

CORPORATE RESPONSIBILITY

De La Rue takes seriously its responsibility to manage the business in an ethical and sustainable way. We work hard to ensure that good corporate responsibility policies and practices are incorporated in our day to day activities and relationships with our stakeholders.



FTSE4Good

Accountability and management processes

The Board receives monthly reports on corporate responsibility issues and is ultimately responsible for assessing the impact of these on De La Rue's business and for setting appropriate policies for the Group. The Chief Executive is the Board member with designated responsibility for corporate responsibility, supported by:

- The Executive Committee, which is responsible for the day to day management of corporate responsibility
- The Risk Committee, which discusses corporate responsibility at its meetings in the context of monitoring the effectiveness of internal control systems
- The Health, Safety and Environment Committee, whose responsibilities include making recommendations on health, safety and environmental strategy and identifying areas for improvement

Workplace

Code of Business Principles

During the year the Code of Conduct was relaunched as the Code of Business Principles. Nearly every employee has attended a senior management presentation on the new code, received a copy of it and acknowledged that it has been read and understood. Further training is planned to deepen employee awareness of all aspects of the code, which outlines De La Rue's core commitments, what they mean and how they should be implemented throughout the organisation. It is supplemented by more detailed policies and covers the following areas:

- Bribery and corruption
- Conflicts of interest
- Gifts and hospitality
- Health, safety and the environment
- Employment principles
- Records and reports
- Protecting personal information
- Insider trading and confidential information
- Competition and anti trust laws

Whistleblowing

The Group's whistleblowing procedures enable employees who have concerns about the application of the Code of Business Principles or business practices within the Group to raise them internally or anonymously through an independently run telephone helpline, the De La Rue CodeLine. 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.



De La Rue Advanced Partner Programme

During the year we launched the De La Rue Advanced Partner Programme in Rwanda, which included partnering with Rwanda Aid to fund the building of classrooms, providing a clean, safe and modern learning environment for c900 pupils, as well as a street children's village in the south west of the country.

De La Rue is also sponsoring the Rwanda Entrepreneurship Week and African Innovation Prize Award 2012 through a charity run by Cambridge University. The charity works alongside the Kigali Institute of Science and Technology to inspire entrepreneurship and provide grass roots funding for potential new initiatives by introducing over 120 of the brightest Rwandan students to the fundamentals of running and leading their own business.

CORPORATE RESPONSIBILITY CONTINUED



Sri Lanka celebrates

At year end our colleagues in Sri Lanka celebrated seven years without a reportable injury. Over the past few years, as we have increased investment at the facility, significant building work has been undertaken, making this a huge achievement during a period of considerable change at the site.

Third party partners

The Group third party partner (TPP) team continues to develop and refine the processes and procedures for the appointment and reappointment of distributors, sales agents and consultants. These processes are subject to audit and external verification. All applications for appointment, reappointment and renewal of TPPs are managed by this central team which reports directly to the General Counsel and Company Secretary. Due diligence is undertaken at an appropriate level on all TPPs. All TPPs receive training on the Code of Business Principles and De La Rue's expected ethical behaviour standards. During the year an online anti bribery training module for partners was launched, providing a consistent and auditable process.

Health and safety

De La Rue recognises its responsibility to safeguard the health and safety of all stakeholders affected by its operations and is committed to keeping employees safe and secure when they are at work and travelling for work. This is achieved through clearly defined responsibilities, good communication and training, hazard spotting, risk assessments and by implementing appropriate controls at all facilities.

None of De La Rue's operations have been prosecuted for infringing any health and safety laws or regulations during 2011/12.

The Executive Committee and the Board receive confirmation that the business units and functions comply with Group policy and applicable laws through external and internal audits on their management systems, reports and measurement against action plans. These reports are used to develop effective improvement programmes.

One hundred per cent of our Supply Chain manufacturing sites have achieved OHSAS18001:2007 certification for their health and safety management system, which is externally audited.

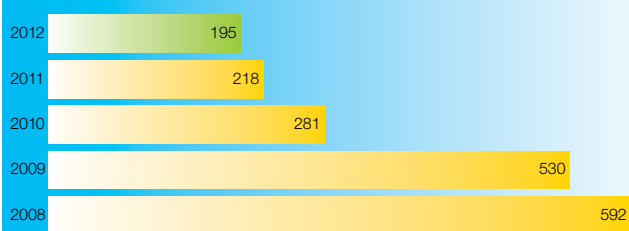
De La Rue works with its main suppliers and contractors to ensure their health and safety processes are robust. This year, in response to the many changes at our sites, including the implementation of a relocation of operations to Westhoughton and Gateshead and the installation of new machinery, we have put a renewed emphasis on contractor management. For example, at our Gateshead site, we reviewed our contractor management processes and training. Subsequently some 424 contractors have attended the new training.

The health and safety KPIs are shown opposite. The results are excellent; both the overall number of lost time accidents and the total days lost due to accidental injuries have reduced again this year. With organisational changes ongoing, we expect that in the coming year an even stronger emphasis will be required on health and safety training and setting health and safety related objectives for managers.

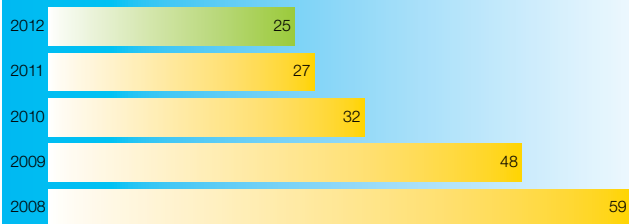
Achievements against our health and safety objectives for 2011/12 were:

- A successful 'Interlock 2011' integrated health, safety, environment and security conference was held in November 2011
- Significant resource was dedicated to the rollout of an internal cross site audit and compliance programme
- We maintained a reportable injury rate below our target

Total days lost due to accidental injuries

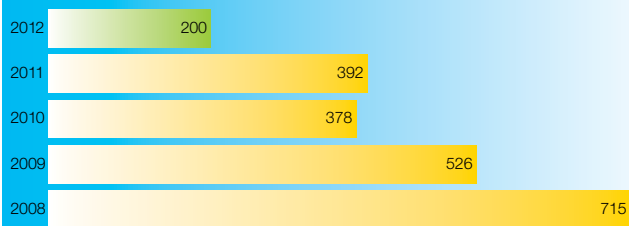


Total lost time accidents



Annualised reportable injury rate per 100,000 employees

Comparative UK manufacturing industry average:
2011: 672, 2010: 722, 2009: 851, 2008: 928



Health and safety objectives for 2012/13 are:

- To continue with our compliance audit programme and to carry out periodic cross site audits on good practices
- To maintain a reportable injury rate of 300 or lower
- To carry out a review of our occupational health provision ensuring that we maintain our good practices
- To hold 'Interlock 2012', an internal health, safety, environment, security and quality conference, in November 2012

Employees

The Group employs approximately 4,000 staff worldwide.

Significant changes have been made across the business during the year and many are still ongoing. The De La Rue leadership team is keen to understand how employees feel about the changes and what more can be done. During 2012/13 we are therefore planning to conduct an employee engagement survey, the results of which will be discussed in next year's Annual Report.

Training and development

The realignment of the business is nearing completion and a review of training and development is underway to ensure that employees are given the opportunity to fulfil their potential within the new structure. In the meantime De La Rue continues to identify training and development needs via business unit and Group talent reviews, and the personal development review process.

As part of De La Rue's learning and development strategy, UK Government funded courses continue to be implemented within De La Rue:

- National Vocational Qualifications (NVQ) are now a key part of our training programmes, ensuring consistency of provision across the business and promoting standardised practice. Over 200 employees signed up for fully funded NVQ courses during the year
- To improve the assessment of performance against standard operational practices, a standardised approach to confirming workplace competence has been introduced via a nationally accredited qualification. Twenty employees are now qualified as assessors and quality assurers and are being used as part of the site relocation project to ensure newly recruited staff meet internal workplace standards
- An accredited development programme aimed at middle managers in leadership and management is being piloted by 100 employees
- De La Rue continues to work in close partnership with the National Skills Academy for Materials Production and Supply, the Print and Paper Sector Skills Council, and providers within centres of excellence to ensure our programmes meet industry standards

CORPORATE RESPONSIBILITY CONTINUED

Communication

De La Rue communicates regularly with the unions representing its employees and its UK and European Works Councils. The UK National Employee Forum and European Employee Forum are both composed of elected employees, management representatives and employee nominated full time trade union officers. The Unite Union branch official with national responsibility for De La Rue serves as a permanent member of the UK and European Works Councils. A General Workers Union official from Malta is also a permanent member of the European Works Council.

During the year we successfully concluded a 90 day consultation with elected employee representatives regarding proposals to relocate our Holographics operation to our Westhoughton site and Security Print operations at Dunstable to our Gateshead facility.

A joint UK and European Forum meeting was held for the first time during the year. The meeting received a detailed briefing on the Improvement Plan from the Chief Executive. The event was very successful and will be repeated in 2012/13. In addition to the joint meeting, steering group meetings for both forums are held throughout the year and can be called for any special requirements.

Both forums receive formal updates on strategic business performance from senior managers and Executive Committee members. Open discussion and questions are encouraged. This year both forums were regularly informed and consulted on a job evaluation exercise at Gateshead and its implementation.

As part of De La Rue's continuing commitment to engagement with the works councils, in April 2012 representatives were invited to visit and tour the Gateshead site to share the results of the job evaluation exercise.

The communication processes at Group and local site level encourage employee engagement and broaden business understanding. In addition to the employee magazine and the intranet, the Chief Executive hosts regular conference calls in which all employees have the opportunity to participate and ask questions directly. He has also conducted a series of roadshows around major sites to present the Improvement Plan to employees.

Equality and diversity

De La Rue is committed to the fair and equitable treatment of 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. Managers are required to ensure that employees understand their responsibility for the active implementation of the Group's policies. Details of De La Rue's human rights, equal opportunities, anti harassment and stress management policies are available on the Group's website.

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

A job evaluation exercise has been completed at Gateshead to ensure fairness and transparency within the site.

Environment

De La Rue endeavours to operate in a manner that minimises the environmental impacts of our activities, products and services.

None of De La Rue's operations have been prosecuted for infringing any environmental laws or regulations during 2011/12.

The organisation has a mature environmental management system. Ninety two per cent of our Supply Chain sites have achieved ISO14001:2004 certification.

The Group continues to measure greenhouse gas emissions, shown in the graph opposite, following the Greenhouse Gas Protocol, the most widely used international accounting tool for government and businesses. Overall greenhouse gas emissions were reduced by 3.9 per cent primarily through internal energy saving initiatives and investment in buildings infrastructure.

Water used per gross tonne of banknote paper produced is partly dependent on the volume, mix and complexity of the paper produced. This increased by 2.4 per cent during the year due to changes in manufacturing processes at Overton mill and the continuing focus on product quality. The rate of recycled water use at Overton mill has been maintained at c10 per cent of all water used.

Recycled and recovered solid waste as a percentage of all solid waste is dependent on the waste markets. De La Rue looks for any opportunities for recycling and recovery and various composting trials are ongoing in the UK. One continuing challenge for the business is the advance of the anti counterfeiting features in products which by their nature are complex to produce and can affect waste volumes. The Group nevertheless maintained its recycling and recovery rates and anticipates improvements in 2012/13 as a result of waste management initiatives introduced this year.

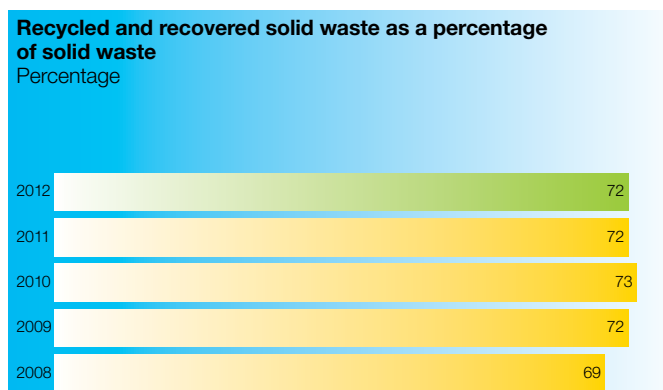
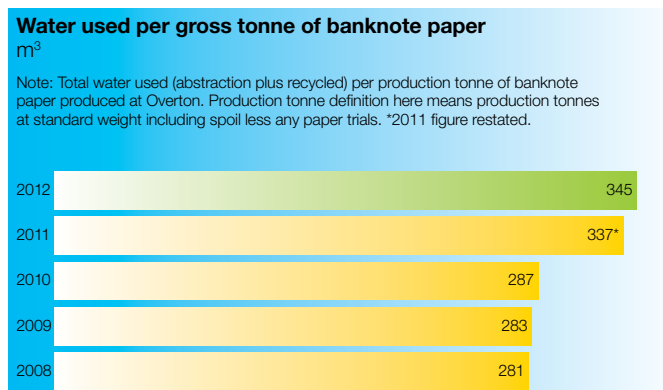
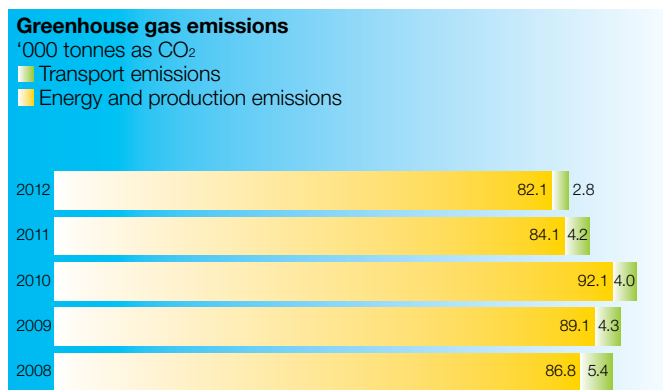
Four UK sites are currently operating under Climate Change Agreements that set energy reduction targets. De La Rue in the UK has also registered under the Carbon Reduction Commitment Energy Efficiency Scheme, and endeavours to increase energy efficiency and reduce carbon emissions in accordance with Government policy.

Examples of environmental achievements on a local and Group wide level over the past year include:

- De La Rue in Sri Lanka received an excellence award in the Visual Footprint Category at the 2012 Geo Responsibility Awards. The award is in recognition of De La Rue's performance and commitment to managing the environmental aspects of its operation
- An employee training programme leading to a nationally recognised award in Environmental Principles and Best Practice was introduced in Gateshead
- Supply Chain manufacturing sites embarked on a 'War on Waste' to improve resource efficiency
- Switching to LED lighting in manufacturing areas in Gateshead reduced the lighting related contribution to energy consumption by 50 per cent

Environmental objectives for 2012/13 are to:

- Implement Group strategy for multi site ISO14001:2004 certification
- Reduce waste sent to landfill by 3 per cent each year during the three year period ending in 2013/14. The Group is on schedule to achieve this for continuing operations despite an increase this year due to business reorganisation
- Reduce energy consumption related to output by 3 per cent each year during the three year period ending in 2013/14. Overall energy consumption across the Group decreased by 6 per cent in 2011/12



Community and charitable donations

From supporting local hospices in Kenya, Malta and the UK to donating books and computers to a children’s educational centre in Russia, repainting classrooms for a school for autistic children and sponsoring and fundraising for local charities worldwide, our employees, facilities and factories continue to engage widely with local communities.

De La Rue is proud to support a variety of charitable causes on a local and international level. In 2011/12 Group donations for charitable purposes amounted to £93,000 (2010/11: £58,000), excluding donations made by the De La Rue Charitable Trust detailed below.

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 and are included in the donation figure given above.

The De La Rue Charitable Trust aims to direct funds to appropriate causes in countries where De La Rue operates, emphasising educational projects promoting relevant skills, international understanding or relieving suffering. The Trust also matches funds raised by employees for charitable causes. During 2011/12, the Trust distributed £59,000 (2010/11: £46,000).

Marketplace

Customers

Customer focus is one of the pillars of the Improvement Plan and as part of our commitment to improving the products and services we provide, during the year Currency and CPS engaged a third party organisation to conduct a survey of their central bank and state print works customers. Feedback and comments were thoroughly reviewed, with team briefings taking place and appropriate action plans agreed to ensure that focus is maintained and that the customer is updated on progress made.

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, De La Rue expects its suppliers to share the Group’s corporate responsibility values and commitment to ISO standards for HSE performance.

Overton mill sources cotton comber for use in banknote papermaking from a few key international suppliers. We continue to review these suppliers to ensure they comply with De La Rue’s terms and conditions relating to the United Nations Convention on Rights of the Child and child labour and actively manage them by conducting child labour and employee working conditions audits.

Our Security Print site in the UK has been accredited with the FSC Chain of Custody status by the Forest Stewardship Council.