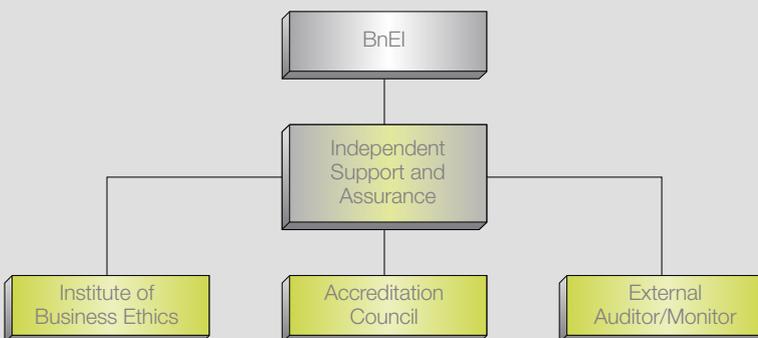


Certificate
of
Accreditation

BnEI
Banknote Ethics Initiative

Banknote Ethics Initiative (BnEI)
hereby certifies that
De La Rue plc

Innovation at work



BnEI governance structure

Raising ethical standards industry wide

De La Rue was one of six leading companies across the banknote industry who established the Banknote Ethics Initiative (BnEI) in 2013. The aim of the initiative is to promote ethical business practice, with a focus on the prevention of corruption and on compliance with anti-trust law within the industry.

At the first meeting of the BnEI Accreditation Council, chaired by Philippa Foster Back CBE, Director of the Institute of Business Ethics, De La Rue was accredited as a BnEI member, along with two other companies, following an in depth independent audit.

“I have no doubt that the initiative will become acknowledged as setting the ethical standards to which all suppliers in the banknote industry will be expected to perform.” Antti Heinonen, BnEI Chairman and former Director, Banknotes, European Central Bank.

We are committed to:

Embedding the highest ethical standards throughout our business

Keeping employees safe and secure when they are at work

Building positive relationships within the communities where we operate

Minimising the impact of our operations on the environment

Engaging with our employees

Our approach to corporate responsibility

A commitment to doing business responsibly is not only about doing the right thing. Building relationships with customers, suppliers, communities, investors and employees based on ethical values and behaviours and responsible business practice helps us earn trust and attract and retain talent. Positive actions with respect to corporate responsibility not only create wider benefits for society but also contribute to our commercial success.

Accountability

Responsibility for assessing the impact of corporate responsibility issues on the Group and setting appropriate policies lies with the Board. The Chief Executive is the Board member with designated responsibility, supported by the Executive Committee, the Risk Committee, and the Health, Safety and Environment Committee, whose responsibilities include making recommendations on health, safety and environmental strategy and identifying areas for improvement.

Ethics

All employees and business partners are required to follow our Code of Business Principles when they are representing De La Rue. Training on the Code is an integral part of our employee induction process and third party partners all receive training on the Code and the standards of ethical behaviour expected by De La Rue.

Since the Code of Business Principles was launched in 2011, a steering group of senior employees meets regularly to look at ways to ensure that the principles are embedded in everything we do.

During the year a team of site based Ethics Champions was appointed to help us understand and respond to the needs of each site in a focused and effective way and ensure that each site has local support and representation for Code of Business Principles related matters. In May 2014 Ethics Champions attended a training conference in the UK to ensure they are fully equipped for the role.

Our whistleblowing policy and procedures are reviewed annually by the Audit Committee. They enable employees who have concerns about the application of the Code of Business Principles or business practices within the Group to raise them either internally or anonymously through the De La Rue CodeLine, a telephone and email helpline operated by an independent third party. The Board and Audit Committee receive details about any issue raised and how it has been followed up.

The Ethics Committee, made up entirely of Non-executive Directors, is responsible for monitoring and advising the Board on ethical matters. For further information see pages 36 to 37.

Corporate responsibility continued

Third party partners

All applications for the appointment or renewal of third party partners are managed by a central team which reports directly to the General Counsel and Company Secretary. The process is subject to audit and external verification. All third party partners are subject to appropriate due diligence and receive training covering anti-bribery and corruption, competition law and third party partner policy.

Human rights

De La Rue fully supports the principles set out in the UN Universal Declaration of Human Rights, in particular with regard to equal opportunity and freedom from discrimination, fair working conditions, freedom of association and collective bargaining and the prohibition of forced and child labour. Our Code of Business Principles covers human rights issues including whistleblowing, employment principles, health and safety, and protecting personal information. These principles are underpinned by specific global Group policies and other relevant local workplace policies which the business is required to follow.

Health and safety

We have a responsibility to safeguard the health and safety of all stakeholders affected by our operations and keeping employees safe and secure when they are at work and travelling on business is a priority. Clearly defined responsibilities, good communication and training, hazard spotting, risk assessments and implementing appropriate controls at all of our facilities help us to achieve this.

All of our supply chain manufacturing sites have maintained OHSAS18001 certification for their health and safety management systems, which is externally audited by accredited providers.

During the year no De La Rue operation was prosecuted for infringing any health and safety laws or regulations. However, we had one improvement notice issued by the Health and Safety Executive to the Gateshead site in respect of legionella management controls relating to a small cooling tower and all recommended actions were quickly closed.

The Executive Committee and the Board receive confirmation that all sites comply with Group health, safety and environmental policies and any applicable legislation through external and internal audits on their management systems. Sites are measured against any corrective actions identified and these reports are used to develop effective improvement programmes.

De La Rue works with its main suppliers and contractors to ensure their health and safety processes are robust. Our focus on machinery safety continues, with many improvements completed this year.

We have continued to invest in and improve our fire risk management with several sites upgrading sprinkler systems or equipment with specific fire suppression systems.

We have managed to reduce both our number of lost time accidents and the total days lost due to accidental injuries by 30 per cent and injuries by 18 per cent. With continuing organisational changes we have successfully maintained our positive safety culture and excellent internal reporting processes and continue to engage employees in our safety training programmes. This year we have achieved our targeted reportable injury rate (see graph on page 11) and we will continue to set robust health and safety objectives and targets. We continue to run the annual health, safety and environment corporate standards audit programme identifying opportunities to improve and track the agreed actions.

Our health and safety objectives for 2014/15 are:

- To align our HSE internal audit programme with the operational excellence programme
- To achieve a reportable injury rate per 100,000 employees of 310 or lower
- To ensure that all older machinery is assessed with regard to the latest EU machinery safety standards
- To maintain our OHSAS18001 certification at all supply chain manufacturing sites

People

Communication

Following feedback from employees we have continued to improve communication at our supply chain sites. In addition to daily site walkabouts by heads of operations and site management, weekly and monthly scheduled team briefings take place to keep employees fully informed of business developments. Monthly briefings by the managing director, supply chain, are now open to front line managers as well as middle managers and heads of operations. Human resources representatives also ensure that they are accessible to employees by regularly touring our factory floors.

As well as regular newsletters, 'all hands' calls for the Currency and Solutions businesses are held, supplemented by more informal lunch meetings. These forums give employees the opportunity to ask questions directly to the management teams. The exchange of information between business areas and functions is encouraged either via invitation to speak at briefings or articles in newsletters.

During the year members of the Executive Committee visited our main sites around the world to explain Group strategy. A toolkit of materials to support the 'Living Our Values' campaign is now being rolled out across sites to help embed them into our culture.

Regular conference calls, open to all employees, were hosted by the Chief Executive and questions invited. For those unable to attend the calls, an audio recording is made available. Videos of strategy updates are also made available to all sites.

A user group has been established to review how our company intranet is used by employees and how it should be developed to better meet the needs of the business.

De La Rue engages regularly with the unions representing our employees and with the UK and European Works Councils. In addition to an annual joint UK and European Works Council meeting at which senior management present business updates, steering group meetings for both forums are held throughout the year.

Equality and diversity

Our policy is to treat all employees fairly and equally in recruitment, training, development, promotion and in terms and conditions of employment irrespective of their sex, transgender status, sexual orientation, religion or belief, marital status, civil partnership status, age, colour, nationality, national origin, ethnic origin, disability or trade union membership or affiliation. If an employee becomes disabled when in the Group's employment, full support is given through the provision of special training, equipment or other resources to facilitate continued employment wherever possible.

Every manager and employee has a responsibility to ensure that our equal opportunities policy is implemented.

To the extent permitted by relevant local laws, the Group collects certain data on staff diversity.

Gender diversity

Employees by gender (as at 29 March 2014)

Male	2,909	(73%)
Female	1,066	(27%)
Total	3,975	

Senior managers by gender (as at 29 March 2014)

Male	50	(85%)
Female	9	(15%)
Total	59	

Directors by gender (as at 29 March 2014)

Male	4	(67%)
Female	2	(33%)
Total	6	

For further information about Board diversity, see page 37.

Training and development

During the year our human resources strategy was approved by the Board. Our vision is 'a highly engaged, high performing workforce, aligned and focused on the key goals, with the capability to deliver sustainable growth'. To deliver this vision, supported by newly articulated values, the foundations of our strategy are based on key improvements in five areas:

- Leadership
- Talent management
- Engagement
- Capability
- Performance

Initiatives launched so far include a leadership capability programme, which replaces the personal development review process for the senior leadership team. The programme defines a set of seven competencies against which the senior leadership team has been assessed, and the Executive Committee conduct quarterly reviews of the assessments. Training modules have been developed to support these key competencies.

Personal development reviews have been updated and aligned so performance measures are entirely consistent across the Group. The talent management process has also been reviewed and updated to ensure that 'performance' and 'potential' criteria are better reflected and thus future capability and talent are better identified and assessed.

Two dedicated trainers have been rolling out an operational excellence training programme to leaders across our supply chain sites, from first level supervisory right up to the senior leadership team. Training comprises three modules: Leadership, High Performing Teams and 'Align'. To date training has been delivered to c150 employees.

An 'Inspirational Managers' training initiative was launched in April 2014, which fully aligns with the operational excellence training and the leadership capability programmes.

Environment

The Group continues to measure greenhouse gas (GHG) emissions arising from all of the activities for which it is responsible worldwide. In response to new mandatory reporting requirements the Group has undertaken a thorough review of its data collection and reporting programme with support from independent specialist consultants Carbon Clear.

Using an operational control approach the Group has collected activity data and reported on all material GHG emissions including scopes 1 and 2 and an expanded range of scope 3. The validity and completeness of the data were checked both internally and by Carbon Clear, with the internally assured data being used to calculate the GHG emissions for the Group. KPMG LLP also reviewed the process used for collecting and analysing the data.

The calculations performed follow the ISO-14064-1:2006 standard and the results presented in the table on page 28 give absolute and intensity factors for Group emissions. The Group uses renewable energy and exports electricity to the grid at some sites. These practices have been quantified and accounted for against the Group's gross GHG emissions to show a net reduction.

Improvements to data collection techniques and calculation methods mean comparison with prior performance in most areas is not relevant. The emissions intensity, which is reported relative to Group revenues is 210 net tCO₂e per £m turnover which will be a new benchmark for the future.

Water used per gross tonne of banknote paper produced is dependent on product mix and volume and also reflects complexity of specifications and security features. Water usage in absolute terms increased by 17 per cent compared with the prior year reflecting increased production volumes, smaller production runs, more machine cleans/changeovers and tighter paper specifications resulting in less water recycling. The water used per gross tonne of banknote paper produced was up 5.5 per cent. Overton mill is one of De La Rue's major installations. Its sole water resource is groundwater, which is abstracted and in turn cleaned and discharged into the river Test, within 500 metres of the point of abstraction. The river is classified as a Site of Special Scientific Interest protected by UK conservation regulations. We share the keen interest shown by varied stakeholders in ensuring that the water quality and quantity is optimised for good ecology, and so follow best practice regarding our use, treatment and release of freshwater. Our water treatment facilities meet and exceed expected quality standards as stipulated within the installation's environmental permit.

Overton mill cleans and returns to the river at least 95 per cent of water abstracted, which provides an important and valuable contribution to the ecology of the region.

Examples of environmental achievements over the past year include:

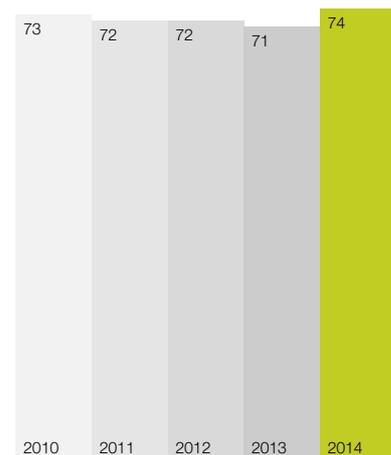
- Maintained ISO14001 certification that is independently externally audited for all supply chain manufacturing sites with only a few minor non-conformances which were promptly rectified
- Reduction in our solid waste going to landfill sites by 24 per cent over the three year period against our target of >10 per cent
- A reduced carbon footprint and improved utilisation of fixed energy loads following the closure of two UK sites and the absorption of many of the activities into other UK sites resulted in a saving of over 3,000 tCO₂e in scope 1 and 2 emissions
- Reduction in our scope 1 and 2 carbon emissions (tCO₂e) from our direct consumption of energy by over 12 per cent over three years beating our plan of 10 per cent (approximate reductions of 3 per cent each year for three years)

Environmental objectives for 2014/15 are to:

- Maintain ISO14001 certification for all supply chain manufacturing sites and work towards certification for two other areas of the business
- Reduce solid waste sent to landfill by 3 per cent each year during the three year period ending in 2016/17
- Reduce our direct energy consumption in tCO₂e relative to Group revenue by 3 per cent each year during the three year period ending in 2016/17

Recycled and recovered solid waste as a percentage of solid waste

Percentage



Corporate responsibility continued

Greenhouse gas emissions 2013/14¹

Type of emissions	Activity	tCO ₂ e	% of total
Direct (scope 1)	Natural gas	37,505	35
	Other fuels	1,048	1
	Process emissions	34	0
	Fugitive emissions	234	0
	Owned vehicles	75	0
	Subtotal		38,896
Indirect (scope 2)	Electricity	40,177	37
	Subtotal	40,177	37
Indirect other (scope 3)	Rail travel	2	0
	Air travel	8,803	8
	Non-owned vehicles	271	0
	Water	1,956	2
	WTT all scopes ²	18,403	17
	Subtotal	29,434	27
Total gross emissions (tCO ₂ e)		108,507	
Renewable electricity (tCO ₂ e)		(19)	
Electricity exported to grid (tCO ₂ e)		(891)	
		107,597	
Intensity metric			
Total gross emissions (tCO ₂ e)		108,507	
Total net emissions (tCO ₂ e)		107,597	
Revenue (£m)		513	
Tonnes of gross CO ₂ e per £m		211	
Tonnes of net CO ₂ e per £m		210	

Notes

¹ Prior year data is not available due to adoption of new reporting standards

² Standard 'well to tank' carbon calculation

Community and charitable donations

The '200 For Good' initiative was an integral part of our 200 year celebrations during 2013. Employees at our sites around the world were encouraged to support local causes and they rose to the challenge by organising and taking part in numerous fundraising and sponsored events and donating their time to help local projects. In the UK, activities included hosting student visits at our head office and attending events to promote STEM (science, technology, engineering and maths) subjects amongst local school children. In Malta employees planted 200 trees in a local family park, refurbished a hostel and organised various fundraising events. Employees in Sri Lanka donated blood and donated funds to a children's cancer ward. Our Irving site in the USA collected food for a local charity.

The Group operates a Give As You Earn scheme in the UK which enables employees to make regular donations to charity from their pre-tax monthly salary. Donations are matched by De La Rue up to £500 per employee per annum.

The De La Rue Charitable Trust continues to match funds raised by employees for charitable causes and also distributes funds to appropriate causes worldwide.

Customers

Customer focus is a key part of our strategy.

We have reviewed our approach to customer surveys, looking at ways of reaching more customers and using different methods. We have invested in software to enable the creation of bespoke questionnaires and our aim is to collect meaningful information about the marketplace as well as about De La Rue's products and services.

We attend relevant industry conferences to maximise personal contact with our customers. Regional conferences and user group meetings are held on a regular basis and we run an annual 'Advanced Banknote Manager' course which is available to our central bank and state print work customers.

Suppliers

De La Rue applies consistent procurement policies and processes to ensure accountability and sustainable value for money while minimising risk and enabling the Group to fulfil its legal and financial obligations. De La Rue expects its suppliers to share the Group's commitment to best practice standards in health and safety and environmental matters. Suppliers are also required to meet defined quality, product security and business continuity standards.

Suppliers are obliged to abide by the Group's Code of Business Principles and the United Nations Convention on the Rights of the Child and International Labour Organisation Conventions 138 and 182.

As part of our ongoing procurement programme we will continue to monitor our key cotton comber and linter suppliers.

De La Rue subscribes to the policies in the UK Government's Prompt Payment Code. We undertake to pay suppliers on time, give them clear guidance, and encourage good practice amongst our lead suppliers.



Innovation at work

Working smarter to benefit customers, employees and the environment

Our operational excellence programme is a business wide initiative developed for our supply chain function. Through the engagement of our workforce in initiatives that improve manufacturing efficiencies we are able to deliver recognisable benefits to our customers.

As part of our commitment to operational excellence we have invested significantly in many areas of our businesses, including a state of the art HVAC (heating, ventilation and air conditioning) system at Overton mill. This system is expected to lead to annual energy savings of c£350,000 and better control of humidity, improving the manufacturing process. Employees also benefit from an improved environment in which to work.

