

RISK MANAGEMENT

It is Auriga's ambition to ensure effective risk management which can contribute to achieving the group's strategic objectives and ensure value creation for all stakeholders.

Auriga's overall risk management is based on the following principles:

- **Corporate Governance** prescribing guidelines for the group's management structure and values.
- **Corporate Social Responsibility** describing i.e. the code of business principles and norms applicable to the conduct of the employees in the company and in relation to the outside world.
- **Internal policies** concerning rules and procedures for selected risk areas.

In 2010, a global project was implemented with the purpose of identifying potential risks for the Auriga group and ensuring focus on a methodical and systematic approach to risk management. Individual risks are ranked in a risk mapping system which forms the basis for selective identification and further consideration of the most important risks.

The most important risk factors identified for the Auriga group currently include Corporate Social Responsibility, market access, registrations and reregistrations, product development, financial strength, competition from low-cost countries, IPR etc. For each of the most important risk factors, risk owners have been appointed who are responsible for monitoring and managing the individual risks via a number of activities aimed at identifying risks.

MARKET AND BUSINESS RISKS ETC.

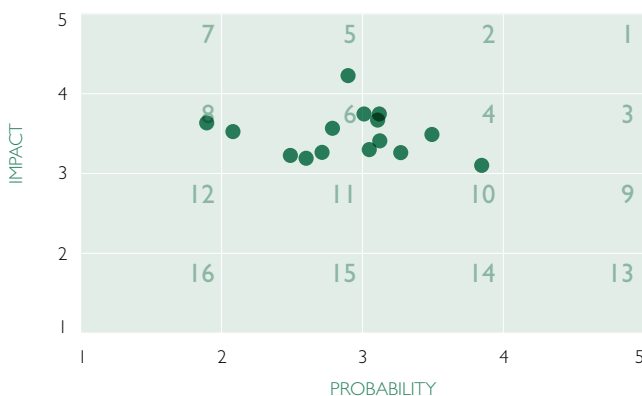
The group is constantly seeking to minimise its dependence on individual customers, suppliers, raw materials and products. Another important element in the risk management is compliance with statutory requirements and rules, among other things as regards product-related and environmental issues, takeovers, contractual matters etc.

The group's earnings are also affected by levels of economic conditions in general, including developments within the agricultural sector and climatic conditions.

FINANCIAL RISKS

Auriga's earnings and balance sheet are exposed to a number of financial risks such as foreign exchange risks, interest rate risks, liquidity risks and risks associated with the granting of credit to customers. The group's finance policy lays down the guidelines for the management of financial risks as well as containing a description of approved financial instruments and risk limits. The group's financial risks are primarily managed centrally by the department for Finance & Treasury while the individual subsidiaries are often responsible for managing the granting of credit to their own customers. For further information, please see the notes.

AURIGA RISK MAP



Based on impact and probability, each individual risk is assessed and plotted into Auriga's Risk Map, which is divided into 16 prioritised squares (1 = highest risk and 16 = lowest risk).

Business risk is spread through a better and broader product portfolio and global market access, reducing dependency on a few products, crops and countries.

