

Terms of Reference

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Terms of Reference - Risk Committee

Constitution

1. The Board has resolved to establish a Committee of the Board to be known as the Risk Committee.

Membership

2. The Committee, including its Chairman, shall be appointed by the Board.

3. The membership shall be the Chief Executive, Group Finance Director, General Counsel and Company Secretary, Group Director of Human Resources, Group Head of Internal Audit, Group Director of Security, Director of Group Risk, Group Financial Controller, Group Director of IT and a representative from each division. Board representation will be through the Chief Executive and Group Finance Director.

4. The membership shall be reviewed on an annual basis by the Nomination Committee.

Attendance at Meetings

5. Any Director may attend meetings. The Deputy Company Secretary shall be the Secretary of the Committee.

Frequency of Meetings

6. The Committee will meet at least four times a year, but may meet more frequently if circumstances dictate.

Purpose

7. The Board of Directors is responsible for the Company's system of internal control and for managing the risks associated with the business and markets within which the Company operates. The core responsibilities of the Committee are to:

- assist the Board by assessing and reporting to the Board on the effectiveness of the Company's non-financial internal control systems in managing risks
- assist the Board in fulfilling its responsibilities by providing a framework for managing risks throughout De La Rue; and
- provide an appropriate level of reporting of the status of risk management within De La Rue to the Board.

8. The Committee shall carry out its responsibilities mainly by promoting awareness of non-financial internal control issues and risk management, and ensuring that there is a risk management framework designed to ensure that risks are identified, quantified, managed, monitored and reported. It shall act as a channel of communication between the Board of Directors and the Operating Board.

Authority

9. The Committee is authorised by the Board to investigate any matter falling within its terms of reference and to obtain any information it may require from any employee in the Group and all employees shall be directed to meet any requests made by the Committee.



Terms of Reference - Risk Committee

Duties

10. The duties of the Committee shall be:

10.1 Reviewing the effectiveness of internal control policies and procedures, including operational, compliance and risk management for the identification, assessment and reporting of risks.

10.2 Receiving and reviewing regular reports on non-financial internal controls performed either by the Group internal audit function or external advisers, as appropriate.

10.3 Approval of the risk management policy.

10.4 Overseeing the development and improvement of the group-wide risk management process.

10.5 Reviewing at a high level the major types of risk faced by the Company and the current and future strategies necessary to manage them.

10.6 Receipt of regular risk profile reports detailing:

- management's summary assessment of the key risks to the Company and the trend of those risks
- risk exposures classified by risk type
- the status of key incidents/issues arising and the management actions being taken.

10.7 Initiating action to address any cross divisional issues as to appropriateness, timeliness and sufficiency of internal control and risk management activities and communication across the business.

10.8 Reviewing the internal control and risk management resource, training and support programmes to ensure they are adequate and remain relevant to the needs of the business.

10.9 Overseeing and promoting the risk management culture and control environment.

10.10 Receiving and reporting to the Board and the Audit Committee on the Company's statement on internal control systems and risk management, in so far as it relates to non-financial matters.

10.11 Reviewing and satisfying itself that the systems and processes for disclosure of information relating to non-financial matters of the Board, Audit Committee and Committee are appropriate and robust so as to enable the Board, Audit Committee and individual directors to discharge their duty to make proper disclosure to the external auditors of relevant audit information.

Reporting Procedures

11. Agendas and papers for meetings will normally be circulated by the Secretary at the direction of the Chairman of the Committee at least five days before the meetings. All Directors are entitled to receive copies of the Agenda and papers for a meeting.

The Secretary shall circulate the minutes of meetings to the Committee and all members of the Board.

Approved by the Board of Directors of De La Rue plc on 22 March 2007