



January 15, 2010

## **SHAREHOLDER LETTER**

Dear shareholder,

### **Cheminova fully compliant with promised phase-out plan and joining UN Global Compact**

One of our core values is being good corporate citizens, a value which is an integrated part of the group's operations worldwide.

#### **Corporate Social Responsibility**

We report on the progress of our CSR activities and the status of the fulfilment of our CSR targets in a separate CSR report which will be published on March 23, 2010, i.e. concurrently with Auriga's Annual Report 2009.

The CSR report will, of course, be prepared in compliance with the stricter CSR reporting requirements set out in the amended Danish Financial Statements Act. However, this will entail no substantial changes as the CSR report in its current form is already to a very large extent compliant with the requirements and intentions of the new act.

#### **Joining UN Global Compact**

Cheminova's mission, vision and values as well as its code of twelve business principles were rolled out in the global organisation to all employees in 2009. This process has provided us with the necessary experience for us to support the United Nations Global Compact's ten principles for responsible business conduct.

In December 2009, Cheminova signed the UN's Global Compact, which in the coming years will form the basis of the group's efforts within human rights, labour, the environment and corruption. These areas will enjoy continued focus and form a natural part of the company's activities.

Each year we will report on our efforts in these areas. The reporting will be prepared in compliance with the guidelines set out in the Global Reporting Initiative (GRI).

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### **Cheminova fully compliant with promised phase-out plan**

As can be seen from the enclosed "Current Information" and further information at [www.cheminova.com](http://www.cheminova.com), we are complying fully with the promised plan for the phase-out of WHO Class I products. During 2010, the phase-out plan will be fully completed, and by the end of 2009, 13 of the totally 15 phase-outs were accomplished as promised.

In India, production of monocrotophos, a WHO Class I product, has been discontinued. The plant is being converted for production of a fungicide which is to be marketed globally. As a replacement for the very toxic formulation of monocrotophos, we have developed a new product which is being registered. In Brazil, we are introducing the insecticide malathion for the eradication of the boll weevil in cotton to replace the more toxic methyl parathion, which will be phased out in 2010.

We are pleased that we have succeeded in meeting these ambitious targets, which are contributing to the continued development of the company. This has only been possible because the entire organisation is working, based on a set of common values and in a targeted fashion, to live up to these expectations. We have succeeded in implementing the phase-out plan in a sustainable way in that the farmers have been presented with less toxic alternatives, while the group has at the same time been able to maintain its market position through the introduction of new products.

### **Shareholder service**

As part of the ongoing improvement of our shareholder service as well as for the benefit of the environment and the cost, the decision was made in 2008 only to send Auriga's Annual Report and Cheminova's CSR report by ordinary mail to the shareholders who have ordered the publications.

Publications and other material can be downloaded from the website. You can also choose to receive Auriga news on e-mail and read publications and interim reports online.

### **Order publications for delivery by ordinary mail or e-mail**

If you want to receive the publications automatically by ordinary mail in future, please, click into [www.auriga-industries.com](http://www.auriga-industries.com) and mark this in Auriga's [InvestorPortal](#) (link from frontpage). The InvestorPortal enables your direct log on with a user code, which you will receive from VP Investor Services upon order in the InvestorPortal. Online you can see your personal holdings of registered Auriga shares.

**If you have already on a previous occasion ordered the publications in Auriga's InvestorPortal or by phone, e-mail or letter, this former instruction remains in force.**

Don't hesitate to contact Executive Secretary Lene Faurkov, tel. +45 7010 7030 or by e-mail [lf@auriga.dk](mailto:lf@auriga.dk), if you have questions to the company.

Best regards,

AURIGA INDUSTRIES A/S

Kurt Pedersen Kaalund  
President & CEO

## Phase-out of the most toxic products follows the plan

Cheminova's objectives within Corporate Social Responsibility (CSR) include phase-out of the most toxic products (the so-called WHO class I products) in developing countries. In the plan we have published which countries and products are involved and when the phase-out will take place, and by the end of 2009, 13 of the totally 15 phasing-outs have been accomplished. In 2010, the plan will be completed as planned.

### Production and sale of insecticide stopped in India

In the autumn 2009, Cheminova stopped production of the toxic compound monocrotophos at the factory in India. As promised in the phase-out plan, sales of the much demanded insecticide Lumphos SL, which is made from monocrotophos, was stopped at the end of 2009. Corresponding products are still produced and sold by our competitors in India.

It has been our plan to replace Lumphos SL by a newly developed product also based on monocrotophos but having a substantially reduced toxicity. This product has been developed on the basis of a patented granulation process and has been tested in a number of trials both regarding efficacy and reduced toxicity. However, the authorities have not yet completed the approval procedure. This is expected to take place during the first half of 2010, and until then we cannot start marketing of the product. It remains to be seen to which degree this more expensive product will be accepted in the market.

### Many new products in India

The monocrotophos plant in India is being rebuilt. The plant will be totally renovated so that we during 2010 will be able to make more new products at the plant, including a new fungicide which will be included in Cheminova's global product portfolio. This product is outside WHO's toxic classes and is characterized as "unlikely to present acute hazard in normal use".

As a consequence of Cheminova India's new development strategy, focus has in 2009 been on new products which are all outside the most toxic category. This has led to a modernization of the product portfolio. Last year, 11 new products were introduced. These products are partly based on captive production and partly on products from other producers.

### Methyl parathion

This insecticide in its most toxic form has now been phased out in all developing countries. However, methyl parathion is still the farmers' most important weapon against the cotton boll weevil

in Brazil, but irrespective of that we are going to phase out this product by the end of 2010. Based on experience from the USA, the far less toxic product, malathion, has been introduced to fight the boll weevil. Even though the spraying technique with this product is more complicated the results have been so good that the Ministry of Agriculture expects malathion to be a realistic alternative to methyl parathion also in Brazil during 2010.

### Status of the phase-out plan

We have promised to phase out the most toxic products (the so-called WHO class I products) in developing countries by the end of 2010. The plan is followed without deviations - except that in some countries the plan has been fulfilled faster than promised. By introducing several new products, the plan has been carried through in a sustainable way both for the farmers getting less toxic alternatives and for the company being able to keep its position in the market.

*Please see status overview on [www.cheminova.dk](http://www.cheminova.dk).*



*The last batch of Lumphos SL (monocrotophos) is bottled at the factory with participation of the management from both India and Denmark. The event marked the beginning of a new era.*

Enquiries concerning the shareholder letter and Current Information should be addressed to Lars-Erik Kruse Pedersen, Vice President, Corporate Communications, on telephone +45 9690 9690 or +45 4080 9934.