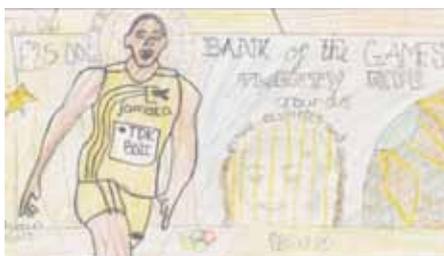


We recognise that good corporate responsibility practices are key to our business success. We work within a robust ethical framework and strive to ensure the health and safety of our employees, minimise our impact on the environment and play a positive role in the communities in which we operate.



FTSE4Good



Celebrating 300 years of papermaking

As part of our celebrations of 300 years of papermaking a 'Design a banknote' competition was held in schools local to our Overton mill site (see winning entry pictured above). The winners visited our design team and were presented with a professionally produced version of their design. Other activities to mark the tercentenary included a customer seminar covering a wide range of banknote related topics and employee events.

Our approach to corporate responsibility

We take seriously our responsibility to manage the business in an ethical and sustainable way for the benefit of the business and all our stakeholders.

We have:

- Maintained our membership of the FTSE4Good Index which identifies companies that meet recognised standards of corporate responsibility
- Supported the Institute of Business Ethics (IBE) which was founded to encourage high standards in ethical behaviour and is supported by donations from companies and individuals. Through our donation we help to promote ethical business practice and add to the work of the IBE through the sharing of good practice and their experience of ethical issues
- Continued to report our greenhouse gas emissions to the Carbon Disclosure Project

We are always keen to improve our practices and during the year an independent third party was commissioned to conduct a corporate responsibility audit to review how we compare to current best practice. We will be using the results as a gap analysis to inform our corporate responsibility focus during 2013/14; our initial focus will be on improving internal and external communication of our wide range of corporate responsibility activities to improve awareness and understanding and promote employee engagement.

Accountability and management processes

The Board is ultimately responsible for assessing the impact of corporate responsibility issues on the Group's business and for setting appropriate policies. During the year a new Ethics Committee was formed made up entirely of Non-executive Directors. This Committee is responsible for advising the Board on the development of strategy and policy on ethical matters. Further details about the Ethics Committee can be found on page 45.

The Chief Executive is the Board member with designated responsibility for corporate responsibility supported by:

- The Executive Committee
- 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

Ethical framework

Code of Business Principles

All employees are required to follow the Code of Business Principles (CBP) approved by the Board when performing their duties as employees. Employees and business partners worldwide must follow this CBP when they are representing the Group.

Areas covered by the CBP, which is available on our website, are shown in the ethical framework diagram on page 32. The CBP is a key part of the new employee induction process worldwide and refresher training was given at a number of internal conferences and departmental meetings during 2012/13. This will be extended during 2013/14 to ensure that the messages are being delivered consistently across the business. Ethics champions will also be appointed across the Group to provide a point of contact and focus in the sites.

Whistleblowing

The Group's whistleblowing procedures enable employees who have concerns about the application of the CBP 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.

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.

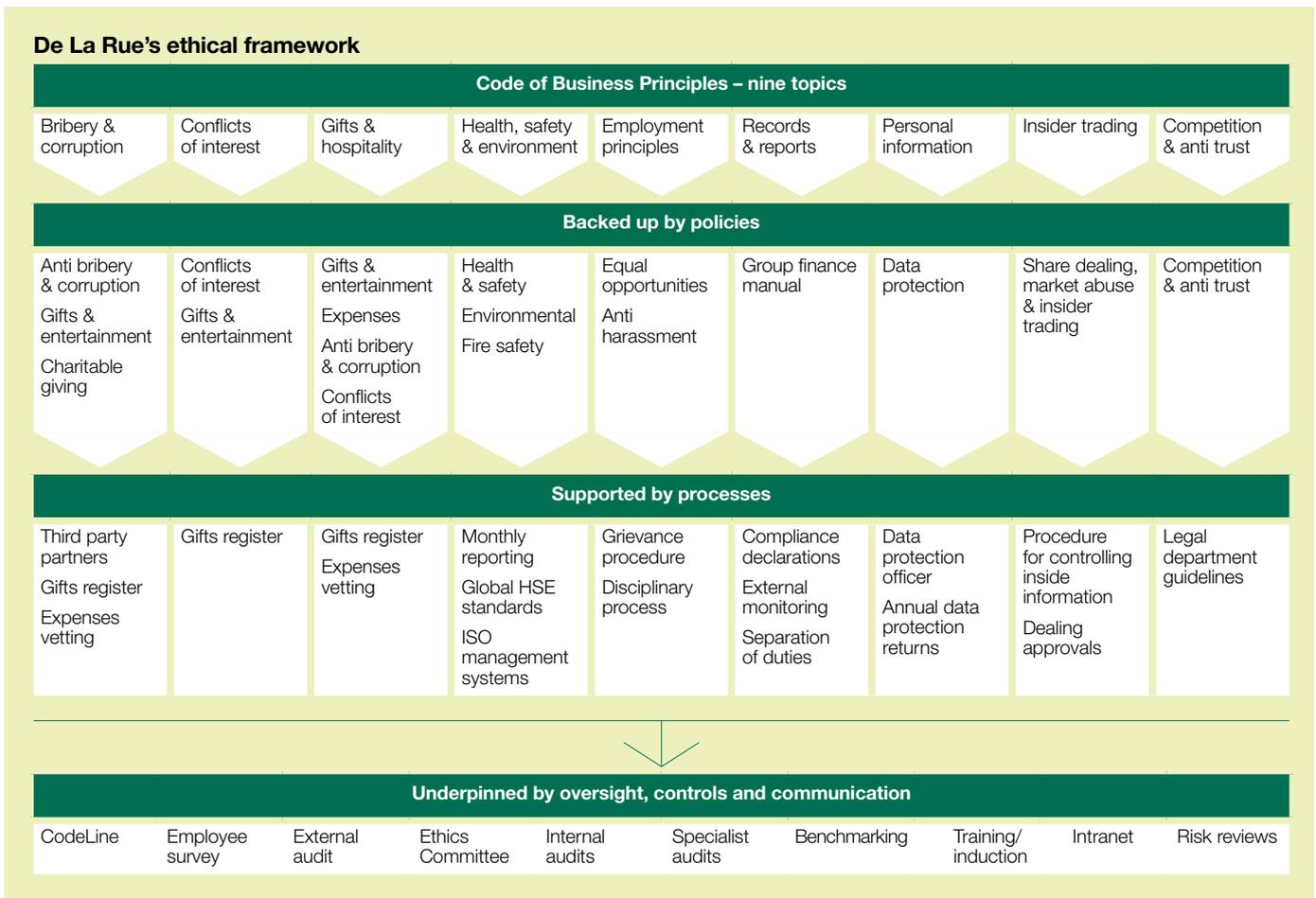
All TPPs:

- Are subject to an appropriate level of due diligence
- Receive training on the CBP and the standards of ethical behaviour expected by De La Rue
- Receive training covering anti bribery and corruption, competition law and TPP policy. More than 75 per cent of partners receive this training online, with the remainder receiving one to one training

Relevant employees also participate in online training which covers working with TPPs.

Corporate responsibility

Continued



Liverpool Football Club Community Coaching Team visit Malta

In April 2012 the Liverpool Football Club Community Coaching Team visited Malta to deliver a variety of community activities. A De La Rue Malta employee helped to facilitate the visit and the site supported this initiative by providing footballs and all the equipment required to hold a training session for children with additional needs. We also supported school visits in Rabat and Birżebbuġa which included disability awareness sessions and 'Truth for Youth' assemblies, promoting hard hitting social messages. All children participating in these events were presented with gifts to commemorate the event, funded by De La Rue.

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 facilities help us to achieve this.

All of our supply chain manufacturing sites have maintained OHSAS18001:2007 certification for their health and safety management systems, which is externally audited by accredited providers.

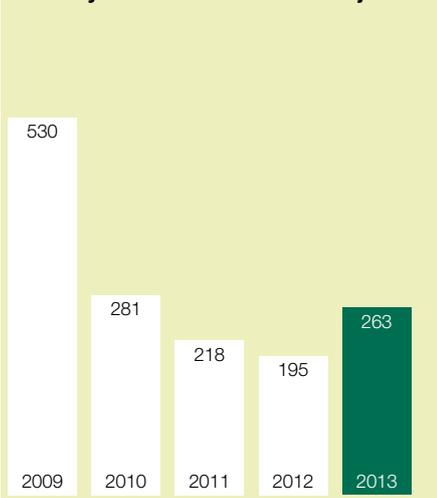
During the year no De La Rue operation has been prosecuted for infringing any health and safety laws or regulations.

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.

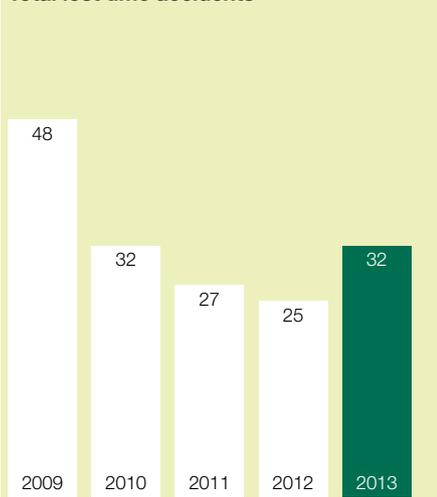
De La Rue works with its main suppliers and contractors to ensure their health and safety processes are robust. This year, in response to the many changes and upgrades at our sites, including the relocation of holographic and security printing operations and the installation of many new machines, we have continued to put a strong focus on our machinery safety standards and on managing our contractors. We have continued to improve our fire risk management controls with several sites upgrading sprinkler systems.

Our health and safety KPIs are shown opposite. Disappointingly, the number of lost time accidents and the total days lost due to accidental injuries have both increased slightly this year with lost days exceeding our target by 17 per cent and injuries by 12 per cent. These results are attributable in large part to structural and organisational changes in our business. With more organisational changes in the short term, we expect that the coming year will be challenging as we drive to retain our strong safety culture, excellent internal reporting processes and engage employees in our safety programmes. We will continue to set robust health and safety targets.

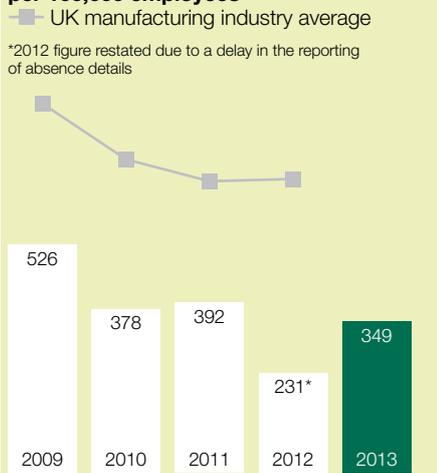
Total days lost due to accidental injuries



Total lost time accidents



Annualised reportable injury rate per 100,000 employees



Other objectives for 2012/13 related to legal compliance audits and occupational health provision. Our health, safety and environment legal compliance audit programme was completed earlier than planned and we continued to raise the standards of occupational health provision at our main sites.

Our health and safety objectives for 2013/14 are:

- To align our HSE internal audit programme with the new combined assurance audits for security and quality
- To maintain a reportable injury rate per 100,000 employees of 325 or lower
- To ensure that all new machinery installed meets the latest EU safety standards
- To maintain our OSHAS18001 certification at all supply chain manufacturing sites

Employees

Employee survey

With the recent organisational changes it has been important to focus on staff engagement and an employee survey was launched in June 2012. All employees were invited to participate, responding to questions designed to test opinions and engagement across the organisation in four key areas:

- Do employees understand the direction and objectives of the organisation?
- Do they believe in it?
- Are they able to contribute to it?
- Do those around them contribute to it?

The results were encouraging, with 70 per cent of all employees across the organisation responding to the survey.

Training and development

Aligned to the feedback from the employee survey, training has been focused on the areas of leadership capability, involving people in the business and improving our listening and communication skills, improving the interfaces between the businesses and aligning vision, behaviours and objectives across the Group.

Across our manufacturing operations a structured line management training programme was launched. The programme's initial focus includes coaching, team performance and quality training. Individual units of the programme are aligned to the National Occupational Standards for Leadership and Management. With over 100 managers worldwide participating in the programme, the aim is to raise leadership capability, engage employees in our process improvement initiatives and embed and maintain a high performance culture.

In our non manufacturing operations we have initiated a programme to develop leadership capability. Starting with the Executive Committee, the programme will be cascaded through the senior management team during 2013/14. This will provide a useful tool for performance development and support our talent review succession programme.

Communication

As well as regular briefings for employees based at our supply chain sites, the Solutions business unit runs "all hands" calls every two or three months and Solutions and Currency produce newsletters to keep colleagues informed of business developments. These activities are supplemented by internal conferences and team briefings across the business. The Chief Executive hosts regular conference calls in which all employees have the opportunity to participate and ask questions.

Improving communication at our manufacturing sites was identified as an area requiring focus following feedback from the 2012 employee survey. Initiatives successfully implemented include questions being raised and answered through question boxes and meetings with site management teams so employees can ask questions about, and comment on, the business in an informal setting.

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.

A joint UK and European Forum meeting was held during the year. The meeting received a detailed briefing on the Improvement Plan from the Chief Executive and included information on how we are developing our front line managers. 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.

Corporate responsibility

Continued

Equality and diversity

De La Rue's policy is to treat all employees fairly and equally, regardless of their sex, transgender status, sexual orientation, religion or belief, marital status, civil partnership status, age or perceived age, race, colour, nationality, national origins, ethnic origin, disability, trade union membership or affiliation.

Equal opportunity is about good employment practices and efficient use of our most valuable asset, our employees. Every manager and employee has personal responsibility for the implementation of our equal opportunity policy.

De La Rue provides training to employees and newly appointed line managers in equal opportunities and associated policies and procedures, such as stress management, grievance and anti harassment. Through these policies and our CBP, De La Rue encourages a culture of openness whereby concerns related to equal opportunities can be raised in a non threatening and supportive environment.

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

For information about Board diversity, see page 43.

Gender diversity

De La Rue currently has two female Non-executive Directors (25 per cent of the Board), and one female Executive Committee member (12 per cent). Approximately 26 per cent of the workforce and 22 per cent of managerial grade employees are female.

Environment

The Group endeavours to operate in a manner that minimises the environmental impact of our activities, products and services. None of the Group's operations has been prosecuted for infringing any environmental laws or regulations during 2012/13.

The organisation has a mature environmental management system and all of our supply chain manufacturing sites have achieved ISO14001:2004 certification.

The Group continues to measure greenhouse gas emissions and has now adopted methods contained in DEFRA guidance in advance of mandatory reporting. This year the organisation has included all six main greenhouse gases covered by the Kyoto Protocol and improved the way in which significant scope 3 emissions are calculated.

This, combined with a change in fuel mix affecting scope 1 and 2 emissions, resulted in an increase in calculated greenhouse gas emissions of 2.3 per cent. The emissions intensity, which is now reported relative to Group revenue, therefore increased by 11.7 per cent. However, energy consumption across the Group was unchanged from 2011/12.

Water used per gross tonne of banknote paper produced is dependent on volume and detailed specifications. Water usage increased by 4.3 per cent compared with the prior year reflecting lower production volumes, which impacted efficiency, and changes in the mix of paper manufactured.

Supply chain manufacturing sites continued the 'War on Waste' initiative to improve resource efficiency and reduced the total amount of solid waste by 3.3 per cent while continuing to evaluate alternative waste management options. The percentage of solid waste recycled or recovered dropped slightly to 71 per cent primarily due to product mix and anti counterfeiting features which reduced the amount of waste that could be composted.

Examples of environmental achievements over the past year include:

- Successful trials of a new effluent treatment process in Gateshead
- Process improvements enabling the permanent closure of a thermal oxidizer used for the abatement of solvent from printing activities, reducing both energy consumption and scope 1 greenhouse gas emissions
- Introduction of an energy management programme to reduce energy consumption and costs across the Group, and promote ongoing improvements in operating efficiencies

Environmental objectives for 2013/14 are to:

- Maintain ISO14001 certification for all supply chain manufacturing sites
- Reduce waste sent to landfill by 3 per cent each year during the three year period ending in 2013/14
- Reduce energy consumption related to Group revenue by 3 per cent each year during the three year period ending in 2013/14. In absolute terms energy consumption across the Group has decreased by 6.0 per cent to date, and energy intensity has decreased by 9.9 per cent over the past two years

Greenhouse gas emissions

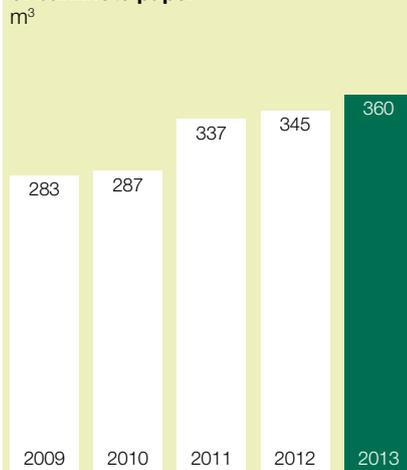
Tonnes of CO _{2e} (x 1000)	2012/13
Scope 1	
– Gas consumption	34,599
– Other fuels	1,305
– Process emissions	551
– Fugitive emissions (ODS)	93
– Owned road transport	–
Total scope 1	36,548
Scope 2	
– Electricity purchased	53,065
Total scope 2	53,065
Significant scope 3	
– Non owned road transport	477
– Rail	7
– Air transport	3,281
Total significant scope 3	3,765
Total gross emissions	93,378
– Carbon offsets	–
– Green tariff	(18)
– Total exported to grid from self owned renewables	–
– Total exported to grid from non renewables	(670)
Total annual net emissions	92,690
Emissions intensity (tonnes of net CO ₂ per £m revenue)	191.6

Geographic breakdown for 2012/13

Tonnes of CO _{2e} (x 1000)	Scope 1	Scope 2	Scope 3
Europe	35,876	47,047	3,211
North America	44	1,381	359
South America	–	17	4
Asia, Middle East and Australasia	177	1,864	92
Africa	451	2,756	99
Total global	36,548	53,065	3,765

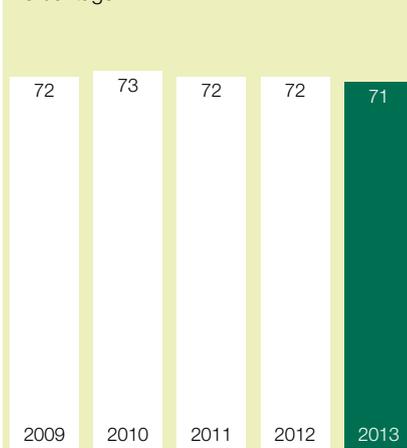
Note: Prior year data is not available due to adoption of new reporting standards.

Water used per gross tonne of banknote paper



Note: Total water used (abstraction plus recycled) per production tonne of banknote paper produced at Overton. Production tonne definition here means production tonnes at standard weight including spoil less any paper trials.

Recycled and recovered solid waste as a percentage of solid waste



Community and charitable donations

De La Rue supports a variety of charitable causes. In 2012/13 Group donations for charitable and community purposes amounted to £66,000 (2011/12: £93,000) and donations from the De La Rue Charitable Trust totalled £66,000 (2011/12: £59,000).

The De La Rue Charitable Trust aims to direct funds to appropriate causes worldwide emphasising educational projects promoting relevant skills, self help initiatives or relieving suffering. The Trust also matches funds raised by employees for charitable causes. In the past year over 90 employees in the UK took part in sponsored activities and received donations for their chosen charity from the Charitable Trust.

Our employees, facilities and factories continue to engage widely with local communities. Examples of activities during 2012/13 include making donations of warm clothing and sleeping bags to a local homeless centre, a relay run in the UK from our Debden site to our head office and providing footballs and training equipment for an initiative run in Malta by Liverpool Football Club Community Coaching for children with additional needs (see case study on page 32).

As part of our 200 year celebrations all sites are being encouraged to support local community and charitable causes. These initiatives will be reported in the 2014 annual report.

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.

Customers

Customer focus is a key commitment of our Improvement Plan.

During the year Currency and Cash Processing Solutions conducted a survey of their central bank and state print work customers. Preliminary results of the survey show an increase in customer satisfaction, with the majority of customers who responded being very likely to recommend De La Rue to a colleague or associate with similar needs. We were recognised as being particularly strong in our customer service and responsiveness. The final results of our analysis will be used to inform detailed action plans to improve our offering.

In November 2012 the Solutions business unit opened a new training centre at our Dublin facility. As well as being a key investment for our employees' development it also offers new operator training products to help customers in their drive for productivity and efficiency.

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 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 commitment to best practice standards in health and safety, environmental protection, quality, product security and business continuity management.

Suppliers are obliged to abide by the CBP and the United Nations Convention on the Rights of the Child and International Labour Organisation Conventions 138 and 182.

During 2012/13 on a sample of key suppliers of cotton comber, we carried out audits to ensure that labour and working conditions are suitable and comply with the Group's policies relating to child labour. As part of our ongoing procurement programme we will continue to monitor our key cotton comber and linter suppliers.