

# Corporate Responsibility

De La Rue is committed to sound Corporate Responsibility ('CR') policies and business practices as part of its business strategy. The Corporate Responsibility section of the website [www.delarue.com](http://www.delarue.com) has more information about CR in De La Rue.

## Accountability and Management Processes

The Board is ultimately responsible for assessing the effect potential CR issues may have on De La Rue's business and setting appropriate policies for the Group. Details of the Board structure and of its Committees are set out on pages 52 to 57. The Chief Executive is the Board member with designated responsibility for CR. The Operating Board is responsible for the day to day management of these issues. The Board and Operating Board receive monthly reports on CR issues. They are also discussed in the quarterly Risk Committee meetings.

The Environment, Health and Safety ('EHS') Steering Group, chaired by the Company Secretary, is responsible for setting EHS strategy for the Group, responding to regulatory developments, developing appropriate procedures and disseminating information on good practice to Group businesses.

## Policies and Procedures – Business Code of Conduct (the 'Code')

De La Rue's Business Code of Conduct, revised in September 2007, is the cornerstone of its approach to Corporate Responsibility. All employees must receive a personal copy of, and comply with, the Code. It defines De La Rue's core values and principles for doing business, dealing with issues such as share dealing procedures, competition law, compliance rules, ethical dealings with governments, customers, suppliers and third parties, protecting the Group's assets, avoiding conflicts of interest, health and safety and the environment. The Code is supplemented by more detailed policies and procedures and by training relevant employees. The Code, policies and procedures are also on the Company's intranet as well as being publicly available on the Company's website. Managers must ensure that their staff are properly briefed on the Code and De La Rue's policies and procedures. New induction processes have been rolled out together with more in depth training of senior managers and the sales force in relation to third parties and avoiding conflicts of interest.

Following its review of Lord Woolf's recommendations, the Board will itself take responsibility for reputational matters while the process for appointing sales agents and consultants will be centralised and the General Counsel & Company Secretary will be responsible for ensuring that proper due diligence has been done. Continued training of relevant employees has been undertaken and will continue to be a significant feature.

The Company's 'whistle blowing' policy and procedures enable employees who have concerns about the application of the Code or business practices within the Group to raise them internally or anonymously through an independently run telephone helpline. The Board and Audit Committee receive details about any issue raised and how it has been followed up. Each year the Audit Committee reviews the policy and procedures.

## Employees

Following the divestment of the Cash Systems Division, the Group now employs approximately 4,000 staff in 24 countries. See page 24 for KPIs.

With the smaller, more focused Group structure, the leadership team is concentrating on the benefits and synergies of greater collaboration and process sharing across the businesses. Under the umbrella of One De La Rue, teams are working on action plans in six key areas: Our Customers, Our Innovation, Our Performance, Our Contribution, Our Communication and Our People.

The Operating Board continues its talent review process whereby at least three times a year senior line managers or functional job holders, as well as new talent within the Group, are identified and reviewed so that succession planning is managed in a structured way.

Group communication processes have been reviewed and continue to promote employee involvement through a policy of communication and consultation by the leadership team and business managers. Senior managers are engaged in a series of site communication and work shadowing initiatives to broaden business understanding and engagement with employees. In addition to the Company newsletter, the intranet and more traditional house notices, the Chief Executive issues a regular electronic article on key business issues to all employees who have the opportunity to respond directly to him.

## Corporate Responsibility Continued

Following the second employee survey undertaken in 2007, focus groups have been actively building on the high scores for levels of engagement with customers, focus on results and delivery of products and services, as well as implementing many initiatives combining charitable giving, team building and social events. All businesses have been engaged in improving their recruitment and promotion processes both as a result of survey feedback and the need for increased manning at a number of sites following the introduction of 24/7 working. For example, Overton Mill runs a formal apprenticeship scheme in mechanical and electrical engineering and instrumentation which includes outside training. The Group has launched a major leadership development initiative which is being introduced across all sites with positive feedback from participants. Local surveys of progress against survey topics are showing encouraging results and a further survey is planned during 2009.

De La Rue's productivity programme 'My Contribution' continues to generate more than one idea per employee across the Group. The programme, now in its fifth year, is being relaunched as 'Our Contribution' to place even greater emphasis on teamwork and cross functional and cross business collaboration and productivity improvement. The most significant initiatives will be recognised at the 4th Spotlight event which will be held in Malta in September 2009.

De La Rue is committed to the fair and equitable treatment of all its employees in recruitment, training, promotion and in terms and conditions of employment irrespective of gender, sexual orientation, religious beliefs, age, colour, ethnic or racial origin, nationality, disability or trade union membership. 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. All managers are required to ensure that employees understand their responsibility for the active implementation of the Group's policies. De La Rue's Human Rights, Equal Opportunities, Anti-Harassment and Stress policies are available on the Company's website.

The Group's web based HR management system continues to add value throughout the Group, streamlining core HR management processes and enhancing the HR management reporting capability.

To the extent permitted by relevant local laws, the Group monitors data on staff diversity to help it review policies and improve best practice.

### Charitable Donations

Donations for charitable purposes amounting to £144,000 (2008: £79,000) were made during the year. This included a donation of £75,000 in Kenya following the civil unrest in early 2008.

The De La Rue Charitable Trust also aims to direct funds to appropriate causes where De La Rue operates, emphasising educational projects promoting relevant skills, international understanding or relieving suffering.

### Customers

The customer survey programme, Net Promoters™, is now an accepted tool for all four business units for getting customer feedback.

### Suppliers

De La Rue continues to apply a consistent set of procurement policies and processes to deliver accountability, sustainable value for money and continuous improvement while enabling the Group to fulfil its legal and financial obligations and effectively manage risk. In particular, we expect our suppliers to share our CR values and commitment to ISO standards for EHS performance based on the SA8000 global social accountability standard. The EHS risk management and business continuity processes of many major Tier 1 suppliers have been audited with a positive response to requests for improvements.

### FTSE4 Good Index

De La Rue is also a member of the FTSE4 Good Index, the responsible investment index calculated by Global Index Provider FTSE Group.

Further details can be found on the Corporate Responsibility section of the Company's website.

## Corporate Responsibility in Action

The Group encourages its employees to participate in community projects.

### Kenya – computer recycling and school exercise books

Employees at the Kenya factory have been involved in a number of community help programmes. One such scheme involves the donation of redundant computer equipment to disadvantaged schools in poor urban and rural areas.

Personal computer usage is growing rapidly in Kenya but, due to lack of funds, little provision is made in schools for pupils to use computers and there are no options for disposing of old equipment. The Nairobi site is involved in the Computers for Schools Kenya (CFSK) initiative which arranges the collection, refurbishment and donation of used computer equipment to disadvantaged schools.

In addition, the Nairobi factory provides local schools (see below) with exercise books made from recycled (non-watermarked) paper. Previously this paper would have been destroyed.

Both these initiatives help schools reduce their costs and reduce waste in Kenya.

### Sri Lanka house

De La Rue Lanka employees decided to donate a group prize to a good cause rather than spend it on an employee event.

At the time a temporary worker at the site was living in a timber shack with his wife and three children so the employees put the money towards building this family a permanent home (see below).

In addition to personal financial donations, matched by the Company, employees also helped build the house and donated books and clothing.

### Overton Mill Water Recycling Project

Water is vital to the cotton preparation and banknote paper-making process at the Overton site. This project aims to recycle and reuse water in as many areas around the mill as possible without affecting product quality.

The Effluent Treatment Plant can divert some of the final discharge of effluent water through a filtration process for reuse in specific processes. The remainder of the water is cleaned before being discharged into the River Test (see below) which is a protected Site of Special Scientific Interest (SSSI).

The whole of the paper stock preparation area including the linter processing plant now runs on recycled water. There are two paper-making machines that can run on recycled water as well as using recycled water for the cooling processes and for sealing vacuum pumps. In addition, most of the steam condensate is returned back to the boiler house for reuse, resulting in a reduced need for chemicals and in energy and water savings. The volume of recycled water that is used every year is improving with further benefits to be realised in the future.

See page 25 for more information on our environmental performance.



# Corporate Responsibility

## Continued

### Progress against 2008/2009 EHS objectives

- All risk assessment programmes reviewed
- Two more sites achieved OHSAS 18001 certification
- Manual Handling risk reduction programmes implemented
- Tracking of carbon measurement initiated
- Compliance to SA8000 principles validated in main supply chains

- completed
- Some progress made
- No progress

### 2009/2010 objectives

- Implement an updated road risk management programme
- Implement an updated travel risk management programme
- Continue with our carbon measurement and aim to reduce our impact

### Significant EHS Activities in 2008/2009

The Group continued to invest in lifting equipment and in providing training to reduce lifting and carrying injuries as part of our Manual Handling risk reduction programme.

The four day IOSH Managing Safely training course is provided for first line managers and supervisors whilst many senior executives have also attended recognised health and safety training.

Other EHS key actions have been:

- professional skin awareness and skin care programmes at the larger, higher risk sites;
- safety reviews of machinery and the implementation of improvements identified to reduce machinery risks initially at the larger sites but to be rolled out to the smaller sites in 2009/2010;
- all business units reviewed to validate compliance with SA8000 Social Accountability principles and all main suppliers are now asked to comply with this;
- environmental awareness training on waste recycling, energy and our duties of care regarding the environment;
- replacing Ozone Depleting Substances within our site refrigeration systems by system replacement or ODS substitution;
- calculating Currency's carbon footprint: One gross tonne of banknote paper is 3.04tCO<sub>2</sub>e.
- abstracting water from Overton's boreholes rather than using mains water reduces the on site carbon footprint by 1200tCO<sub>2</sub>e per annum.

### Environment, Health and Safety

We continually strive to minimise our adverse impact on the environment and to safeguard the health and safety of those affected by our operations. See KPIs on page 25.

Our Environment Health and Safety assurance comprises setting appropriate policies and applying good practice through our operating management systems. The Board receives confirmation that the business units comply with Group policy and applicable local laws through external and internal audits, reports and measurement against action plans and benchmarking processes.

These reports provide the necessary information to manage our EHS risks and to develop effective improvement programmes. The management systems define how the EHS risks are identified and controlled and who is responsible for so doing. Our objective is that our manufacturing sites should be certificated

to ISO14001 for their Environmental Management System and OHSAS 18001 for their Health and Safety Management System in a phased programme. Twelve out of 14 manufacturing sites of the current business have achieved and are maintaining ISO14001 certification through regular external audits. This year Holographics and Kenya achieved OHSAS 18001 certification so that there are now 12 18001 certified sites.

Employees are also widely involved in the continuous improvement of EHS processes. At Interlock 2008, our annual EHS Conference, there was a Group competition for the best environmental improvement project in which all of the manufacturing sites participated.

### CO<sub>2</sub> Footprint for Currency

In order to set a baseline against which to measure future improvements Currency's carbon footprint was independently calculated following the principles of the Greenhouse Gas (GHG) Protocol and ISO

14064. The Greenhouse Gas Protocol is the most widely used international accounting tool for government and businesses. The Level One footprint calculation includes the combustion of fuels, that is: natural gas, fuel oils and purchased grid electricity and owned transport energy consumption. Over 50 per cent relates to gas or electricity used at Overton Mill.

### EHS Performance Indicators

Our key performance indicators on pages 24 and 25 show slight increases against a background of significantly improved productivity and awareness. Our Reportable Injury Rate for the ongoing business has reduced this year. None of our operations has been prosecuted for infringing any EHS laws or regulations during 2008/2009.

Full copies of our EHS policies are available on our website, or from the General Counsel & Company Secretary, details of which are on page 116.

### Air pollutants (tonnes)

|                       | 2004/2005 | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| Non chlorinated VOC's | 139.0     | 90.9      | 73.8      | 136.5     | 170.0     |
| Chlorinated VOC's     | 0.4       | 0.5       | 0.6       | 0.0       | 0.0       |

### Liquid pollutants

|                                   | 2004/2005 | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Chemical oxygen demand (tonnes)   | 190.0     | 194.2     | 156.9     | 197.5     | 187.7     |
| Biological oxygen demand (tonnes) | 17.1      | 18.4      | 15.2      | 27.7      | 25.6      |
| Suspended solids                  | 24.0      | 26.2      | 20.0      | 24.7      | 26.4      |

### Energy consumption (GWh)

|              | 2004/2005 |      | 2005/2006 |      | 2006/2007 |      | 2007/2008 |      | 2008/2009 |      |
|--------------|-----------|------|-----------|------|-----------|------|-----------|------|-----------|------|
| Electricity  | 61.0      | 21%  | 62.2      | 20%  | 66.4      | 22%  | 71.5      | 22%  | 75.7      | 24%  |
| Gas          | 223.5     | 76%  | 234.3     | 77%  | 234.2     | 76%  | 246.5     | 76%  | 232.0     | 74%  |
| Other fuels  | 10.0      | 3%   | 8.8       | 3%   | 6.5       | 2%   | 6.6       | 2%   | 6.6       | 2%   |
| Total energy | 294.5     | 100% | 305.3     | 100% | 307.1     | 100% | 324.6     | 100% | 314.3     | 100% |