of giving back to our communities, we believe volunteering is an alternative method of learning new skills that our people can bring back into the workplace - such as teamwork, leading by example and confidence building. We also recognise the opportunity to engage with new people and find a new hobby can be hugely beneficial to our employee's wellbeing.

We actively encourage fundraising, supporting our sites to arrange events for the charities they see fit. There is no set way for how these are arranged either: Vaultex will frequently drive companywide campaigns throughout the year, whilst our people themselves will approach us with their own experiences so we can help them make a difference. Our Matched Funding programme in particular continues to help people boost the funds that they raise. Vaultex will match any donations for charities up-to £500, doubling the fundraising efforts of our people for the causes they care most about.

Engagement isn't a one-size-fits-all approach. Our sites are home to people from multiple demographics and different levels of diversity. Therefore, generalising engagement activities companywide isn't always suitable. As a result, all of our sites are given their own engagement budget to choose specific activities on a local level - making celebrations more tailorable and personal to their people. Events range from world food days, family fun-days and parties.

During the pandemic, our people were physically and mentally strained in ways they had never experienced before. Whilst we were key workers, half of the employee population would either be isolating, shielding, working from home or adhering to a two-week-on, two-week-off working pattern designed to preserve our operations on skeleton staff (see the Health & Wellbeing section for more information on our Covid response).

Engagement became more important than ever, but restrictions meant our usual approach to motivating and engaging our people couldn't be utilised. Despite this, putting the brakes on employee engagement was never an option. We responded by organising a virtual Vaultex Heroes Award ceremony, which was broadcast simultaneously across all of our operational sites and onto people's personal devices at home. Not only did this serve to connect our people, but allowed us to celebrate the kindness and support our people had shown each other and their local communities throughout the pandemic. The accessible and inclusive nature of the event yielded extremely positive feedback, so-much-so that it is now an annual fixture in Vaultex's calendar.

"The reaction from the centre made it even better. Everyone was there watching on all of our screens, and then they all erupted into cheer. They were all rooting for me, so I thank them for taking an interest in me not just for the past few months, but ever since I've been at Vaultex - as that's how it genuinely feels."

Mohammed Naveed, Birmingham



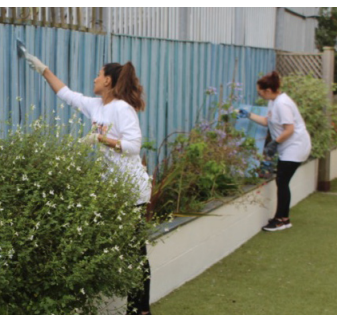
**VAULTEX AWARDS
HEROES OF 2020**

"It's created such a buzz in sites! Especially since engagement has been difficult given the current climate."

Helen Smith, Washington

"It was lovely. Everyone was cheering and congratulating, and it gave me the sense that people felt I was a worthy winner, which is a special feeling to have."

Adele Banningan, Client Services



Managing our Environmental Impact

Industry level collaboration • Grass roots approach • Continuous improvement

“ At Vaultex we’ve always been conscious of our impact on the environment, but our approach to managing it has evolved quickly in both breadth and depth in recent years. Historically, we’ve focussed on ensuring our carbon footprint is as light as possible through regular ESOS auditing and implementing recommendations; such as occupancy lighting sensors, and investment in a building energy management system. However, it’s our grass roots approach to improvement and innovation where we have built momentum most effectively.

Our people are empowered to make a difference to the causes they are passionate about. The role of the CSR panel, alongside our CSR team, is to channel that passion, creativity and collaboration into tangible, result-driven action that align with our business and sustainability strategies. One of which is reducing the negative impact of our operations on the world we live in.

Adopting the approach to leverage the desire and expertise of our colleagues has allowed us to take some significant strides internally. Through our Green Path campaign, we’ve given our people the autonomy to work with us to see their ideas become a reality. Our membership of the Cash Industry Environmental Charter – which enables us to facilitate valuable industry-level collaboration - means that our people’s ideas have not only been adopted internally, but are now in the process of being adopted industrywide.

Despite our achievements we acknowledge there are still opportunities for us when it comes to improving our green credentials. We remain determined, persistent and enthusiastic about the future we are shaping for the planet, our people, our company and the cash industry as a whole.



Sarah Magnier-Ashton
Head of Culture and CSR



Vaultex supports the Cash Industry Environmental Charter

In 2021 Vaultex signed the UK Cash Industry Charter. The service aims to unite its members in a commitment to working collaboratively across the industry, in line with a roadmap of initiatives identified as key areas of focus. The end goal is to drive significant change and contribute to the achievement of the UN's Sustainable Development Goals.



**Collaborating
to help
save the Earth**

Charter Commitments

By becoming a supporter of the charter Vaultex have agreed to:

1. Champion Climate action within the Cash Industry through an enhanced and trust-building dialogue with relevant stakeholders
2. Take significant climate action across the Cash Industry by working collaboratively with stakeholders and environmental advocates to develop and implement a shared strategy including targets and plans
3. Quantify, track and report our Greenhouse Gas Emissions and plastic usage consistent with standards and best practices of measurement and transparency
4. Commit to prioritising materials with low-climate impact without negatively affecting other sustainability aspects
5. Support the movement towards a circular economy and acknowledge the positive impact this will have towards reducing climate impacts within the Cash Industry
6. Commit to continuously pursue energy efficiency measures and renewable electricity in our properties, products and services
7. Reduce our emissions to as close to zero as possible before offsetting the remaining emissions. Where offsetting is adopted, the projects that are invested in are considered carefully and accredited to a standard such as VCS and Gold Standard, which have clear frameworks for accounting, auditing and registering carbon credit

Charter Targets

Whilst the targets of the charter are continually evolving and subject to change, our aim is to collaborate with other industry stakeholders to achieve:

1. Net Zero for "Own Operations & Business Travel" by 2030
2. Eliminate single-use non-recyclable plastic in note centres by 2030 (3yrs 25%, 5yrs 50% 10yrs 100%)
3. Reduce single-use non-recyclable plastic in coin centres to below 45% of plastics waste (by weight) by 2030 (2023 <70%, 2025 <50%, 2030 <45%)
4. 100% Renewable Electricity - Own Operations by 2022

Environment Key Performance Indicators

As part of Vaultex's Corporate Social Responsibility Strategy we create annual targets to measure and improve our environmental impact. These targets are reviewed by our executive committee each quarter, and by our board and shareholders bi-annually - to ensure we are stretching our capability and continuing to innovate year-on-year.

Waste diverted from landfill

| | 2018/19 | 2019/20 | 2020/21 |
|---------------|------------|------------|------------|
| Target | 70% | 75% | 80% |
| Actual | 68% | 80% | 81% |

The majority of our waste consists of plastic packaging that helps keep our customer's cash safe in transit. The material of this packaging is not determined by our own procurement, but by the decisions of other stakeholders in the cash cycle. As a result, it has always been our first priority to work with others within the cash industry to ensure this plastic is diverted from landfill.

In 2017, the onward marketability of the plastics we had previously recycled, without issue, took a hit. Subsequently, for a period of time we struggled to achieve our aim of diverting 70% of all waste to landfill – despite lowering our target. Until then, we believed that recycling the plastic or converting to renewable energy was the way to avoid landfill and have the most positive environmental impact. In 2019 we changed our strategy to focus not on recycling, but on repurposing and reducing instead.

We have collaborated with plastic processors that specialise in areas of our national operational footprint to ensure that none of our plastic ends up in landfill. Not only that, but we're exploring multiple initiatives with other cash industry stakeholders to develop and trial reusable solutions to mitigate the industry's reliance on plastic.

IT & Telephony Waste diverted from landfill

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|---------------|-------------|-------------|-------------|-------------|
| Target | 100% | 100% | 100% | 100% |
| Actual | 100% | 100% | 100% | 100% |

We're proud that we've been able to maintain a zero-to-landfill approach on all of our IT & Telephony waste since 2016 through our relationship with Tier 1. In 2021 we started working with Revive-IT during the pandemic to repurpose old equipment – such as desktop PCs and keyboards - to aid people in local social mobility cold spots without access to resources for home schooling. Now that restrictions have been lifted, the PCs have been moved into shared areas of schools - giving even more children access to the equipment they need.

Energy Consumption Reduction

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|---------------|---|--|--|--------------------------------------|
| Target | Maintain | Maintain previous year baseline | Maintain previous year baseline | Maintain previous year baseline |
| Actual | 0.6% reduction (7,557,839kWh) | 8.74% reduction (6,897,121kWh) | 7.56% reduction (6,449,640kWh) | 8.9% reduction (projected) |

Over time we have invested heavily in the infrastructure of our buildings and equipment in order to improve energy efficiency. This has included the installation of 'PowerPerfector' technology in our four largest sites - which reduces voltage into our buildings and optimises the energy that we do use, significantly reducing our consumption and carbon emissions.

Another initiative influencing our reduction in energy consumption was the introduction of a Building Energy Management System (BEMS). Access to the system's real-time data has allowed us to make huge progress in identifying opportunities for energy saving - such as scheduling heating and cooling systems on timers, and identifying periods of downtime when energy-sapping equipment can be turned off.

We also monitor and report our carbon emissions through the Carbon Disclosure Project, in line with our shareholder responsibilities. This allows us to monitor our contribution not just as a single entity, but part of our bigger supply chain.

Green Path: Engaging our people in achieving our goals



In September 2019, with a focus on reducing waste and finding new, innovative ways to improve our environmental impact, we put the power to our people; as the experts that handle our materials day-in, day-out.

The result? Vaultex receive quality tip-offs on ideas from the people who experience our processes every day. Whilst our people feel fulfilled by actively having their impact on the business, and rightly being listened to as the industry-leading experts they are. Some of the most successful implementations have been:



Mark Gordon, a Team Leader at Kings Cross worked with us to help remove the 2nd ATM countback stickers, creating a more efficient process and saving 619,000 stickers a year – enough to cover 2.4 football pitches.



Using scan to file for coin route sheets rather than printing them off, saving 25,000 sheets of paper a year – enough to cover the entire floor of the white house 1.5 times. We're now looking into other areas of the business where scan to file can replace printing to save even more.



Bristol Cash Processor Chris Schemowski put forward the idea to replace all plastic bags used for cashier workstation coin with reusable cloth bags. This saves us 215,500 single-use plastic bags a year, equating to a massive 3.75 tonnes – the same weight as 1 adult elephant.



Replacing plastic seals with padlocks for cashier workstations was suggested by several of our people and is now saving 430,000 single-use plastic seals a year. That's 2.6 tonnes – the same weight as 2 classic VW campervans.



Woolston team leader Martin Taylor had the idea to remove multiple automatic print-outs, which were subsequently shredded or disposed of. The initiative had multiple benefits, mainly reducing amount of paper we use - but also the energy usage of our printers.

What it means to our people

Dagenham Coin Processor Paul Sacre had his idea to utilise scan-to-file for coin route sheets implemented in January 2021, and is now saving Vaultex 25,000 sheets of A4 paper a year (enough to carpet the entire White House one and a half times!).

“ I always knew we used a lot of paper for our coin route sheets. I saw the campaign, loved the idea and simply thought we could scan in our documents instead of relying on paper – reducing waste and producing the environmental benefit the company were looking for. Multiple copies are printed out for the carrier and customer, as well as ourselves keeping one for audit purposes – so I thought going digital would also help reduce our physical storage.

I didn't see the development process of my idea in its entirety because of Covid. But every time I received an update it was progressing well, so I was really impressed with the speed in which it had gone from just an idea to a formal Vaultex process. From what I've heard the unanimous consensus is the idea has made people's lives easier, and is more efficient than the original process – so I'm chuffed to be able to do some good for the company.



Paul putting his idea into practice

It's also made me feel like I have a voice to make positive changes. So if people have an idea, don't second-guess yourself: come forward with your proposal, watch it develop and enjoy the ride!

Third Party Engagement

Sustainable sourcing • Collaboration for innovation • Customer of choice

“ In 2014 Vaultex was shortlisted as a CIPS Awards finalist in the 'Most Improved Procurement Operation: Step Change' category as a result of improvements we made to our supplier management systems. Since then we have evolved our processes even further.

As a Procurement Administrator for almost ten years, I enjoy being part of a function that never sits still when it concerns evolution. Our continuous improvement ethos simply wouldn't work without the relationships we build with our suppliers. Ultimately, we need their honest, unfiltered feedback in order to make tangible changes for the better; that's why we proactively ask for that feedback on a monthly basis. In 2019 we introduced Vaultex's Supplier Code of Conduct, a

document that strengthens our business integrity by ensuring partnerships are managed and conducted in a responsible way. The code demonstrates our social and environmental awareness, whilst driving excellence in these areas at Vaultex and throughout our supply chain.



Samantha Foy
Procurement Administrator



Discover, Develop and Deliver



Discover

Discover is where Vaultex seek a greater understanding of prospective suppliers, their businesses and how they operate. The phase is often driven by a Request for Information (RFI) exercise. Included within this, suppliers are asked a series of questions around their ethical practices, as well as their understanding of - and compliance with - legislation such as: Bribery Act 2010, Sanctions Awareness and the Criminal Finances Act 2017. We also want to understand how businesses are positively responding to key topical issues - for example diversity and inclusion, as well as ethical and sustainable sourcing - within their supply chains. Financial assessments are finally undertaken to gauge financial stability.

Vaultex's ethical conduct is transparent in our Procurement Policy. We promise to maintain high standards of integrity, and work in accordance with the Chartered Institute of Purchasing and Supply (CIPS) code of ethics; much of which is reflected in our Supplier Code of Conduct.

We continually review the impact our business has on our environment and, in the process, set ourselves ambitious objectives to mitigate any adverse impacts. In turn, we expect suppliers to adhere to all applicable environmental legislation - operating to ISO 14001 where possible. We also look for evidence of appropriate controls that positively impact environmental sustainability.

All of this research helps inform a 'bid-list' of prospective suppliers.

In the event that an RFI is not required, such due diligence would typically be undertaken as part of the next phase: Develop.



Develop

All of the actions completed in Discover are considered as part of the Develop phase, which is the Request for Proposal, tender evaluation and contracting stage. There are typically up to six bidders in the evaluation stage, who Vaultex are committed to treating on a fair, objective basis. In alignment with Vaultex's Competition Law Compliance Policy, we will select third party suppliers whose proposition best matches our requirements. This is achieved through a structured, non-discriminatory process whereby unsuccessful bidders are given feedback on their bid. It is important to us that we act with utmost integrity throughout the process, ensuring any decisions we make are clearly documented and justified.

Vaultex want to acknowledge all organisations within our community, and promote working with diverse suppliers - which are categorised into size diverse (smaller organisations) and ownership diverse (minority-owned).



Deliver

Deliver is all about working with our chosen supplier(s) to fulfil agreed deliverables. This phase emphasises the two-way commitment needed to create value. We want the excellence of our suppliers to give Vaultex a competitive advantage in our industry. At the same time, we strive to be a customer of choice and viewed as a professional and fair organisation with which to do business. This is where our Supplier Relationship Programme (SRP) is introduced. The SRP recognises that supplier relationships are not one-sided, and success is dependent on the full engagement of both parties to deliver potential benefits.

94%

of Vaultex's invoices are paid within 30 days

Industry average -88%

It is essential that we remain up-to-speed with changes and developments within our suppliers' businesses. This is achieved through regular review meetings and

discussions, analysis of performance metrics and conducting periodic control reviews. Control testing encompasses a review of supplier policies and procedures to ensure compliance with statutory provisions, such as the Modern Slavery Act 2015. Testing also addresses other business critical controls such as disaster recovery and data privacy.

Again, living our SRP concept, this works both ways. All of our current key suppliers have a risk register owned by a supplier manager, for which both Vaultex Procurement and Vaultex Risk have oversight. High and critical risks flag as red and are reportable through company executive, risk and audit committees. Our suppliers are also invited to score us across four areas, including payment to terms and adherence to contract, on a monthly basis. During 2020, 99.35% of the responses we received across all four measures were scored green. Payment to terms in particular is something we continuously measure ourselves on, by benchmarking Vaultex against the industry average. This provides us with the opportunity to monitor and improve our supplier payment process, but also evidences that we are a reliable business partner as we pay 6% more invoices in 30 days than other industry players. Furthermore, our average lead time to pay an invoice is 21 days - compared to the industry average of 22. This is reinforced further as, during 2020, we scored a 99.13% green rating for payment to terms from key suppliers.

2020 allowed us to demonstrate our commitment to supporting suppliers through times of uncertainty due to the pandemic. We worked with our suppliers to align processes, helping ensure, amongst other things, that invoices were sent to the correct location, and, in doing so, mitigating the risk of payment delays due to an increasing number of our employees working from home.

Maintaining and developing supplier relationships presents the opportunity for future industry innovation. At Vaultex, innovation is the hidden driver that our business explores every day. We have used innovation to create socially and environmentally sustainable efficiencies, and generate cost savings across our processes and supply chain.

We have adapted our processes to perform under a refined, streamlined operation – creating efficiencies through reduced mileage; reductions in paper and plastic waste, and enhanced accessibility of information for our consumers. These opportunities carry significant financial benefits for ourselves and our stakeholders, and reflect why we will continue to prioritise innovation and project its potential onto our suppliers.

Case study: Virtual Cash Centre

Vaultex have worked with multiple suppliers, customers and partners in order to seek operational benefits that add financial, environmental and social value.

Our approach to innovation, centred on developing initiatives organically using the expertise of our people, has provided process improvements for Vaultex and our industry partners; helping to prolong the Cash Management life cycle. More significantly, it's enabled us to experience growth in an industry that is otherwise declining.

One initiative that evidences this is our Virtual Cash Centre (VCC) concept. This project involved Vaultex working with one of the largest suppliers of cash out in the country, to review and alter the ATM maintenance and replenishment process after inefficiencies were identified through the wholesale supply chain.

Previously, Vaultex would provide bulk cash services to our supplier, who would arrange transfer of this to their own cash centre to fill ATM cassettes before transporting them to their depots for ATM replenishment. As a business that offers an ATM maintenance and replenishment service, there was an opportunity to replenish the cassettes within Vaultex centres and transport them directly to the ATMs.

VCC eliminates the inefficiency of providing a bulk cash service. The concept has involved our supplier's employees merging onto Vaultex premises to create a joined-up process, utilising our centres to deliver the process in a way that avoids major change; predominantly, having the space to store their vans so they can successfully operate the Cash-in-Transit (CIT) element. The initiative was very well received by our supplier, who were supportive of trialling the process after the potential wide-range benefits were initially discovered.

Operationally, this lean transformation has optimised service and reduced waste – enhancing our financial and reputational status.

From an environmental and social perspective, the project benefits have reflected the influence we want to achieve as an industry leader:

Environmental benefits

- Reduction in mileage and energy due to less CIT trips taking place
- Reduction in energy as third party depots were closed to accommodate the whole process on Vaultex premises. Optimising the space available has also led to a reduction in waste.

Social benefits

- Allowed our third-party supplier to become more than a supplier. Our workforces have now integrated, creating closer industry relationships and solidifying our partnership to capitalise on opportunities for innovation in the future.
- The integration of staff has resulted in more employee engagement, and new friendships developed off the back of it.



Engaging with potential candidates

“ Our recruitment and vetting process is instrumental in driving diversity and inclusion as a value within the company ”

Engagement for prospective Vaultex employees begins as early as they click on our website to learn about us and our value proposition.

Our recruitment and vetting process is instrumental in driving diversity and inclusion as a value within the company. This has involved an end-to-end review of the recruitment process, ensuring all groups of people are treated equally, hiring trends are examined and educating our hiring managers on the benefits of having a diverse workforce. These qualitative methods are accompanied by quantitative systems, such as competency based scoring in the interview procedure, to avoid any bias. Our job advertisements have also been reviewed to remove any characteristic-specific language so they are inclusive for everyone who reads them, whilst also ensuring candidates that Vaultex will be as supportive as we can be if they were to ask for any reasonable adjustments.

We are seeking candidates that add to our culture to increase diversity, not just those that may already fit in. This is aided by encouraging our current employees to refer candidates from different cultural backgrounds. We ensure candidates are informed of the procedures and values that surround our inclusive culture – and immediately expose them to it; through a diverse interview panel that promote our flexible working approach to accommodate individual needs.

As we expand our efforts to identify the diversity characteristics of potential employees, candidates are offered a voluntary diversity questionnaire to conclude the application process. This is not a mandatory procedure, as we recognise not everyone wants to share this information. However, we also recognise the value that market data can provide us as we continue to improve representation across the business.

Working with agencies

Vaultex use agencies to assist in recruitment for specialist roles. Agency partners are investigated to ensure corresponding core values, so our company attitudes and behaviours are transferrable and remain evident throughout the end-to-end process.

It is our partners' duty to promote our culture, and help us achieve our objectives by providing a diverse and inclusive shortlist for every opportunity we advertise. Something that is reassured and evidenced by their Association of Professional Staffing Companies (APSCo) and National Equality Standard 2017 accreditations.

Branding

Vaultex are not afraid to explore different resources to promote diversity and inclusion.

Our efforts haven't gone unnoticed, either - as our agency providers endorsed our Diversity Job Board (also known as Diversity Dashboard) across the industry. This exposes Vaultex to potential employees in itself, whilst our Dashboard is being used to target over 80,000 candidates from different racial and cultural backgrounds.

We're also clear on communicating the incentives we deliver; knowing our morale duty to support our people and provide them with the security they need in the workplace. This includes our emphasis on the Equality Act's protected characteristics; our approach to flexible working to accommodate specific needs; clear maternity and paternity policies, and initiatives that raise awareness and remove negative stigmas - such as the Halo Code.

Vetting

Due to the nature of our business Vaultex have a very robust vetting procedure. This includes a credit check, a five-year history check, a DBS check and an adverse media check.

We have amended the language in aspects of our vetting procedure to be more inclusive to potential candidates, as well as our current employees.

Any mention of 'his/her' has been removed from our reference request template, and replaced with 'their' instead. We have also put a sensitive DBS process in place for anyone who marks 'prefers not to say' in the male and female section when stating their gender.

Innovation

We are proud of how we have developed diversity and inclusivity at the recruitment stage. However, acknowledge there is more to do fulfil our values in every area possible.

One idea that has been discussed between our Diversity and Inclusion team is 'blind recruitment'. This process would remove all of the details identifying a candidate from the application; eliminating unconscious bias of any form. There are a few approaches to achieving this, and we are currently monitoring the most effective way to implement this alongside our current procedures.

Innovation has also taken place within our internal recruitment and interviewing training course, as we have incorporated diversity-related content to enhance the level of training our employees are receiving. The additional material develops an understanding of unconscious bias, whilst explaining the benefits of a diverse workforce and focusing on people's protected characteristics.

Time to Hire
22-24 days

September 2020 - 21

Industry average 33 days

Health and Wellbeing

People first • Stigma free • Holistic and balanced

“ Vaultex recognises health and wellbeing on a holistic scale. Physical and mental wellbeing are of equal importance, and together form the backbone of Vaultex's Health and Wellbeing policy. The policy recognises that a safe, healthy working environment – coupled with fair working practices, creates a culture of support for our people, who can feel reassured their employer is operating in their best interests.

Prioritising the health and wellbeing of our people is a collective effort across the business. We support people through the issues they are experiencing, whilst continuing to raise awareness of the importance of self-care. We want speaking about your health, be it physical or mental, to

become the norm. Encouraging people to speak up not only promotes the help that is available, but chips away at the negative stigmas associated with certain aspects. This approach is captured throughout Vaultex's Health and Wellbeing policy, which is proactively managed and updated with new learnings as they're established.



Sarah Chapman
Head of HR and Health & Safety



Mental Wellbeing

In 2017 Vaultex signed the Time to Change pledge, signalling our commitment to breaking the silence and stigma associated with mental health. The pledge was publicly signed by CEO Phil Vaughan and HR and Risk Director Fergus Connolly at an official event at our King's Cross site, with other senior leaders in attendance.

The event marked a watershed moment for Vaultex; as our people witnessed executive buy-in on creating a culture and environment that enables them to come forward with any mental health-related issues, knowing in full confidence that they will be taken seriously.

By partnering with Time to Change we have worked to train all of our people-managers in how to support employees with their mental health. A dedicated intranet page also houses material and resource from Time to Change and MIND, and prompted the launch of our free, independent advice service; CareFirst – giving people the opportunity to contact qualified experts to discuss anything in complete confidence.

These resources have been followed by many more internal incentives aimed at supporting our employees.



Knowing who to approach for support is so important. Our managers are the first line of support for anyone experiencing mental health issues. On top of engaging them all in mental health training, we produced a Mental Wellbeing Toolkit - which explains how to manage situations and allow managers to understand their colleagues more specifically. Our managers' stance is simple: listen without judgement and signpost their people to the correct line of support; be it HR, a GP or our partnered support charities. This first step ensures employees feel safe and protected at work.

The Toolkit lists many strategies for helping an employee first-hand with their mental health. One resource reference is Vaultex's Mindfulness Journal; a coping strategy that encourages people to write their thoughts down. It also includes Cognitive Behavioural Techniques that help relieve stress. Journals can be made available for all our people as soon as they are requested.

Our Health and Wellbeing intranet page is another initiative to aid our employee's mental wellbeing. The page is dedicated to providing tips, resources and details of support available to Vaultex employees; including the CareFirst platform. This is Vaultex's independent Employee Assistance Programme, and can be contacted by phone or online. The programme provides professional counselling for those that need it, regardless of their issue.

We are proud of the support line(s) we offer. However, we also acknowledge that many people want to take responsibility for their own health and wellbeing. Vaultex's Wellness Pathway Plans allow us to help prevent deteriorations in an individual's mental health by identifying any triggers and planning interventions we can take to provide support – such as any reasonable adjustments. These tools accommodate individual employee needs and ensure they are receiving the help and advice that's necessary to them.

We've got

43 fully trained
**Mental Health
First Aiders**

Working with organisations to provide professional support outside of Vaultex is really important. However, there are times when employees need support instantly. In partnership with St John's Ambulance, we have invested in people across all of our sites to be trained Mental Health First Aiders. This ensures a trained expert is in the area and always available for our employees to approach. We have also worked with the British Heart Foundation to train 14% of our people in CPR.



Since our 2020 relaunch:
21 stories have been shared by our people through the Speak Up campaign



Our internal Speak Up campaign began in 2017. Speak Up does exactly what it suggests: encouraging Vaultex people to speak up about their experiences with mental health, either through written blogs or on camera via a video interview. Having courageous volunteers talk about their journey has been a great way to build our Vaultex spirit, as the wider community come forward to offer support and rally around those that step forward. It's also empowering for our participants, knowing their words can offer the help, support or advice a colleague is potentially looking for. In 2020 we expanded the campaign to encompass everything that has an impact on your mental wellbeing. There's a huge amount that influences how we feel in our own, unique way – and we want our people to feel comfortable talking about it. The campaign has emphasised that no one is alone in their struggles, and more significantly, has prompted bravery from more and more Vaultex people who want their stories to be heard.

Physical Wellbeing

Our strategic focus on mental wellbeing hasn't lessened the significance of physical wellbeing.

All Vaultex managers receive training in accordance with our Sickness Absence and Sick Pay policy; a document that clearly outlines the governance Vaultex adhere to, as well as the overall responsibility of our managers. A key principle is to not waste any time: managers are expected to discuss any absences with their employee directly to establish possible causes, and subsequently consider the most appropriate line of support in an efficient manner. Face-to-face communication continues throughout the process to remain updated on the employee's recovery, or aware of any further issues.

The physical wellbeing section of our Health and Wellbeing intranet page reiterates all of the support available to Vaultex people experiencing ill health. Our HR team specialise in identifying and providing specific needs for those that require

them. All of our sites have an assigned HR Business Partner that they can raise any issues with, and if necessary, will act as the bridge between our people and HR to organise any reasonable adjustments required.

The link between physical exercise and improved wellbeing is undeniable. As an IIP employer, it would be remiss for Vaultex to not engage in partnerships and activities that promote a healthy lifestyle. One of our most popular schemes is the Cycle to Work scheme. The scheme allows our people to hire a bike at discounted rates as an alternative way to travel to and from work, or if they're looking to start a new hobby. Our people that commute to work using the scheme have said it has made them more motivated, established a better routine and is a great way to clear their head on the way back home. The scheme is also available via salary sacrifice, meaning you can save on tax and National Insurance costs, as well as fuel costs – so doubles up as financial benefit in addition to the physical gains.

36 million
steps taken
for charity

Internally, we consistently run campaigns that encourage all of our people to get involved and get active. These are fitness fundraisers that couple raising money for charity with a fitness challenge for our people to enhance their own potential. After two iterations of our VaulteXercise concept we ran our most successful campaign to date; VaultTrek, where our objective as a business was to take 25 million steps for charity. It was a huge success, and we were extremely proud to have so many willing, dedicated participants. Collectively 36 million steps were taken by our people, raising over £1000 for our partner charity MIND.



Health and Safety

The most detailed regulations we implement feature in The Management of Health and Safety at Work 1999. This includes individual risk assessments for each department, detailing adhering principles or prevention – and a comprehensive hierarchy of risk controls, which has enhanced the surveillance of health and safety across the business. Specific regulations that allow us to monitor the welfare of our employees at work include:

- The Health and Safety (Display Screen Equipment) Act 1992; holding us accountable for providing equipment that supports the physical welfare of our people in their day-to-day role
- The Manual Handling Operations Regulations 1992; training our people to handle equipment in the safest way to avoid injury
- Personal Protective Equipment at Work (1992); operating in the cash management means PPE is imperative. We assure that PPE is utilised, assessed, maintained, accommodated for and replaced when necessary in all of our operational sites. Strict regulations and the importance of our equipment is renowned companywide, as is the individual responsibility of our people when wearing/using it.
- Provision and Use of Work Equipment Regulation 1998 and Workplace (Health, Safety and Welfare) Regulations 1992; ensure the suitability of work equipment (must conform to EU community requirements) and the maintenance of resource. The regulations also ensure the working environment is preserved to support our employees, including: regulating site temperature; adequate lighting and adequate ventilation.

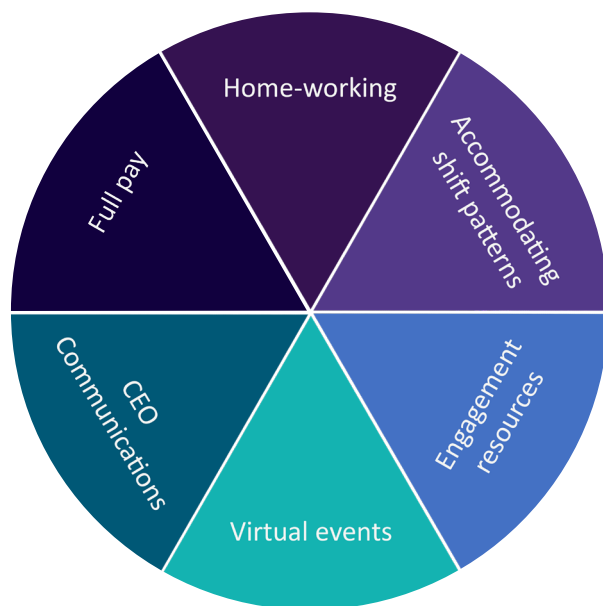
Legislation heavily influences the way we operate, and in our view, is a must to assure our people of their safety on Vaultex premises. But it is also important to acknowledge that accidents at work will happen. Whilst we can't prevent these from taking place, we can ensure the correct support is immediately available to mitigate the extent of injury.

In addition to the mandatory health and safety training you must undertake as a Vaultex employee, we have worked with St John's Ambulance to provide Health and Safety at Work courses. Those that attend leave as qualified first aiders, on top of routine health and safety techniques, and has allowed us to implement first aid representatives in all of our sites. It is both a statutory and Vaultex requirement to log incidents that occur via our Incident Reporting process. This ensures any accidents or near misses that take place are documented for, so we can understand the severity of the situation and take necessary action to eliminate the possibility of a second occurrence.

We've got

130 trained
First Aiders

Our Commitment through Covid-19



Covid prompted instantaneous changes to the way we work, at a pace we have never experienced before. Above all else, ensuring the welfare of our people was paramount, and remained the highest priority as we navigated our way through the pandemic. More so than ever before as we recognise the psychological knock-on effect Covid presents to society.

Shortly before the official Government guidelines, we asked all of our people operating in a support function role to work from home – recognising the unnecessary risk travelling to and being at work posed. Soon after, our people in operations changed to a two weeks on, two-weeks-off working pattern. This allowed us to reduce the number of people on site to accommodate the two metre social distancing rule for those on site, whilst also building optimum periods of time for people to isolate if need be. Our strategy minimised travelling and human contact, providing enhanced protection at an uncertain time. Despite logistical changes to our operational procedures, financially we made it a priority to provide people with their full income – without utilising the Government's furlough scheme. Lockdown already presented an untold number of struggles for people; we wanted to ensure that financial pressure was not one of them.

Solutions can sometimes provoke other challenges however, and aside from the benefits of working from home, we recognised doing it consistently could be detrimental to our people's wellbeing. To help we provided all of our remote workers with a Remote Working toolkit. The booklet included wellbeing tips and advice; information on how best to set-up your workspace in relation to posture; instruction on protecting data security and examples of how to structure your day. This information accompanied a reminder of the support lines available for people to contact at their convenience.

We kept our inclusive community going too. Covid put a temporary halt to the physical campaigns we often run, so we stimulated people's mental side through our It's a Lock In companywide pub quiz. Hosted online for all our people to access, our 10 quiz rounds (released every fortnight to accommodate our two-week-on, two-week-off working pattern) spanned from April to August, gaining over 1,150 unique responses and awarding £500 worth of vouchers in prizes. We also communicated a weekly Something for the Weekend document to the business, which rounded up the best free, virtual resources people could enjoy from the comfort of their own home during lockdown.

Above all else, our most important duty was to communicate frequently and clearly with our people to alleviate any concerns surrounding the safety of our working environment, and more severely; job security.

The most effective way to do this was for our CEO to write to the business directly on a monthly basis. His monthly updates soon became a dependency for all of our people: discussing Vaultex's overall business position in relation to our cash volumes; how that impacted personal matters of interest such as working hours, pay and holiday; empathising with people's struggles; highlighting the support on offer and always providing optimism about better days ahead.

It was a simple and clear way to speak to people on a personal level, whilst confirming good news and quashing speculation in the process. It was really positively received as a source of comfort for our employees, so-much-so his monthly operational updates are now a permanent fixture in our communication calendar.

A snap shot of how our people felt we handled the pandemic, taken from our latest pulse survey:

“ I am part of a great team, and the support given to each other this last year has been outstanding

“ I feel well looked after, especially throughout the pandemic

“ Feeling job secure took a lot of pressure off the last year

“ Vaultex have been excellent throughout the pandemic

“ Opinions are listened to here, management will do their utmost to accommodate everyone

“ Right now, the best thing about Vaultex is the financial and emotional support given throughout the pandemic

“ I just wanted to say Thank you for what you're doing to try and keep us sane while working from home, it's very helpful to know Vaultex is still there and thinking of us

“ Vaultex has lived its Values during the pandemic, and done everything I think could reasonably be done to support staff and keep us safe

“ Vaultex has been very supportive throughout the past year during the pandemic, makes me feel lucky to work here.

“ The way that Vaultex has looked after everyone during the Pandemic and continues to do so, makes you feel valued as a person

“ How the company looks after its employees. Especially through the Covid crisis has been exceptional

“ Without a doubt the way Vaultex has supported us financially through a pandemic is impeccable!

“ Vaultex cares about their employees and they have proved it in this pandemic

Governance

Transparent • Rules based • Strategic

“ Effective governance within an organisation ensures that every employee follows appropriate and effective controls to make sure that decision making is appropriate for the interests of all stakeholders. As part of this, Vaultex is required to meet specific requirements to ensure it is not in breach of key regulations that Vaultex is specifically required to adhere to.

Vaultex has adopted a transparent, rules based methodology to support the governance strategy in achieving its strategic goals.

It implements necessary controls and oversight, and protects the risk of any operational, financial, regulatory and reputational impacts as a result of business operations. The strategy comprises of five key elements:

- Clear governance committee structure, with appropriate delegated authority;
- Three Lines of Defence (3LOD) governance methodology;
- Internal Audit function acting as the 3rd line of defence, covering all auditable entities and key processes within Vaultex, with a Conformance function checking adherence to policies and procedures as part of the 2nd line of defence
- Adherence to key laws and regulations applicable to the company;
- Control Testing schedule

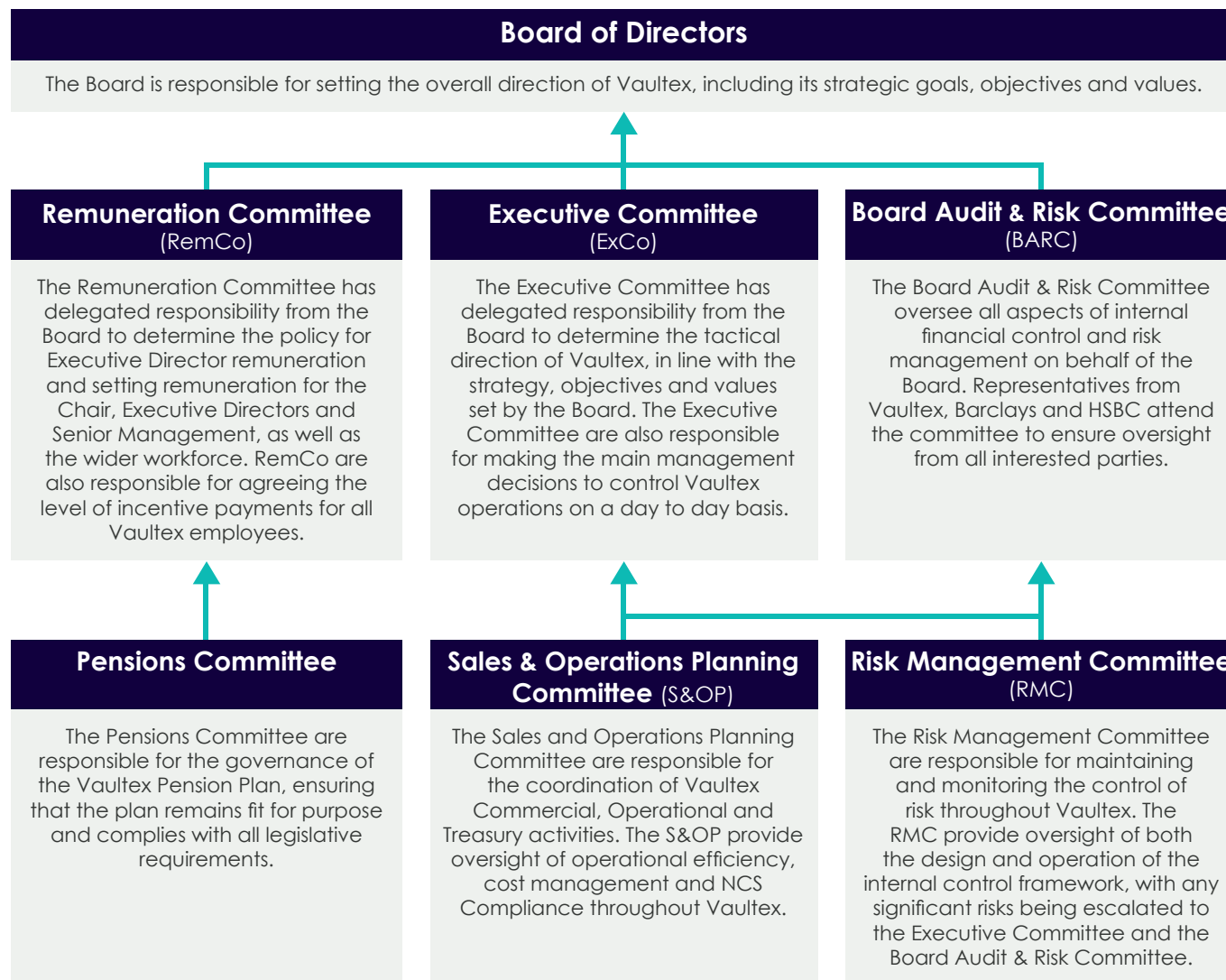


Rob Bratherton
Head of Internal Audit and Risk

Vaultex Governance Committee Structure

Vaultex are governed by the Board, with members comprising a Chair, a Chief Executive Officer, and representatives from each of the shareholder banks. The Board sets Vaultex's strategic direction with an emphasis on long term success, ensuring the necessary financial and human resources are in place to meet statutory and regulatory objectives. They provide leadership within a framework of prudent and effective controls that allows risk to be assessed and managed, and review performance management.

The Board retains all decision-making powers. They can choose to delegate decision-making to either a committee or an individual, but retain authority to override the chosen authorities if necessary.



Three Lines of Defence (3LOD)

Like all financial services institutions in the United Kingdom, Vaultex operates a 3LOD model to ensure appropriate governance and control environments are in place to protect the operation and integrity of the business.

The First Line of Defence

The First Line of Defence contains the Business Functions who own and operate processes within Vaultex.

- Ensure that all significant Vaultex/business function risks have been identified and accurately assessed, and are managed on an on-going basis.
- Review the RCSA regularly (at least bi-annually) to update with any new/emerging risks or changes to existing risks.
- Design and oversee the operation of key controls to effectively manage risk on a day to day basis.
- Ensure all key controls are designed and performed effectively.
- Oversee the design and implementation of action plans to reduce risk exposure and improve control effectiveness.
- Identify, record and manage issues in accordance with the framework.
- Work with the second Line to ensure that all Key Risk Indicators (KRIs) are designed to represent the level of risk managed in each business function, and are reported accurately to the relevant stakeholders and committees.

| First Line | Second Line | Third Line |
|--|--|---|
| The Business | Risk & Conformance | Internal Audit |
| The First Line of Defence comprises of the Business Functions who own and operate the policies, procedures and controls operated within in the company, in line with the Enterprise Risk Management Framework. | The Second Line of Defence is comprised of the Enterprise Risk Management and Conformance Functions. They set and monitor adherence to the Enterprise Risk Management Framework and provide assurance that company policies, procedures and controls are being operated effectively by the business. | The Third Line of Defence is the Internal Audit Team, who provide assurance that Vaultex policies & procedures are fit for purpose and are being operated effectively by the business. They also identify weaknesses in the company's internal control framework. |

The Second Line of Defence

Second Line of Defence

The Second Line of Defence is comprised of the Enterprise Risk Management and Conformance Functions, who set and monitor adherence to the Enterprise Risk Management Framework.

- Ensure that the Framework is designed and implemented effectively across all Business Functions.
- Provide oversight and challenge to the Framework outputs.
- Provide support and guidance to the First Line when required.
- Provide assurance to the Risk Management Committee (RMC) as to the level of Framework adherence within Vaultex.
- Maintain central logs and monitor trends of Risk Events, Emerging Risks and Risk Acceptances within Vaultex.
- Complete independent Conformance Reviews of business processes, as per the annual Conformance Plan.

The Third Line of Defence

The Internal Audit Team is responsible for reviewing internal risks within Vaultex, and ensuring they are managed effectively through internal control framework assessments.

- Use the Framework component outputs to develop a risk based audit plan.
- Test the effectiveness and implementation of the framework.
- Make framework enhancement recommendations.
- Provide assurance to Board, Audit & Risk Committee as to the quality and accuracy of First and Second Line of Defence framework activity and outputs.

Assurance Coverage

The Vaultex assurance strategy focuses on using Internal Audit and Conformance team's resource to provide maximum, effective coverage across all Business Functions.

The Internal Audit and Conformance functions are operated by separate teams to ensure all assessments are independent and objective. However, plans are designed to align with one another to ensure comprehensive business coverage. (See following tables)

Risk-based approaches are used on an annual basis to determine the entities that will be reviewed. These are agreed with Shareholder Banks, and the Board Audit and risk Committee for audit plans.

Once each Internal Audit and Conformance Review is complete, actions are agreed to remediate the issues identified by a specific due date. The actions tracked until completion to ensure identified risks and control gaps are mitigated. Note that all Internal Audit actions are independently reviewed to ensure they are working as designed prior to closing down any finding / action – this is in line with relevant auditing standards.

| Internal Audit Plan 2021 | | | | |
|--------------------------------|----------------------------|----------------------|---------------------|--|
| Technology & Change | Operations | HR & Risk | Finance | Commercial |
| T&C Path to Live | Treasury RCSA | Conformance & Risk | Finance RCSA | New Product Development & External Relationship Management |
| | Operational Finance RCSA | Covid 19 Management | Stock Take | |
| | Client Services RCSA | Corporate Governance | Payroll | |
| | NCS Software Certification | Culture | Accounts Payable | |
| | | | Supplier Management | |
| | Centre Estates RCSA | | | |
| | Customer Services RCSA | | | |
| | Forecasting RCSA | | | |
| | Managed Services RCSA | | | |
| | Facilities Management | | | |
| Power Down Management | | | | |
| Business Continuity Management | | | | |
| Logical Access Management | | | | |
| Polymer £50 | | | | |

| Conformance Plan 2021 | | | | |
|--------------------------------|-----------------------|-----------|------------------|------------|
| Technology & Change | Operations | HR & Risk | Finance | Commercial |
| Small Change Management | Managed Services | | Payroll | |
| | Funding | | Accounts Payable | |
| | Coin Operations | | Fixed Assets | |
| | Security | | | |
| | Logistics & Transport | | | |
| Virtual Cash Centres | | | | |
| Business Continuity Management | | | | |
| GDPR/Commercial Data Breaches | | | | |
| KRI Data Validation | | | | |

Regulatory Compliance

The cash industry naturally promotes a high level of risk. It is essential for Vaultex to adhere to key, relevant regulations detailed within the Vaultex Legal and Regulatory Register. This is owned and managed by Enterprise Risk, who ensures regulatory practice is applied in line with our 3LOD model detailed above. The team also review the register on an annual basis.

Some of the key regulations that Vaultex is required to adhere to, and the date adherence was last audited, is detailed in the following table.

| Regulation | Description | Report Reference | Date of last Audit Completion Date | Audit rating |
|---|--|---|------------------------------------|--------------|
| Data Protection Act 2018 / General Data Protection Regulation 2018 | The protection of information relating to the individuals of a business or entity. | All sections | October 2020 | |
| The Bribery Act 2010 | Making provisions about offences relating to bribery, both the perpetrators and recipients willing to accept a bribe. | Third Party Engagement, Governance | October 2020 | |
| Modern Slavery Act 2015 | Safeguarding against slavery, servitude and forced or compulsory labour - including provision for the protection of victims. | Third Party Engagement, Governance | October 2020 | |
| Equality Act 2010 | To reduce socio-economic inequalities, and reform and harmonise the equality law: the need to eliminate discrimination against personal characteristics and increase equality opportunities. | Diversity and Inclusion, CSR Strategy, Health and Wellbeing, Third Party Engagement | June 2021 | |
| Working Time Regulation 1998 | Limits the amount of hours an employee is legally allowed to work in an average week. Outlining their holiday entitlement, and the rights they are entitled to whilst on work, such as breaks and lunch. | Health and Wellbeing | July 2019 | |
| Flexible Working Regulations 2014 | New regulations extend the right for all employees to request flexible working, rather than just those with parenting or care commitments. | Health and Wellbeing | July 2019 | |
| Health and Safety at Work Act 1974 | Employers are required to provide information, training and supervision in relation to the health and safety of their employees atwork. They also have a duty to maintain a safe working environment, ensure staff adhere to all policies and procedures and report any accidents or injuries. | Health and Wellbeing, Governance | August 2020 | |
| Proceeds of Crime Act 2002 | Conducting investigations into benefits through criminal conduct, property that is, or represents property, obtained through unlawful conduct, and money laundering. | Third Party Engagement, Governance | June 2021 | |
| Criminal Finances Act 2017 | An amendment to the Proceeds of Crime act, which makes provisions inconnection with terrorist property; creates corporate offences for conduct such as tax evasion. | Third Party Engagement, Governance | June 2021 | |

Controls Testing

Another element overseen by Enterprise Risk, the team document all key risk within Vaultex, and the mitigating controls in place for departmental risk and self-assessments.

All controls are tested on an annual basis to ensure they are operationally effective. The high-level results of controls tested during 2020/21 financial year are detailed in the following table.

| RCSA | Individual Controls Documented | Test Date (2020/21) | % Controls Tested | Control Effectiveness % |
|---------------------|--------------------------------|---------------------|-------------------|-------------------------|
| Commercial | 34 | Q1 | 100% | 100% |
| Technology & Change | 35 | Q1 | 100% | 88.57% |
| Risk & Audit | 111 | Q1 | 100% | 100% |
| Centre Estate | 135 | Q2 | 100% | 88.89% |
| Ops Finance | 52 | Q2 | 100% | 94.23% |
| Customer Services | 62 | Q2 | 100% | 95.16% |
| Health & Safety | 105 | Q2 | 100% | 100% |
| Human Resources | 61 | Q3 | 100% | 100% |
| Procurement | 37 | Q3 | 100% | 100% |
| Forecasting | 24 | Q3 | 100% | 95.83% |
| Managed Services* | 47 | Q4 | 80.85% | 78.72% |
| Change* | 21 | Q4 | 85.71% | 80.95% |
| Treasury* | 52 | Q4 | 96.15% | 90.38% |
| Finance* | 24 | Q4 | 100% | 87.50% |
| Overall | 800 | 786 | 98.25% | 94% |

*Please note – the results detailed for those RCSAs asterisked are from the previous full testing cycle completed in 2019/20.

Future of ESG at Vaultex

Striving to build a better future on the strength of our core values

As a business Vaultex strives for continuous improvement. Therefore, we are currently developing many initiatives that we're already excited to share in our next ESG report. Here are just a few you can expect to hear about in the future:

Governance

As always, our Governance will lay the foundation of everything we do. We'll continue to undertake thorough assurance processes in line with industry standards to ensure Vaultex Governance routines remain fit for purpose, and the organisation continues to adhere to all relevant regulations

Diversity

- As our people get more confident speaking openly about their diversity, we'll be led by them as to how we should shape the future of diversity at Vaultex, so anything is possible
- We're currently in the process of setting up diversity networks across the company using our new online communications platform – there'll always be a way for our diversity networks to share their ideas across locations; and levels of the hierarchy!



Environment

- We'll continue with our Green Path initiative to ensure our people are at the core of the changes we make, driving their own ideas to fruition and long term success
- Our future concentration will be on the large scale single-use plastic reductions we can make as an industry. We've also already taken steps to move to 100% renewable electricity whilst simultaneously improving our carbon emissions reporting.



Third Party Engagement

Our Suppliers

- We have plans to leverage new technology to improve the way we carry out due diligence exercises with suppliers
- We're committed to further drive our suppliers' understanding of the importance of periodic due diligence exercises
- We want to further improve payment to terms of suppliers through increased joined up working

Our future workforce

- In February 2022, we'll be launching a new recruitment applicant tracking system as part of the new HR system to further improve the experience of our new starters
- We're planning to engage with more external bodies to help with candidate attraction and increased diversity
- There's always more we can do to improve the candidate experience, so we'll be seeking regular feedback and implementing positive change
- We'll increase our physical and virtual presence at recruitment fairs local to our sites and invest in bigger and better assessment centres as part of our recruitment processes

Corporate Social Responsibility

- The expansion of our social mobility efforts will be a huge focus. So far we've made big strides, but we want to ensure we're providing tangible opportunities that have a real impact on people's lives.
- Now social distancing restrictions have lifted we'll be doing a big push on engagement; getting our people back out in the community through team volunteering days and employability events, like our Coding Workshops for local schools.



If you have any questions about anything in this report, or would like to speak to someone about its content, please contact csr@vaultexuk.com