CSR report 2007

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Bjørn Albinus, President & CEO

Introduction

It is with great satisfaction that we can now publish our second CSR report. It has been a very positive experience for the company management to take a systematic approach to the management discipline “responsible behaviour”, as expressed by the CSR reports. We can now present a status of the first year’s work.

There are two significant dimensions to our CSR reports. One is as a steering tool for the specific targets we set ourselves in the area of responsible behaviour, while the other is as a means for communicating with the outside world within the area popularly described as “the soft values”.

If we look back on the past year in relation to the targets we set ourselves, we have managed to meet most of the targets, but not all. There are certain areas where we should have done better, and we will try to do so this year while also endeavouring to meet new targets. This is described in more detail in the following pages.

With regard to the report as a means of communication, our experience after the first year is positive. We know that the report has been keenly read by many interested parties. Here, I would particularly like to mention a group for which it has been especially significant – potential new employees. We have found that the report has given potential applicants for our advertised vacancies a good impression of the company and the values on which it is based. It has therefore had a positive effect on the company’s recruitment efforts targeted at new employees. This is extremely valuable, especially when there is a shortage of labour and fierce competition for the best workers.

I hope that this year’s report will be received just as positively as last year’s. If you have any criticism or comments about the report, or useful advice, please let us know.

Bjørn Albinus
President & CEO
Cheminova A/S

Management statement

On April 4, 2008, the Board of Executives and the senior vice presidents considered and adopted the CSR report for 2007 for Cheminova A/S.

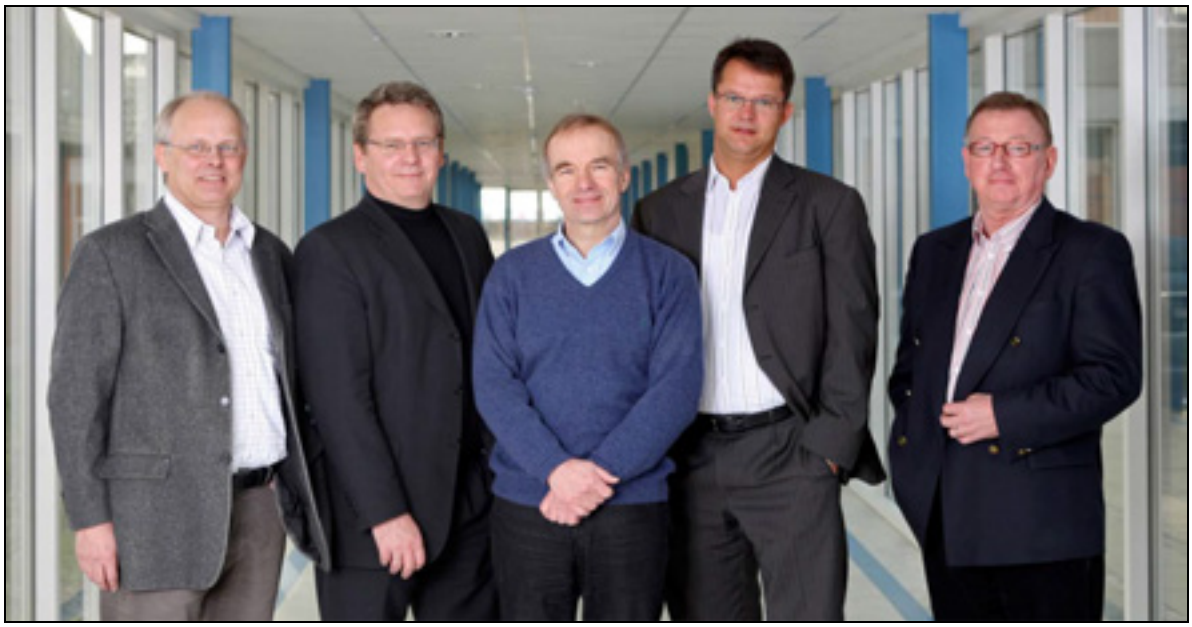
The reporting is based on the corporate mission of the company. The report addresses three themes: Development and innovation, human resources and the EU's new chemicals regulation. The report also follows up on last year's consideration of the issues of product stewardship, production and supplier management.

In addition to following up on the targets for 2007, the report for 2008 includes more detailed information about areas relating to several of the selected themes.

On April 7, 2008, the report for 2007 will be published on Cheminova's website www.cheminova.dk.

In the opinion of the Board of Executives and the senior vice presidents, the CSR report for 2007 gives a true and fair view of the situation and the company's CSR efforts in the areas described in the report.

Harboøre, April 4, 2008



From the left: Søren Vedel, Niels Morten Hjort, Bjørn Albinus, Kurt Pedersen Kaalund and Allan Skov.

Bjørn Albinus
President

Kurt Pedersen Kaalund
Executive Vice President

Niels Morten Hjort
Senior Vice President, Production & Logistics

Allan Skov
Senior Vice President, Development & Registration

Søren Vedel
Senior Vice President, Finance & Support

ASSURANCE STATEMENT

Assurance Statement for Cheminova's stakeholders from independent auditor
We have assessed Cheminova's 2007 CSR Report for the purpose of expressing an opinion on the accuracy of the descriptions of goal attainment and accounting data contained in the Report.

Applied criteria
The criteria for CSR related goal attainment are stated in the 2006 CSR Report in which goals as well as success criteria for the four focus areas, Business principles, Product stewardship, Production and Supplier management, are presented. The 2006 CSR Report also contains a plan for phase out of Class I products, including criteria for phase out according to product type, year and geographical area.

The criteria for preparation of accounting data contained in the 2007 CSR Report are evident from the accounting policies described on pages 43-45. These contain information concerning which of the Group's business areas and activities are included in the reporting types of data as well as Management's reasons for choosing the environmental health and safety data. The data are factored into the *Facts: Environment, Health and Safety* section on page 27 in accordance with the accounting policies for the data statement described on pages 43-45.

Delegation of responsibility
Company Management is responsible for preparing the 2007 CSR Report, including for setting up registration and internal control systems with a view to ensuring reliable reporting. Company Management is furthermore responsible for specifying acceptable reporting criteria as well as choosing data to be collected. Our responsibility is, on the basis of our work, to express an opinion on the information contained in the 2007 CSR Report regarding goal attainment and accounting data.

Scope of our work
We have planned and completed our work in accordance with the International Auditing Standard ISAE 3000 (assurance engagements other than audits or review of historical financial information) for the purpose of obtaining limited assurance that

- The status of attainment of the established CSR goals for 2007 on page 6 and of the phasing out of Class I products on page 13 is documented and in accordance with the for CSR goals listed criteria which were publicised in the CSR Report.
- The on page 27 presented environmental health and safety data are included in accordance with the criteria stated for preparation of the accounting data of the CSR Report.

The obtained assurance is limited as we have not performed a comprehensive review. Our work has - based on assessment of materiality and risk - included inquiries concerning goal attainment, including obtaining documented confirmations regarding goal attainment from the local management of the Group's sales companies, interviews with selected key managerial employees responsible for the goal attainment and review of selected documentation. We have made inspection visits to the production companies in India and Denmark as well as to the sales company in Brazil. As described in the accounting policies, the criteria stated concerning statement of environmental health and safety data are primarily assessed from inquiries concerning procedures for calculation and measurement of the concrete data.

Conclusion
Based on our review, nothing has come to our attention causing us to believe that the descriptions covering the status of the established CSR goals for 2007 on page 6 and of phasing out of Class I products on page 13 are not accurate. Furthermore, nothing has come to our attention causing us to believe that the on page 27 stated environmental health and safety data have not been included in accordance with the criteria stated for preparation of the accounting data of the CSR Report.

Copenhagen, 4 April 2008
PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Michael Nielsson
State Authorised Public Accountant

Birgitte Mogensen
State Authorised Public Accountant

Fulfilling CSR targets for 2007

Targets	Status	Reference
Overall CSR management		
Publication of the CSR report 2006	Published	Website
Communication of Code of Business Principles to all companies and employees	Implemented apart from France	HR section
Ensuring the running of the CSR Secretariat	Implemented	
Procedure for handling deviations (violation of the Code of Business Principles).	Implemented apart from France	HR section
Product stewardship		
Phase-out plan for class I products	Follows the established plan	Sales and product stewardship
Implementing activities in connection with the phasing-out of class I products	Implemented	Sales and product stewardship
Preparing and implementing stewardship guidelines based on FAO's Code of Conduct in the Group's sales organisation	Implemented	Sales and product stewardship
Preparing internal guidelines concerning the labelling of Cheminova's sales products	In preparation	Targets for 2008
Preparing a policy on the acquisition of registration data based on vertebrate studies.	Implemented	Section laboratory animals
Production, India		
Establishment of a new incineration plant for chemical waste	Follows the established plan	Production
Establishment of own natural gas-fired CHP plant	Implemented	Production
Contributing to optimising waste-water purification at the joint purification plant for industrial enterprises in the area	Ongoing efforts	Production
Reduction in the number of accidents at work and unintended incidents	Partly fulfilled	Production
Production, Denmark		
Use of waste hydrogen for energy purposes	Implemented	Production
Certification of the company within the environmental area in accordance with ISO 14001	Implemented	Production
Certification of the company within the occupational health and safety area in accordance with OHSAS 18001	Implemented	Production
Reduction in the number of accidents at work and unintended incidents	Partly fulfilled	Production
Supplier management		
Communicating Cheminova's Supplier Code to all production material suppliers and obtaining their acceptance that they comply with its principles	80% implemented	Supplier management
Conducting a number of audit visits to suppliers	Implemented	Supplier management
Training all employees with purchasing responsibilities within the area	Implemented	Supplier management

CSR targets for 2008:

Product stewardship
- Preparing a global labelling policy concerning the products which are marketed under the Cheminova trade marks.
- Introducing a system to document that information about safety issues and using products according to the rules is an integrated part of the sales and marketing initiatives.
- Integrating product stewardship activities in Cheminova's new regions under which the present subsidiaries belong, so that the division of responsibility reflects the new organisation.
- Continuing phase-out plan for class I products

Development and innovation
- In 2008, a code of conduct will be prepared concerning requirements from external partners in connection with development activities. The code of conduct will be implemented in 2009.
- That the product programme will be based to an increasing extent on environmentally friendly formulations.

Production

India:
- Commissioning of a new incineration plant for chemical waste.
- 20% reduction of COD in the waste water discharged from the company.
- Examining the possibilities for reducing the waste-water flow.
- Campaigns to improve occupational health and safety, focusing on volatile and toxic chemicals.

Denmark:
- Campaigns to improve the safety culture with the primary aim of reducing the number of accidents at work.
- Reduction in the number of spillages and waste with special focus on the discharge of chemicals to open areas.
- Maintaining certifications in accordance with the ISO 14001 and OHSAS 18001 standards.

New EU chemicals regulation
- Pre-registration: Reporting the substances which Cheminova wants to register during the 11-year phase-in period.
- Registering the substances which Cheminova handles which cannot be pre-registered (substances which are considered as new in relation to the regulation).
- Starting to compile information and data for the substances Cheminova handles which must be registered before the end of 2010.
- Communicating with our suppliers and customers about the obligations for our business entailed by REACH.

Supplier management
- Continuing to distribute information about the Supplier Code to relevant suppliers and requiring them to accept the principles contained therein.
- Conducting six official audit visits in 2008.

- Conducting training in the Supplier Code for relevant employee groups which are in contact with suppliers.
- Extending the Supplier Code so that it covers all subsidiaries by the end of 2009.

Human Resources

- Revision of Cheminova's mission and values, for example with a view to ensuring that CSR is firmly rooted and disseminated further throughout the organisation.
- Carrying out a global HR audit process.
- Conducting a follow-up on the Code of Business Principles.

From Auriga's annual report

Following Auriga's divestment of the subsidiaries Hardi and Skamol, Cheminova is the only subsidiary in the Auriga Group. Consequently, the addition of value will be concentrated on the development of Cheminova, which has a healthy foundation for strong organic growth.

Mission
Cheminova's mission is to control unwanted insects, plants and fungi in order to secure the global supply of food and plant fibre and to improve the living conditions of the world's population in general.

Objectives and strategy
Cheminova's objective is to be the best innovative global supplier of generic products within the agrochemical industry.

Cheminova's strategy is to optimise and develop the company's five core competences: to identify, develop, register, manufacture and market known plant protection products better and more cheaply than any other company in the industry.

In the 2008-2010 period, revenue and earnings must be increased through the introduction of new products, through improvements in production and all other functions and through active participation in the expected structural rationalisation process in the industry. The target is, through organic growth alone, to increase revenue to DKK 5.5 billion.

Organisation
With a view to optimising the decision-making processes and working procedures, a new global organisation was established on January 1, 2008.

The most important changes are:

- Four regions have been established: Europe, ANZAC (Australia, New Zealand, the USA and Canada), Latin America and International, and four regional presidents have been appointed who report to the Group's Board of Executives. Cheminova India is continuing as a subsidiary with its own Board of Directors.
- Together with the senior vice presidents, the Vice President for Portfolio Management and the Board of Executives, the four regional presidents make up Cheminova's top management.

Cheminova has approx. 1,600 employees. Of these, 800 are employed at Rønland in Denmark and 800 in subsidiaries and representative offices abroad.

The locations of subsidiaries, joint venture companies and representative offices are marked in red (as of March 2008).

Profit

Cheminova – financial highlights					
DKKm	**2007**	2006	2005	2004	2003
Revenue	**4,361**	4,032	4,017	4,094	3,420
EBITDA	**338**	184	639	837	540
EBIT	**160**	18	458	646	336
Profit/loss before tax	**91**	(71)	369	607	251
Tax	**25**	69	107	204	104
Research and development	**138**	131	127	122	134
Staff costs	**514**	486	448	425	427
Number of employees (avg.)	**1,610**	1,608	1,534	1,505	1,541

Product development

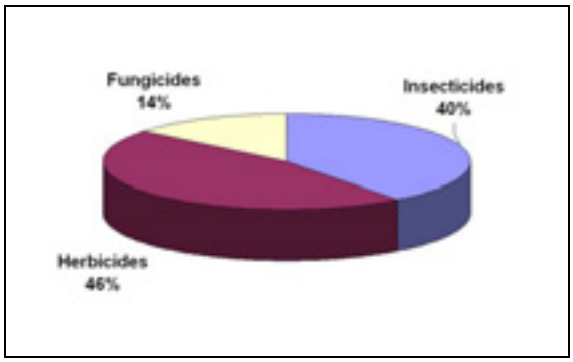
A key contributor to Cheminova's organic growth is its capacity to continue to develop and launch new generic products with significant market potential.

The Business Plan, which covers the period up until and including 2010, contains an extensive programme for the development of new active ingredients which will be marketed in a large number of countries. On average, three new substances will be introduced each year. In addition, several new products will be introduced locally by the subsidiaries. Development and innovation are covered in more detail later in the present report.

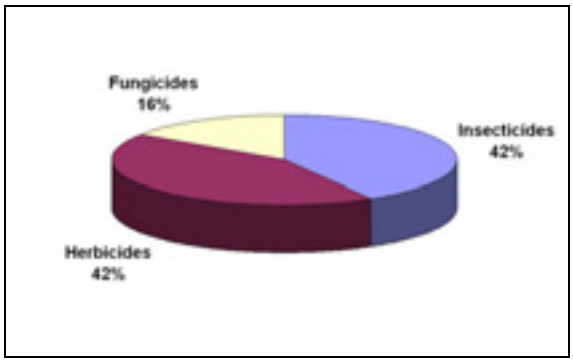
Sales and product stewardship

Cheminova's sales in 2007
Cheminova's sales of plant protection products include supplies of both active ingredients and ready-for-use formulations to more than 100 countries. In 2007, Cheminova's subsidiaries handled approx. 85% of sales, which is on a par with 2006.

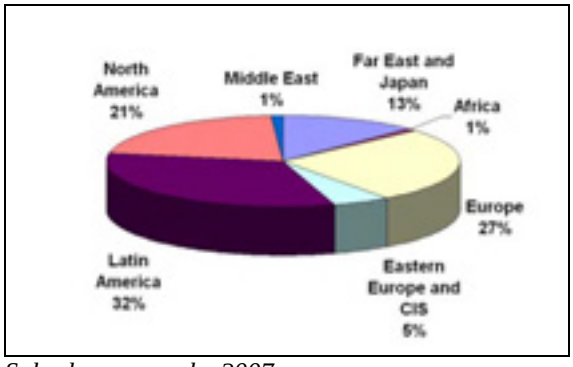
The distribution by product type and country is largely the same as last year. The relatively higher share of sales in higher middle income countries is primarily due to the fact that Brazil now belongs in this category.
For further comments on sales, please refer to Auriga's annual report [link].



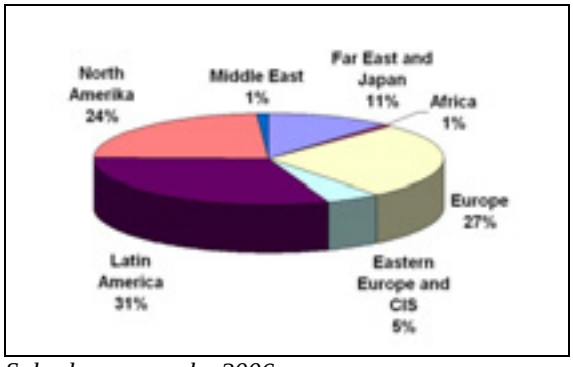
Sales by product type 2007



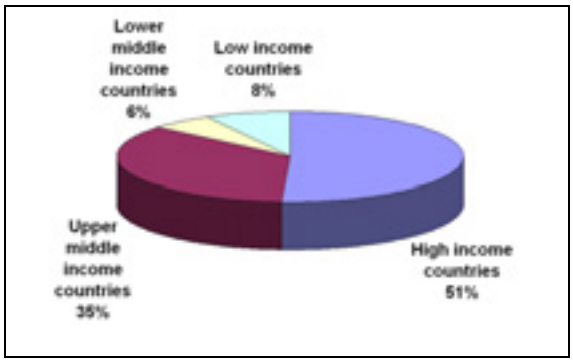
Sales by product type 2006



Sales by geography 2007

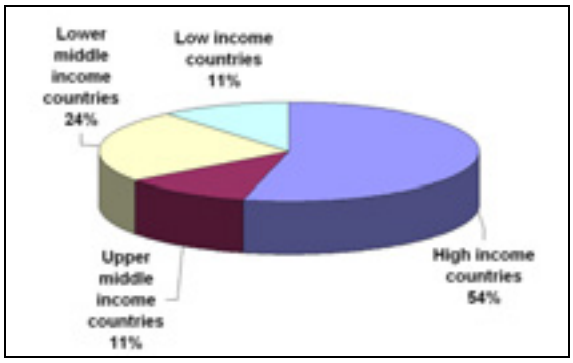


Sales by geography 2006



Sales broken down by rich and poor countries 2007

2007: Sales broken down by rich and poor countries (breakdown according to the World Bank's categories of gross national income per capita: Low income USD 905 or less p.a.; lower middle income USD 906-3,595 p.a., higher middle income USD 3,596 - 11,115 p.a., higher income USD 11,116 or more p.a.).



Sales broken down by rich and poor countries 2006

2006: Sales broken down by rich and poor countries (breakdown according to the World Bank's categories of gross national income per capita: Low income USD 875 or less p.a.; lower middle income USD 876-3,465 p.a.; higher middle income USD 3,466-10,726 p.a.; higher income USD 11,116 or more p.a.).

Sales of the most toxic products

The most toxic products are those which, according to the WHO classification (The WHO Recommended Classification of Pesticides by Hazard and Guidelines to Classification 2004), fall into class Ia "extremely hazardous" and class Ib "highly hazardous".

The active ingredients which fall into this category are methyl parathion, monocrotophos, DDVP and triazophos, which are produced by Cheminova, as well as methamidophos, carbofuran, methomyl and fenamiphos, which are third-party products sold by Cheminova in the form of formulations, i.e. ready-for-use products.

WHO classification of pesticides based on acute risk	
Class Ia	Extremely hazardous
Class Ib	Highly hazardous
Class II	Moderately hazardous
Class III	Slightly hazardous
U	Unlikely to present acute hazard

The active ingredients methyl parathion and carbofuran are included in both class I and class II formulations, while the ready-to-use triazophos products are only class II formulations. Cheminova's phase-out concerns class I ready-to-use products in countries outside the US, Canada, Australia, Japan and the EU. In 2007, total sales of class I products accounted for about 5% of revenue and were thus on a par with 2006.The breakdown of products by country can be seen in the table below. The new class I products mentioned in the table all belong to countries which are not covered by the phase-out programme.

Overview of which class I ready-to-use products Cheminova were sold in 2007 and where	
Country	**Product**
Australia	Methyl parathion EC
	Methomyl EC
USA	Methyl parathion EC
Mexico	Methyl parathion EC
	Methamidophos EC
	Methomyl SP*
Colombia	Methyl parathion EC
	Methamidophos EC
	Monocrotophos SL
	Carbofuran SC**
Brazil	Methyl parathion EC
	Methamidophos SL
Argentina	Methamidophos EC
Spain	Fenamiphos EC
	Methomyl EC
Taiwan	Methyl parathion EC*
India	Monocrotophos SL
	DDVP EC
	Phorate GR

** products which were phased out during 2007.*
*** phased out and not sold in 2007.*
EC = Emulsifiable Concentrate; SP = Soluble Powder; SL = Soluble Liquid; SC Suspension Concentrate.

Product stewardship
The underlying principle for Cheminova's stewardship of plant protection products is risk reduction. Here, the cornerstones are:

Legislation
Cheminova complies with national legislation in all the countries where Cheminova's products are sold. A key element is that Cheminova only markets products for which marketing permission has been obtained in accordance with local rules as well as the rules outlined in the Rotterdam convention concerning "Prior Informed Consent", which are also contained in EU legislation and which regulate the export of specific chemical substances.

FAO's Code of Conduct
In 2007, the FAO's Code of Conduct was formally implemented in all the subsidiaries' management principles. The FAO's Code of Conduct specifies standards which purport to reduce the risks involved in distributing and using plant protection products.

Phase-out of the most toxic substances
Cheminova's phase-out plan relates to ready-to-use products which fall under the WHO classes Ia and Ib, i.e. products which are classified as "extremely hazardous" and "highly hazardous", respectively.

The phase-out plan has been acknowledged by the FAO, which in its report from the "1st FAO/WHO joint meeting on pesticide management and 3rd session of the FAO panel of experts on pesticide management 22-26 October 2007" has found reason to draw attention to Cheminova's plan as a concrete initiative from the pesticide industry aimed at reducing the availability of the most toxic substances in developing countries.

Cheminova's phase-out plan		
Country	**Product**	**Phase-out year**
Mexico	Methyl parathion EC (class I)	2009
	Methomyl SP (class I)	2007
	Methamidophos EC (class I)	2009
Brazil	Methyl parathion EC (class I)	2010
	Methamidophos EC (class I)	2009
Colombia	Methyl parathion EC (class I)	2009
	Monocrotophos SL (class I)	2009
	Methamidophos EC (class I)	2009
	Carbofuran SC (class I)	2007
Taiwan	Methyl parathion EC (class I)	2007
Cuba	Methyl parathion EC (class I)	2009
Argentina	Methamidophos EC (class I)	2009
India	Monocrotophos SL (class I)	2009
	DDVP EC (class I)	2010
	Phorate granulate (class I)	2009

EC = Emulsifiable Concentrate; SP = Soluble Powder; SL = Soluble Liquid; SC = Suspension Concentrate.

Meeting targets
In 2007, we focused on reducing the risks associated with handling the most toxic of our products. The targets which have been achieved for specific activities as shown in the CSR report 2006 can be seen under “Status for individual countries” on page 16.

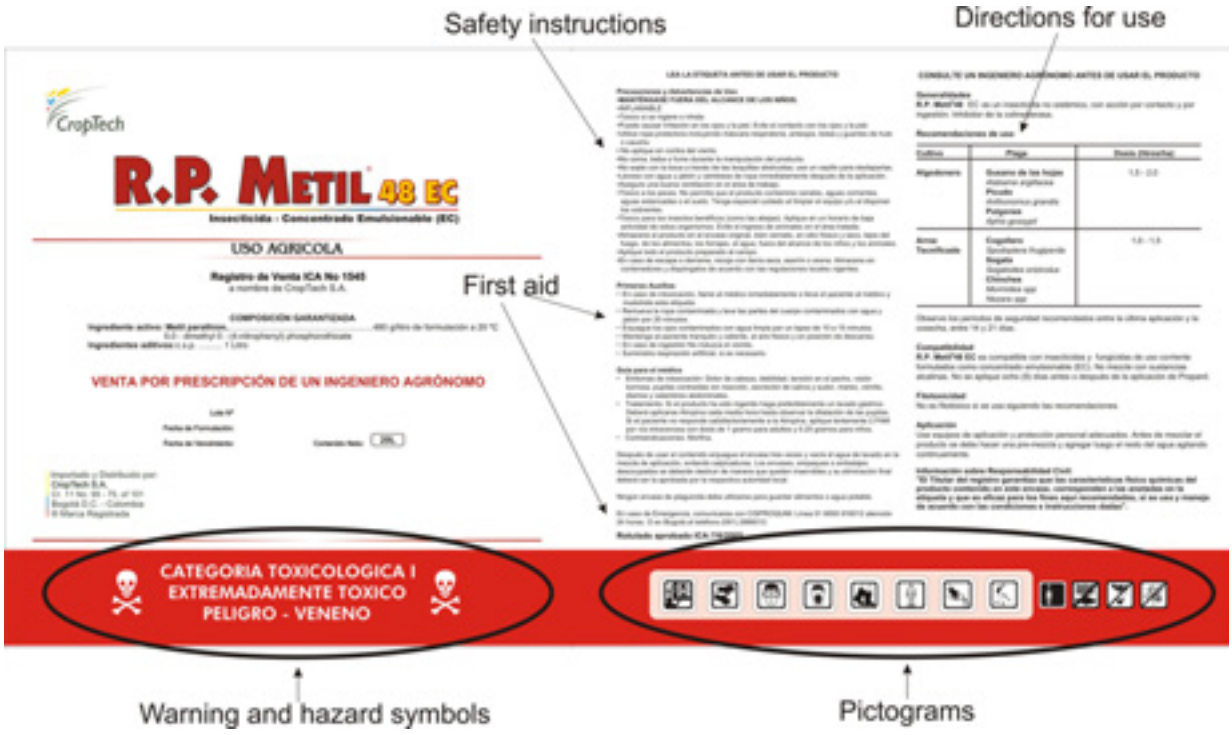
Progress in the Indian project for developing a class II formulation of monocrotophos and the Brazilian campaign to encourage farmers to use personal protection gear is described in the article below.

Phase-out according to plan
In last year’s CSR report, we published a detailed country-based plan for phasing out WHO class I products. In 2007, we had planned to phase out the sale of three products in three countries, so that these products are no longer included in Cheminova’s list of sales products in 2008. This has been effected. The products methomyl, carbofuran and methyl parathion are no longer part of the product programme in Mexico, Colombia and Taiwan, respectively.

Implementing stewardship guidelines
The managements of all the subsidiaries as well as Cheminova’s sales organisation in Denmark have approved a set of stewardship guidelines which, among other things, require compliance with the FAO’s Code of Conduct and the phase-out of the most toxic products – WHO class I products – in specified countries according to the schedule we published last year. Moreover, the guidelines oblige all the subsidiaries to join local industrial organisations for which user safety and complying with the FAO’s Code of Conduct are part of their principles.

Less toxic alternatives
The work to develop a WHO class II monocrotophos product is going according to plan at our Indian subsidiary. The project is described in the article below. Moreover, Cheminova’s global development activities include a number of projects aimed at introducing new and less toxic products. [link til CIL historie],[link til udviklingsafsnit]

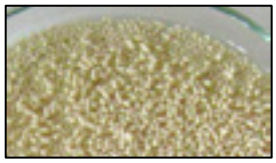
Labels
All labels on WHO class I products in all packaging sizes which are sold by Cheminova have been checked. It has been confirmed that, as far as Cheminova’s own products and third-party products are concerned, the labels carry warnings, hazard symbols, first-aid information and instructions for use. With regard to products sold outside the USA, Australia and Europe, the labels also carry pictograms which, by means of simple drawings, support the safety instructions. [link til et billede af en etiket med tekstforklaring]
Labelling policy: The work on preparing general internal guidelines on labelling started but was not completed in 2007 as planned. The final presentation of this policy has been waiting for a new regional sales structure to be decided, which is being implemented in 2008.A global labelling policy will be prepared in 2008.



Laboratory animals

To avoid repeating tests which have already been conducted and consequently the unnecessary use of laboratory animals, a policy has been implemented which to the widest possible extent aims to ensure that the rights to existing test data are purchased. Documentation in the form of such test data for vertebrates is a precondition for having the products approved by the authorities before marketing commences.

Development of new class II formulation of monocrotophos in India



Satisfactory progress in the development of less toxic formulation

Today, monocrotophos is marketed as a liquid concentrate which needs diluting with water before use. The product is a WHO class I product (highly hazardous product) because of its acute toxicity. Consequently, the product is included in Cheminova's phase-out programme for the most toxic plant protection products. Last year, it was announced that Cheminova India had initiated a project which was aimed at developing a less toxic formulation to replace the class I product.

In the early development stages of the project, it has been possible to produce a new formulation based on innovative technology. The character of the monocrotophos molecule and the warm and humid environment in which the formulation needs to be stable have made it a particularly challenging task to develop a granular product with the required properties. A high-quality granular formulation must be uniform, low odour and easily soluble in water with minimum deposition of carriers in the spray tank to ensure the spray liquid does not block the spraying equipment.

Toxicological tests performed by two independent laboratories have confirmed that it is a less toxic product: WHO class II.

The first field trials in rice and cotton have shown that the product is just as efficacious as the old formulation. Further tests of efficacy and environmental parameters are being performed, and it is expected that the required data can be submitted to the regulatory authorities according to plan.


The product's properties are documented through field trials. Here, its effect against harmful insects in cotton is studied.

Campaign to promote use of protective gear in Brazil

In 2007, Cheminova's subsidiary in Brazil launched a national campaign to promote the use of personal protective gear. At all agricultural fairs and "field days" where Cheminova was represented, focus was on user safety. The campaign has been run under the slogan "Protective clothing or hospital admission – the choice is yours", and followed up with a brochure containing detailed instructions and illustrations showing that protective clothing is a basic requirement in a number of situations.

Likewise, a DVD has been produced with the same message as well as more detailed and user-friendly instructions. The material is being actively used at all Cheminova's sales events, and considerable interest has been shown by farmers and distributors in the business. The campaign continues in 2008, when Cheminova's DVD will also be made available to training institutions.

Printed matter such as posters and brochures are important media in the campaign.

Status regarding individual countries

Mexico

Sales of the product methomyl have been discontinued in accordance with the phase-out plan. Supplies of methyl parathion class I products in small containers have been discontinued, as sales of this product are limited to distributors in the northern part of the country where farming is dominated by professional farmers. The product methamidophos is also being sold within a similar geographical boundary.

Industrial sales of technical methyl parathion are restricted to companies that manufacture

class II products such as low-concentrate powder formulations.
Cuba In 2007, Cheminova sold no methyl parathion to Cuba. Cheminova has not managed to conduct negotiations with the Cuban authorities with the aim of replacing methyl parathion with less toxic alternatives. However, with the kind assistance of Danish occupational health and safety doctors (from the organisation ICOEPH, International Centre for Occupational, Environmental and Public Health), contact has been established with the National Institute of Occupational Health in Havana, which we hope can influence the process of replacing methyl parathion with less toxic alternatives.
Colombia The company CropTech, in which Cheminova holds a majority interest, is in future participating on an equal footing with other subsidiaries in Cheminova's stewardship activities. Class I products based on carbofuran were phased out during 2007 in accordance with the plan. Efforts are being made to supply the market with less toxic alternatives. Generally, the Colombian market participates in a number of Cheminova's development projects concerning new, less toxic, generic products.
Brazil Supplies of class I products in small containers have been discontinued, and sales of these products are limited to states where farming is dominated by professional farmers. The product approvals for class I products have been withdrawn in states where the working conditions in farming are more underdeveloped. In 2007, Cheminova launched a national campaign aimed at promoting the use of the right protection gear in the form of personal protective gear. Providing training in correct product use is still an integrated part of the marketing efforts. Here, the efforts of technical employees as well as those of the sales personnel are regularly reported and assessed. Cheminova is committed to an eradication programme where a class III product is used rather than the toxic class I products for eradicating boll weevil. This activity is being extended in 2008 with a sponsorship for the programme in the state of Goias.
Uruguay Cheminova does not sell class I products to farmers in Uruguay. The manufacturer of a low-concentrate powder formulation of methyl parathion (WHO class II) has agreed to furnish the product labels with pictograms. This will be followed up on in 2008.
Argentina Cheminova's only class I product is sold exclusively in 20-litre containers, the preferred container size of professional farmers. Information on the safe use of the product is an integrated part of the marketing efforts. We are starting to phase out metal cans in favour of plastic containers, which can be directly disposed of via one of the trade organisation's subsidised collection and recycling schemes for used pesticide containers.
India Work on developing the less toxic solid formulation of monocrotophos is going according to plan, as described elsewhere in this report. Considerable training is still being provided regarding safety and the correct use of Cheminova's products, with 114,000 people being instructed in connection with product marketing during the year.
Taiwan As of the end of 2007, methyl parathion has been phased out, so that in future Cheminova only sells the less toxic micro capsule formulation in Taiwan. After this, Cheminova sells no class I products on the Taiwanese market.

Targets for 2008

- Preparing a global labelling policy concerning the products which are marketed under the Cheminova trade marks.
- Introducing a system to document that information about safety issues and using products according to the rules is an integrated part of the sales and marketing initiatives.
- Integrating product stewardship activities in Cheminova's new regions under which the present subsidiaries belong, so that the division of responsibility reflects the new organisation.
- Continuing phase-out plan for the most toxic products.

Development and innovation

The development of new products is the theme for this section, which also provides an insight into the company's product pipeline and chemical development activities both in Denmark and India.

Cheminova is currently investing considerable resources in development and growth, both with regard to acquiring new companies and launching new products. The development of new generic plant protection products and new ready-to-use products – formulations – is one of the company's core competences.

New products

Most resources are invested in the development and registration of new products in the form of both active ingredients and formulations. Each year, a triple-digit million sum is invested in the development of new products alone. These are modern plant protection products which are primarily in demand in developed countries. See the figure below.

Reduced risk

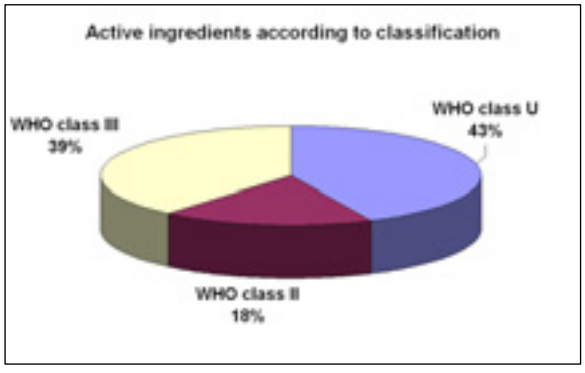
These plant protection products generally represent a significantly lower risk profile that the old class I products, which are playing a declining role in the company's product programme. When looking at the active ingredients used in Cheminova's development projects – including local projects in the subsidiaries – there is a clear predominance of substances with a very low extreme toxicity - see the figure below. In addition, the ready-to-use products usually consist of diluted formulations, where the toxicity is further reduced.

The development work involves both insecticides, fungicides and herbicides, with most new products being found within the last two categories where Cheminova has identified the most interesting development potential.

Development improving daily operations

The development departments in Denmark and India provide chemical and technical assistance to daily operations and production. At both production sites, the development departments also participate in the ongoing efforts to reduce the consumption of raw materials and streamline the chemical processes to minimise the formation of waste products.

The generic products being developed by Cheminova are distributed across the markets with the majority in the most prosperous countries (the OECD's income criteria can be found in the section about sales and product stewardship).



Cheminova's development products are largely based on active ingredients which have very low extreme toxicity according to WHO's criteria.
WHO class U: Unlikely to present acute hazard. WHO class III: Slightly hazardous.
WHO class II: Moderately hazardous.

Development of new active ingredients
New potential products are identified by market analysts and agronomists. The world market is analysed from a commercial and agronomic perspective with the aim of identifying potential product candidates that match Cheminova's development needs and strategy.

Project work
The actual development of new active ingredients takes place through project work, which on the chemical side in Denmark involves three departments, i.e. synthesis development, process development and the trials department. The first of these is largely staffed by university chemists, chemical engineers and laboratory technicians, while chemical engineers and technicians are the primary strengths in the other two departments. In Denmark, more than 40 people are involved in the development chemistry of active ingredients. At the Indian R&D centre, sixteen chemists are engaged in process development and optimisation.

New active ingredients and more environmentally friendly manufacturing methods


Preparing for test production.

In both Denmark and India, the work on developing new and efficient manufacturing methods focuses considerably on the environment and safety. The new active ingredients can be characterised as being less toxic, while the chemical processes employed to produce the active ingredients present a number of challenges. In connection with the development of a competitive production process for active ingredients, all intermediates, effluents and process stages must be carefully analysed and assessed in the laboratory. Later in the project process, the processes must be tested on a larger scale before establishing proper production. Scaling up the processes from laboratory to pilot plant requires significant development efforts, where the operating conditions, environmental and safety conditions are systematically assessed.

Innovative chemistry
Even though the active ingredients are well known on the world market, Cheminova often develops completely new production processes based on innovative chemistry from the outset, which requires comprehensive environmental and safety reporting work.

The development of new products requires in-depth know-how about the latest chemistry. New products are often complex substances, the manufacture of which involves many synthesis steps while also requiring highly product purity.

Cooperation
Sometimes, chemical development work takes place in cooperation with external laboratories. Joint development activities can comprise anything from purchasing already-developed products or processes to the joint development activities where Cheminova, in collaboration with the external laboratory, optimises the process. Development in cooperation with external laboratories is taking place to an increasing extent, and in future is expected to demand more efforts on the part of Cheminova's development department.

Development of formulations
Before an active ingredient becomes a usable plant protection product, it needs to be in a form which can be mixed with water and used in the farmers' spraying equipment. In Denmark and

India, the work to develop formulations takes place in biological and chemical development laboratories, where more than 35 people are engaged in developing and testing ready-to-use formulations of herbicides, fungicides and insecticides.

Product testing in biolab.

Testing the effect on cotton bugs.

The development activities are targeted at solid and liquid formulations, and new development comprises both the company's existing products as well as the new products which are being launched in the coming years. Here, efforts are made to produce patentable formulations.

Main types of formulations

Formulations based on organic solvents		
Contents	Advantages	Disadvantages
Active ingredient, solvents, emulsifiers	Simple manufacturing process, easy to handle, useable with most active ingredients	Contain environmentally unfriendly organic solvents. Flammable, can be corrosive, can cause damage to plants and increase the toxicity of the active ingredient. Expensive packaging

Water-based formulations		
Contents	Advantages	Disadvantages
Active ingredient, water, emulsifiers, spreading agents and thickening agents	Several types of formulations e.g. microcapsules, non-corrosive, non-flammable, less damage to plants. Useable with most active ingredients, do not increase the toxicity of the active ingredient, cheap packaging	High development costs, complex manufacturing process, sensitive to temperature

Solid formulations (granulates)		
Contents	Advantages	Disadvantages
Active ingredient, carriers, spreading and moistening agents	Tolerate temperature fluctuations, do not increase the toxicity of the active ingredient, cheap packaging	High development costs, complex manufacturing process, require clean sprayer water, only suitable with a few active ingredients

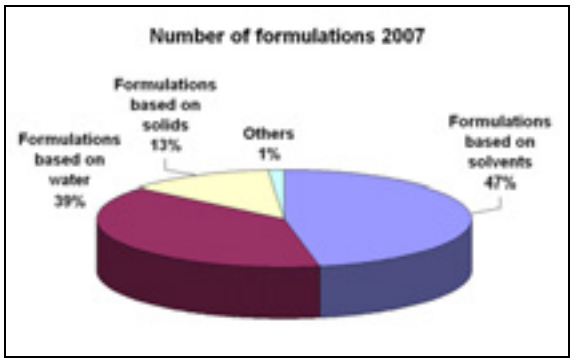
Innovative formulations

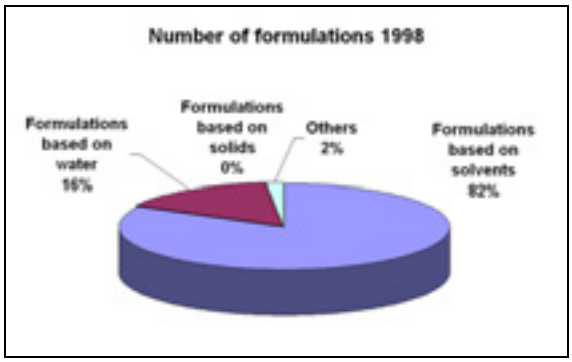
Formulation chemistry is an area where Cheminova is innovative. More effective, safer and more stable formulations with approved accessory agents are being developed, and the trend

towards better targeting and more precise application of agrochemicals is addressed. These objectives, of course, are also major aims in the marketing strategy of supplying proprietary formulations.

New accessory agents

The accessory agents which are necessary for manufacturing the formulations are, like other chemicals, subject to the approval of regulatory authorities, which means that emulsifiers, solvents, colourings, thickening agents etc. which have an unacceptable impact on the environment and on human health must be replaced by better alternatives. The main challenge for the department developing the formulations is to develop new formulations which are safer for farmers to use. Consequently, there is considerable focus on replacing organic solvents with water, and on developing solid formulations which are completely free from solvents.





More environmentally friendly products

Here, the development work has borne fruit in recent years. In the figure above it can be seen that Cheminova's portfolio of modern formulations has been significantly increased at the expense of the traditional emulsifiable concentrates, where active ingredients and accessory agents are dissolved in organic solvents.

This trend will continue in the coming years. It is not possible to completely phase out solvents for the time being, but the company is striving to use more environmentally friendly and biodegradable ingredients, and, where possible, products which have been approved as food additives will be used. Natural or modified plant oils are used to an increasing extent as solvents.

The right packaging

An integral part of the development work with formulations involves the selection and testing of packaging materials. As part of the approvals procedure for new products, documentation is required that the packaging/container which is used is sufficiently robust to withstand handling during transport, storage and use. Under changing climatic conditions, the containers must always retain their strength and impermeability so they can be safely handled by users.

The latest products

New formulations have been developed for the generic products which we expect to launch in 2008. These are dry formulations in the form of water-dispersible granules, and the liquid products are either water-based or based on plant oils. Traditional organic solvents are only used for a single product. However, this product will be launched at a later date as a water-based microcapsule formulation.

Targets 2008:

- In 2008, a code of conduct will be prepared concerning requirements of external partners in connection with development activities. The code of conduct will be implemented in 2009.
- The product programme will be based to an increasing extent on environmentally friendly formulations.

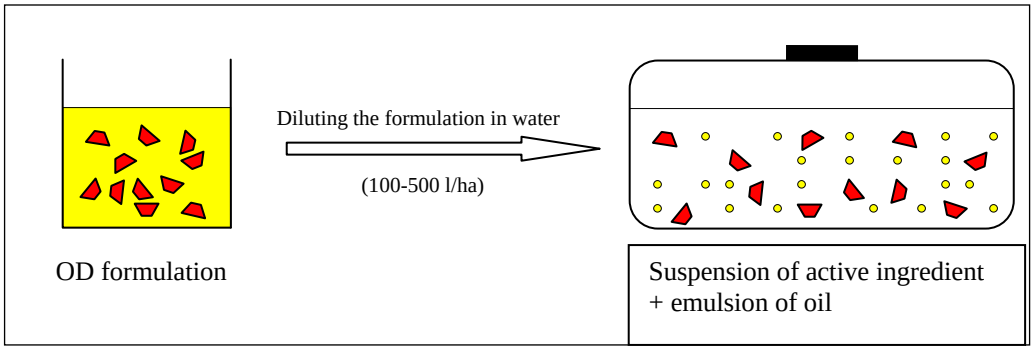
Cheminova's latest formulation
Active ingredient particles in plant oil, a so-called OD formulation

Treating an area the size of a football pitch with 50-100 g of active ingredient places considerable demands on the formulation of the active ingredient. The ingredients which, in addition to the active ingredient, make up the formulation, must ensure that:

- The product is safe and easy to handle.
- The formulation can easily be mixed with water.
- The active ingredient will be evenly spread across the entire area.
- The biological effect is optimal.
- The product has the least possible environmental impact.

For plant protection products which need to be absorbed by the plant to achieve the optimum biological effect, it is crucial that the active ingredient is transported as quickly and efficiently as possible through the outer wax and cell layer of each leaf. Generally, transport can be enhanced by adding appropriate surface-active agents and/or spreading oils to either the formulation or the spray liquid. Here, the OD formulation offers a unique opportunity to combine the active ingredient with a spreading oil. This type of formulation has only been introduced to the agrochemical sector in recent years.

An OD formulation is an oil-based suspension of solid active ingredient particles. When this is added to the spray liquid, it forms a suspension of the solid active ingredient and an emulsion of oil drops.



Manufacturing OD formulations is normally based on vegetable oil, which ensures that no unwanted damage is caused to the treated crop, and that environmental impacts remain minimal.

The type of OD formulation is particularly relevant for highly active plant protection products, where very small amounts of active ingredient are evenly spread over a large area.

Therefore, OD formulations figure highly in Cheminova's thinking when it comes to renewal and expansion of Cheminova's product programme. These considerations mean that Cheminova has registered one OD formulation while two more are being developed. Of these three products, two will be completely unique in the markets in which they are to be introduced.

Production

In the CSR report for 2006, various targets were established for 2007 relating to the production plants in India and Denmark which needed to be realised in 2007. The status of these targets is listed below.

Follow-up on targets for 2007

In the following, the targets are stated with an analysis of the extent to which they have been achieved.

India:

- Establishment of a new incineration plant for chemical waste
  Comments: Follows the established plan. The plant was ordered in 2007, and construction has commenced. It is expected that the plant will be operational by mid-2008.
- Establishment of natural gas-fired CHP plant.
  Comments: The plant was commissioned in March, and is operating as planned.
- Contributing to optimising waste-water purification at the joint purification plant for industrial enterprises in the area.
  Comments: Operations at the plant were significantly improved in 2007. However, the volumes of waste water received by the plant are now too large for the plant to treat it satisfactorily. Steps are being taken to increase the capacity of the plant.

The natural gas-fired CHP plant in Panoli.

- Reduction in the number of accidents at work and unintended incidents.
  Comments: The number of accidents at work has increased while the number of unintended incidents has been reduced, as can be seen from the enclosed fact schedule. The theme section “Occupational health and safety” describes how these issues are being addressed at the companies.

Denmark:

- Use of waste hydrogen for energy purposes:
  Comments: Hydrogen is produced as a by-product by one of the production processes. In December 2007, the plant which utilizes this hydrogen was commissioned. The plant results in annual energy savings of 26,400 MWh, which corresponds to the annual power consumption of 7,000 households or the heating consumption of 1,750 households. Moreover, CO_2 emissions are reduced by 5,400 tonnes per year.

Cheminova bestod svær eksamen

The boiler for combusting waste hydrogen on Rønland. *Certification for the factory in Denmark.*

- Environmental certification of the company in accordance with the ISO 14001 standard.
  Comments: We received the certification in February 2007. Det Norske Veritas (DNV) is the certifying body.
- Occupational health and safety certification of the company in accordance with the OHSAS 18001 standard.
  Comments: We received the certification in February 2007. Det Norske Veritas (DNV) is the certifying body.
- Reducing the number of accidents at work and unintended incidents.
  Comments: The number of accidents at work has increased while the number of unintended incidents has been reduced, as can be seen from the diagram. The theme section "Occupational health and safety" describes how these issues are being addressed at our companies.

Occupational health and safety

Occupational health and safety have always been areas of focus for Cheminova, as is seen in our environmental policy. The policy states that we endeavour to make ongoing improvements in these areas.

Closed process plants at the Rønland site.

There are two important disciplines in relation to occupational health and safety – the first is prevention, while the second is readiness in the event of an accident. These are described in the following under the headlines "Prevention is most important" and "If an accident occurs". There is also a review of the similarities and differences between the companies in Denmark and India. Finally, we explain where we are doing well in terms of occupational health and safety, and where it is important that we improve.

Prevention is most important

Employees at a company should neither come to harm nor fall ill as a result of performing their work, so preventive efforts are therefore very important. In order to work systematically with prevention, two factors need to be addressed: technology and people's attitudes.

Technical safety is, on the face of it, the easiest and most obvious factor to deal with. The plants are designed to be safe through safety installations such as casing, shields, instrumentation and alarms. A typical example of this at our companies is a chemical process plant where the effect of chemicals on people is minimised to the greatest possible extent by running the process in closed systems and controlling it via instrumentation.

Maintenance work at the company in Panoli.

The human factor, also termed the safety culture, is a question of teaching employees to conduct themselves in a safe way. This is achieved through active management in the form of instruction, supervision and follow-up. To assist in this, we use the following rules for safe conduct in general work situations. A typical example might be where it is necessary to perform maintenance work on plants at regular intervals.

If an accident occurs

Even though a professional approach is taken to prevent accidents and emergencies, they still occur. In such a situation, being prepared to handle such emergencies is extremely important. The emergency preparedness system must limit the extent of the accident and help anyone injured. To have an efficient emergency preparedness system, the necessary equipment must be in place, and the organisation must be trained to deal with such emergencies.

At a chemicals company which handles flammable, swift response times in the event of a fire or explosion are vitally important. The companies therefore maintain a high level of fire preparedness thanks to the presence of fire-fighting vehicles and the necessary fire-extinguishing agents.

Fire engine belonging to the company on Rønland.

Protection unit exercise on Rønland.

A very important aspect of an efficient emergency preparedness system is training the organisation regularly in how to deal with accidents and emergencies. Weekly training is therefore conducted at the companies for the plant protection units. The training is geared at dealing with emergencies involving fire and chemical spillages, and handling any injured.

Similarities and differences between the companies in India and Denmark

Denmark has a long tradition for creating safe working environments. It is based on a dialogue between the companies, the trade unions and the authorities. One of the results of this is that it is a legal requirement to set up a safety organisation with employer and employee representatives . In Denmark, a significant part of the safety efforts are based on this organisational structure.

When Cheminova took over the company in India in 1997, it was decided to transfer the Danish model to the Indian subsidiary. Thus, an organisation has been created in India which resembles its Danish counterpart with safety reps, safety meetings, safety drills etc., which has generally been a positive experience. However, it is necessary to be aware of the differences that exist between Denmark and India.

One of these is the social conditions. The Indian company does not have access to the same health and emergency services as those which are available in Denmark. At the company in India, it has therefore been necessary to make special arrangements with doctors and involve them and local hospitals in the area in the preventive work so they can treat any injured employees quickly and professionally. Moreover, the company has its own ambulance, so people can be transported safely and quickly, should the need arise.

Another difference is the safety culture. In India, people generally live with a higher level of risk than in Denmark. The concept of “safe behaviour” is therefore not regarded in the same way in India and Denmark. In relation to the safety culture, the company’s policies are, in prin-

ciple, the same. Ongoing improvements are desired at both companies, but it is necessary to accept that the starting points for this process are different in the two countries.

What can be improved?

There is a long-standing tradition in the chemical industry for taking a systematic and targeted approach to ensuring safe conduct in relation to handling chemicals. This applies to daily exposure as well as preventing accidents. However, there has not been quite the same tradition as far as the physical working environment is concerned in terms of operations, construction activities and maintenance works. This is reflected in the accident statistics, where injuries affecting back, arms and legs etc. exceed those involving chemicals. In future, efforts will be made to reduce injuries.

Facts: Environment, health and safety

More extensive data are available for the production in Denmark in the annually prepared green accounts, including historical data for the past five years.

The accounting policies applied are described on page 41.

	Unit	Cheminova A/S		Cheminova India Ltd.	
		2007	2006	2007	2006
Water consumption:					
Cooling	m^3	49,000,000	51,046,000	80,004	84,923
Processes and ordinary consumption	m^3	749,000	779,094	193,617	196,296
Energy consumption:					
Natural gas	MWh	409,483	465,564	70,787 (note 1)	60,766 (note 1)
Electricity	MWh	74,977	78,201	8,595 (note 1)	16,897 (note 1)
Heating oil	MWh	590	534	1,881 (note 1)	2,871 (note a+1)
Discharge of waste water:					
COD	Tonnes	174	181	27	27
Nitrogen	Tonnes	22 (total N)	20 (total N)	9 (ammonium-N)	11 (ammonium-N)
Phosphorus	Tonnes	4	4	24	50
Air emissions:					
SO_2	Tonnes	36 (note 2)	259	1	5
Particles	Tonnes	11 (note 3)	1	5	13
CO_2	Tonnes	97,000	109,660	12,540	11,710
Ordinary waste:					
Reuse	Tonnes	2,801	2,904	518	499
Incineration	Tonnes	857	976	0	0
Depositing	Tonnes	31,296	36,450	36	42
Hazardous waste:					
Reuse	Tonnes	0 (note 4)	172	0	2
Incineration	Tonnes	6,127 (note 5)	4,970	2,775 (note 6)	2,103
Depositing	Tonnes	0	0	955 (note 7)	1,810 (note a)
Spillage and waste:	No.:	21	37	48	58
Accidents (note b):	No.:	19 (27)	17 (19)	12	4
Accident frequency (note b):		28.5 (36.0)	23.5 (26.4)	7.28	2.86
Absence from work due to accidents (note b):		3.7 (4.8)	2.7 (2.8)	0.06	0.81

Note a: Changed in relation to the CSR report for 2006, which contained errors in the calculations.

Note b: Figures in brackets cover absence from work for more than one day, which is the normal specification in Denmark.

Comments on developments from 2006 to 2007:

Note 1: There are several reasons for the changes in energy consumption in India. A natural gas-fired CHP plant has been commissioned, which has led to a significant increase in natural gas consumption which is counterbalanced by a fall in the amount of power purchased. Also, a diesel-driven generator has not been used as much. Moreover, an incineration plant was converted so that it is now fired by natural gas rather than diesel fuel.

Note 2: In February 2007, Cheminova commissioned a SO_2 scrubber at the Claus plant in Denmark. This has resulted in a marked reduction in SO_2 emissions.

Note 3: In Denmark, particle emissions have increased significantly, which is due to defective filters.

Note 4: In 2006, used active coal from a production plant was supplied to a coal power station. Today, it is supplied to Kommunekemi.

Note 5: The volume of condensed waste water from the production in Denmark which is treated by Kommunekemi has increased by more than 1,000 tonnes. Moreover, incinerating waste which has built up from the production of a single product has contributed to the volumes of hazardous waste for incineration in Denmark.

Note 6: The reason for the increased volume of hazardous waste in India is an increase in the production of acephate**.**

Note 7: The reason for the fall in the volume of hazardous waste for depositing in India is that it has been possible to use a significant proportion for processing.

Targets for 2008

India:

- Commissioning of a new incineration plant for chemical waste.
- 20% reduction of COD in the waste water discharged from the company.
- Examining the possibilities for reducing the waste-water flow.
- Campaigns to improve occupational health and safety, focusing on volatile and toxic chemicals.

Denmark:

- Campaigns to improve the safety culture with the primary aim of reducing the number of accidents at work.
- Reduction in the number of spillages and waste with special focus on the discharge of chemicals to open areas.
- Maintaining the certifications in accordance with the ISO 14001 and OHSAS 18001 standards.

New EU chemicals regulation

On June 1, 2007, the EU's new chemical rules came into force. The new rules have been adopted as a regulation, which means that they have status of law in all member states from the date on which it came into force.

Basic principles of REACH
The new chemicals regulation is the most far-reaching legislation which the EU has ever passed, covering several thousand pages. It is therefore hard to explain in just a few words what it means for companies and for citizens, but the most important basic principles in relation to Cheminova's business are the following:

Main purpose
Manufacturers and importers of chemicals must ensure that the products they produce or import do not have a negative impact on human health or the environment, while the companies that use the chemicals are under the same obligation.

Technical basis
To ensure that the chemicals do not have a negative impact on human health or the environment, it is necessary to conduct a number of complex assessments which are described in more detail in the regulation. Manufacturers and the importers are responsible both technically and financially for ensuring that these evaluations are conducted.

Deadlines
The chemical evaluations need to be carried out on thousands of substances, which means it will take a long time to complete them all. A deadline of 11 years has therefore been set, by which time the substance evaluations must have been carried out.

To ensure that the chemical evaluations are evenly spread over the 11-year period, shorter deadlines have been set for certain groups of substances. Thus, substances which are currently deemed to have a negative impact on human health or the environment will be evaluated within the next three and a half years. This deadline also applies to substances which are manufactured in large volumes (>1,000 tonnes per year). The next deadline is after 6 years, where substances that are manufactured in medium volumes (>100 tonnes per year) must be evaluated. The rest, substances which are manufactured in small volumes (>1 tonne per year), must be registered before the final 11-year deadline.

In the period June 2008 to December 2008, a pre-registration statement must be submitted to the authorities for each substance which the company wants to register in the above time period.

Relaxed rules for certain chemicals which are used internally in chemical companies
For chemicals called intermediates which are only used internally in chemical companies as "building blocks" for the manufactured substances, relaxed rules apply for the knowledge that must be procured. The reason for this is that these chemicals are kept in closed systems and only handled by people who are professionally trained for the task. These chemicals are thus not spread into the surroundings with the accompanying risk of affecting human health and the environment.

Consequences of registration
The chemical registrations will in by far the most cases result in a continued acceptance of the substances being used. However, some substances may only be used if they comply with cer-

tain restrictions, while individual substances may be banned for certain purposes or completely.

As registering of these chemicals is expensive, they may also disappear from the market if the earnings on these products are so low that no company could justify paying to have them registered.

Consequences for Cheminova as a manufacturer of chemicals
The company is very familiar with the term "registration of chemicals", as 90% of the company's revenue derives from plant protection products which are covered by "registration rules" in the countries where they are sold. These rules can vary significantly from one country to another. In the EU, there is a common set of rules for registering plant protection products.


Shipping area on Rønland.

Active ingredients in plant protection products and accessory agents which are only used for plant protection products which are registered in the EU in relation to the plant protection product regulation, are also regarded as being registered in accordance with REACH. This means that most of the substances manufactured at the company in Denmark are already registered as stipulated in the new chemicals regulation.

The substances which must be registered in accordance with REACH in the coming years are confined to intermediates which are handled, a number of substances which are sold for use as flotation agents in the mining industry, and two plant protection products which are not registered in the EU. The following describes in more detail the substances which must be registered within the first deadline of three and a half years (see above), in other words before the end of 2010.

Intermediates
The technical knowledge required to register a substance consists of a summary of the company's existing information about the substances as well as the material which is publicly available in databases and other similar sources. Thus, no special tests need to be carried out. At the company on Rønland, Cheminova handles eleven chemical substances which must be registered according to these relaxed rules before 2010.

If you sell an intermediate to another chemical company and in so doing transport the substance outside the company's premises, and also produce more than 1,000 tonnes of this substance each year, a small number of specific tests need to be performed. These supplement the existing known information. Three of the above intermediates handled by Cheminova fall under this rule.

Flotation agents for the mining industry
All flotation agents are manufactured in volumes of less than 1,000 tonnes per year, so they do not need registering until after 2010 and are therefore not mentioned again in this report. Most of them must be registered before 2013.

Plant protection products
Cheminova manufactures three plant protection products which are currently not registered in accordance with the EU's plant protection product regulation. These are methyl parathion, ma-

lathion and gamma-cyhalotrin. However, the substances are registered as plant protection products in a number of countries outside the EU, such as the US.

As a result of the lack of registration in the EU, methyl parathion and malathion must be registered in accordance with REACH, and as they are both manufactured in volumes exceeding 1,000 tonnes per year, this must happen before the end of 2010. Gamma-cyhalotrin is registered in accordance with the previous chemicals legislation and is therefore regarded as being registered, also in accordance with the present regulation.

The purpose of registering according to REACH is to ensure that the necessary knowledge about the two substances is procured so the activities that take place in the EU are safe. As far as the two substances are concerned, this will cover their production and transport. It also ensures that knowledge about the substances is available which the authorities in the countries that wish to use them can use in their assessments.

However, the necessary data for the REACH registration have existed for some years after the two substances were registered as plant protection products in the countries where they are marketed. The data requirements for using the substances in the US have been particularly extensive.

Consequences for Cheminova as a consumer of chemicals
As described in the section “Main purpose”, see above, it is not just the responsibility of the manufacturer ensuring that a substance does not have a negative impact on human health or the environment. It is also the responsibility of companies using the substance. Consequently, when a company registers a substance, the knowledge procured must be passed on to all the customers buying the substance. The customers must then, in collaboration with the supplier, ensure that they use the substance without it damaging human health or the environment. If they cannot, the supplier must not sell the substance for the intended purpose.

The specific consequence of this for Cheminova is that all raw materials and other chemical substances which it uses must be assessed in conjunction with the suppliers. Based on the knowledge about the substance which is received from the supplier, Cheminova must document that the substance is used properly. If it is not possible to do so, the supplier must not sell the substance to Cheminova. This work should be carried out on an ongoing basis during the 11-year period, as and when the chemicals are registered.

Targets for 2008

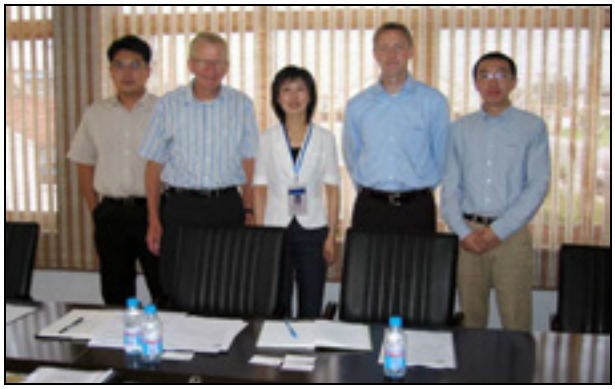
- Pre-registration: Reporting the substances which Cheminova wants to register during the 11-year phase-in period.
- Registering the substances which Cheminova handles, which cannot be pre-registered (substances which are considered as new in relation to the regulation).
- Initiate compiling information and data for the substances handled by Cheminova which must be registered before the end of 2010.
- Communicating with suppliers and customers about the obligations for the business entailed by REACH.

Supplier management

In 2007, work started on systematic supplier management. A more detailed description of this can be found in the CSR report 2006, including targets which the company wanted to meet in 2007.

Follow-up on targets for 2007
In the following, the targets are stated with the degree to which they have been achieved.

- Communicating Cheminova's Supplier Code to all production material suppliers and obtaining their acceptance that they comply with its principles.
  Comments: In 2007, it was deemed important to send the Supplier Code to 172 suppliers. So far, assurance about compliance has been received from 136 suppliers, corresponding to 80% of the total. The target is thus only partly achieved, as the work required to identify the relevant suppliers, send out the material and await responses is more comprehensive than anticipated.




Audit at suppliers in China.

- Conducting a number of audit visits to suppliers.
  Comments: Three formal audit visits have been made in relation to our environmental management system, two in China and one in India. In addition, three official CSR screenings of the purchasing staff have been carried out in connection with visits to suppliers. Moreover, a number of informal screenings have been carried out in connection with visits to suppliers.
- Training all employees with purchasing responsibilities within the area.
  Comments: The entire purchasing department in Cheminova A/S has received training as well as all the employees at the representative office in China and the employees with purchasing responsibilities at the head office in the Indian subsidiary. A selection of the training materials which have been used can be seen on the Cheminova website under CSR news.

Targets for 2008
- Continuing to distribute information about the Supplier Code to relevant suppliers and having them accept the pri**n**ciples contained therein.
- Conducting six official audit visits in 2008.
- Conducting training in the Supplier Code for relevant employee groups which are in contact with suppliers.
- Extending the Supplier Code so that it covers all subsidiaries by the end of 2009.

Human Resources

Cheminova wants to be perceived as an efficient and attractive workplace, and the company endeavours to recruit and develop skilled employees with the relevant training and experience for the jobs. At the same time, a management and cooperation structure ensures the company's effectiveness. It sets out to stimulate, challenge and provide exciting jobs and working environments in the respective functions. In connection with growth and increased globalisation, it has been perfectly natural to promote these policies in relation to the CSR reporting. This has, among other things, been reflected in the formulation of the Code of Business Principles and its implementation.

Management, diversity and Code of Business Principles
As a global company operating in many countries worldwide, each with their own culture and business framework, it is important that the company is organised accordingly. Consequently, last year a Code of Business Principles was also drawn up (see 2006 report and diagram), which has been prepared in a variety of languages to cater for the many different employees around the world.

At the annual international sales and marketing meeting in 2007, at which all the Group's company directors were gathered, the Code of Business Principles was presented to the individual directors, and each director signed a statement obliging him/her to observe the principles. The statement can be seen below.

The code has been printed in 12 languages and distributed to all employees.

Immediately after the sales and marketing meeting, the translated Code of Business Principles was sent out to all employees in the Group. In future, all new employees, whichever country they are employed in, will receive the Code of Business Principles in their local language together with their contract of employment. The Code of Business Principles and its various implications were subsequently discussed at the meetings of the Board of Directors in the individual companies.

At Cheminova's subsidiary in France, a legal assessment has delayed the Code of Business Principles being distributed to all employees.

OZ/- August 2007

Code of Business Principles

The entire management of the Cheminova Group wants to ensure that the way in which the company is run complies with local legislation and the management values which it wishes to promote throughout the Group worldwide. In connection with the decision to implement CSR reporting in future, we adopted a "Code of Business Principles" before the first report, which will be observed from now on throughout the entire Group.

As the responsible company director, you have reviewed this code (enclosed as an appendix to this document), and it is now your responsibility to ensure that everyone in your organisation reads and understands it. The Code of Business Principles will be printed in a small folder and can be ordered by contacting Cheminova A/S's information department. The leaflet will be handed to all new employees in future.

CSR will be one of the items on the agenda at the first meeting of the Board of Directors in the autumn, as we want to discuss both the implementation of the code and the stewardship activities in your organisation.

Approved, date:

_____

Approved, date:

Kurt Pedersen Kaalund
Executive Vice President

Employees

In the HR area, there are different policies, guidelines, procedures and systems in the individual companies depending on the size and geographical location of the company. In spite of the differences, the overall aims are the same – that the companies must be able to attract, retain and develop competent employees at all levels. This must take place in accordance with the company's own Code of Business Principles as well as the objectives in Responsible Care, so that it is possible to live up to the ILO's human rights convention throughout the company. In relation to occupational health and safety, please refer to page 25.

The outside world

Cheminova wants to be an attractive workplace and to play an active role in the local communities where the company is represented. This is expressed in many different ways depending on the company's size and location. For example:

Company visits by years 9 and 10 schoolchildren to give them an idea of future educational and career opportunities.

- Support for social events.
- Offer of a number of internships and giving young people an idea of future educational and career opportunities.
- Involving local organisations (trade organisations, interest groups etc.).
- Jobs for employees with reduced working capacity.

The activities express the social responsibility the company wants to display, not just to its own employees, but also to the local community where the company operates.

Targets for 2008

- Revision of Cheminova's mission and values, for example with a view to ensuring that CSR is firmly rooted and disseminated further throughout the organisation.
- Carrying out a global HR audit process.
- Conducting a follow-up on the Code of Business Principles. Distributing the Code of Business Principles to all employees in Cheminova France.

Action plan

Focus areas	Targets	Key Performance Indicators (KPI)	Success criteria/progress
Product stewardship			
Labels	Preparing a global labelling policy concerning the products which are marketed under the Cheminova trade marks.	That the policy has been prepared by September 1, 2008.	That the policy has been adopted by the end of 2008. Implementation in 2009.
Documentation	Introducing a system that documents that information about safety issues and using products according to the rules is an integrated part of the sales and marketing activities.	That an overview of existing systems is established by September 1, 2008.	That such a system has been established by the end of 2008 which covers all sales subsidiaries.
Regions	Integrating product stewardship activities in Cheminova's new regions.	That guidelines are adopted by August 1, 2008.	That guidelines are implemented in all regions in 2008.
Phase-out	Continuing phase-out plan for the most toxic products.	That the subsidiaries' product programme is reviewed every 6 months with a view to documenting that the plan is being followed.	That the plan is being followed.
Development and innovation			
Development of new active ingredients and formulations	Preparing a code concerning requirements to external partners in connection with development activities.	That the draft is ready for consideration by September 1, 2008.	That the code is adopted.
	Basing the product programme to an increasing extent on environmentally friendly formulations.	Half-year status.	That there is max. 10% emulsifiable concentrates among the number of new recipes which are approved in 2008.
Production			
Production India	Commissioning of new incineration plant for chemical waste.	That the plant functions and complies with the specified emission requirements.	That the plant can be commissioned during 2008.
	20% reduction of COD in the waste water discharged from the company.	That the reduction has been realised.	That the reduction is achieved during 2008.
	Examining the possibilities of reducing the waste-water flow.	That the investigation has been completed.	That the investigation is completed during 2008.
	Campaigns for improving occupational health and safety, focusing on volatile and toxic chemicals.	That campaigns for improving occupational health and safety are implemented.	That the campaigns are run during 2008.

Production Denmark	Campaigns to improve the safety culture with the primary aim of reducing the number of accidents at work.	That there has been a fall in the number of accidents.	That the campaigns are run during 2008.
	Reduction in the number of chemical spillages and the volume of chemical waste (unintended incidents) with special focus on loss of chemicals to open areas.	That the reduction has been realised.	That reduction in 2008 is achieved.
	Maintaining the certifications in accordance with the ISO 14001 and OHSAS 18001 standards.	That the certifications can be maintained.	That the annual audit of the systems shows that the certification requirements can be met.
New EU chemicals regulation			
	Pre-registration: Reporting all the substances which Cheminova wants to register during the 11-year period.	That pre-registration has been effected.	That pre-registration is effected during 2008.
	Registering the substances handled by Cheminova which cannot be pre-registered.	That registration is effected.	That registration is effected before July 1, 2008.
	Starting to compile information and data for the substances handled by Cheminova which must be registered before the end of 2010.	That documentation for gathering data is ready.	That the status for data gathering is ready by the end of 2008.
	Communicating with suppliers and customers about obligations for the business entailed by REACH.	That knowledge of REACH and the requirements it entails are known by our suppliers and customers.	Ongoing process.
Supplier management			
Supplier Code	Continuing to distribute information about the Supplier Code to relevant suppliers and having them accept the principles contained therein.	That all relevant suppliers know and have accepted this.	That status for the work is reported in the annual CSR report.
Auditing of suppliers	Conducting six official audit visits in 2008.	That the audit visits are carried out.	That the audit visits planned in 2008 are all carried out.
Training	Conducting training in the Supplier Code for relevant employee groups which are in contact with suppliers.	That training is effected.	That training is effected in 2008
	Extending the Supplier Code so that it covers all subsidiaries by the end of 2009.	That the Supplier Code applies to all subsidiaries.	That status for the work is reported in the annual CSR report.

Human Resources			
Mission	Revision of Cheminova's mission and values, for example with a view to ensuring that CSR is firmly rooted and disseminated further throughout the organisation.	That the process is started in September 2008.	That the revision is adopted and communicated to everyone in the organisation.
HR audit	Carrying out a global HR audit.	That a programme and materials are prepared by August 1, 2008.	That the audit process is carried out by the end of 2008.
Follow-up	Conducting a follow-up on the Code of Business Principles. Distributing the Code of Business Principles to all employees at Cheminova France.	That the process is launched on May 1, 2008.	That documentation on the follow-up is available at the end of 2008.

Responsible Care

***The Responsible Care*® Program of the Association of Danish Process Industries. Declaration of commitment.**

1. Company policy.
The company shall develop and comply with a policy with prospective objectives of a continuous improvement within the areas of environment, safety and health. .This policy shall form a constituent part of the overall policy and strategy of the Company. The Company policy on environment, safety, and health shall involve the entire organisation of the Company and be taken into account in the planning and implementation of all Company activities. The environment management system in the company can profitably be arranged so that there circularly will be undertaken a re-evaluation of the system.

2. Employee commitment and responsibility.
The Company shall keep their employees at all levels well informed on the Company policy on environment, safety and health.
The Company shall foster commitment and responsibility among its employees and ensure an active employee contribution to fulfil the objectives.
The Company shall promote individual alertness among employees to sources of pollution and issues relevant to safety and health. The Company shall establish well-defined responsibilities among its employees and offer regular and adequate training enabling of their employees to fulfil their responsibilities.

3. Effective resource utilization.
- The Company shall strive to achieve the lowest achievable impact on the surrounding as a whole by:
  - Minimising the use of raw materials and energy
  - Minimising the process emissions
  - Minimising the risk of accidents and limiting the consequences of accidents
  - Minimising the health risks for employees

4. Process- and product development.
New processes are arranged and existing processes are adapted and improved with the aim of providing a sustainable development. An evaluation of the technical and economic possibilities and the social demands as a whole shall be taken into consideration. With new constructions and extension of existing facilities around the world, the possibilities of using clean and safe technology shall to be taken into consideration.
In developing new products the Company shall take into account the total consumption of raw material and energy resources during production, use or disposal after use or of residual products formed during production or use.

5. Monitoring, registration and documentation.
The Company shall at regular intervals monitor process emissions to the working environment and the surrounding environment, preferably by generally approved methods. The Company shall register all accidents and incidents and investigate the events and causes with a view to utilising the experience for future prevention.
The companies' measurements and registrations form the basis for regular documentation of the results about the environment, safety and health conditions. The Company shall regularly evaluate performance compared to objectives. Relevant and agreed upon data about emissions, resources and safety is yearly stated by the company that then report these to the Association of Danish Process Industries.

6. Supplier.
The company shall encourage its suppliers to deliver environmentally, health and safety sound raw material and products.
By means of specific demands and instruction the Company shall ensure that suppliers of equipment and services are chosen among those who fulfil the demands according to the policy on environment, safety and health.

7. Customers.
The Company is responsible that customers receive all relevant information on correct processing and use of the Company's products including information on disposal of residual products, and information of relevance for subsequent processing as far as available.

8. Transport and storage.
The Company shall ensure safe and regulatory compliant transport to and from the Company ia by demanding transporters to provide relevant training and instruction to drivers and others involved in transport activities.
The company shall ensure safe storage of raw material and products in the company as well as urge the other parts in the supply chain to fulfil the guidelines therefore.

9. Communication.
The company create increased dialog with suppliers, customers and other relevant parts in the supply chain.
The Company shall cooperate openly with the competent authorities on issues relevant to environment, safety and health. The Company shall provide adequate documentation on such issues to the authorities. On the basis of documentation provided by the Company to the authorities the Company may regularly inform the neighbours and other society stakeholders on issues of environment, safety and health.

10. Cooperation.
The company contribute to the experience exchange between Responsible Care companies among other things about subjects as reducing emissions and accidents as well as handling of supplier relationships.

Accounting policies

The data provided on page 29 of this report on the environment, health and safety have been included and calculated according to the accounting policies that follow this section.

Extensive activities
Data are calculated for Cheminova's companies in Denmark (Rønland) and in India (Panoli). Cheminova's residential property is not included in the accounts.

The following addresses are included in the accounts:

Cheminova A/S Thyborønvej 78 7673 Harboøre, Denmark	Cheminova India Ltd. Formulation Division 242/P, G.I.D.C. Estate Panoli - 394 116 Dist.: Bharuch Gujarat, India	Cheminova India Ltd. Technical Division 241, G.I.D.C. Estate Panoli - 394 116 Dist.: Bharuch Gujarat, India	Cheminova India Ltd. Intermediate Division 27, 28, G.I.D.C. Estate Panoli - 394 116 Dist.: Bharuch Gujarat, India

Water and energy consumption have been included because they are important resources. Emissions to the air and waste water are stated using parameters which give an overall impression of the quality of the waste water and air emissions which are significant in relation to the surroundings, and where it is also possible to make comparisons with other companies. Likewise, it has been decided to provide information about the volume and handling of waste, which is an expression of both a resource and an impact on the surroundings. Operational disruptions are primarily calculated because they are an expression of how the Group handles situations which can develop into serious environmental impacts. The safety and well-being of employees is important for the Group. It has therefore been decided to provide information about the number of accidents at work, the accident frequency and absence from work due to accidents.

Environmental impacts resulting from transport have not been calculated.

Reporting period
The reporting period follows the calendar year. The reporting period is thus January 1 up to and including December 31, 2007.

Water consumption
Water consumption has been calculated on the basis of water meters on all supply pipes.

In Denmark, sea water is used for cooling.

In India, cooling towers with fresh water are used. Water consumption for the cooling towers has been estimated. The remaining water volumes are used for processes and normal consumption.

Energy consumption
The consumption of natural gas, electricity and furnace oil is [1]based on meter readings. Energy consumption when using natural gas (which is measured in Nm^3) and heating oil (which is measured in litres) is then calculated using conversion factors. In Denmark, the latest conversion factors set by the Danish Energy Authority are used. In India, the conversion factors are set by Cheminova. Natural gas consumption includes the gas consumed to generate power for sale.

Waste water
The volumes of waste water are measured using online meters on the outlet pipes. COD, nitrogen and phosphorus are determined through chemical analyses of water samples taken according to a fixed control programme.

Air emissions

SO_2
At the Rønland site, air emissions are the sum of contributions from consumed natural gas/heating oil and contributions from the underlying processes. SO_2 emissions are calculated by multiplying the consumption by a conversion factor determined by the authorities.

Emissions from the SO_2 scrubber are determined as the average emission of two performance measurements in 2006 multiplied by the time the scrubber was not operating (out time). The concentration is measured without distinguishing between whether it is SO_2 or SO_3.A performance measurement is made up of three one-hour concentration and flow measurements carried out on the same day.

From the air-incineration plant, the emission of SO_2 is determined by means of two performance measurements multiplied by the operating time.

At the Panoli site, the emission of SO_2 is determined on the basis of concentration measurements which are made according to fixed programmes, blower capacity and operating time.

Particles
The concentration in the discharges is measured.

At the site on Rønland, the air flow is measured, while the operating time is estimated for oven 1 and oven 2. Both the air flow and operating time are estimated for oven 3.

The Panoli site uses the blower capacity and the operating time to calculate the annual emissions.

CO_2
Contributions from consumed natural gas/heating oil are calculated by multiplying consumption by conversion factors. In Denmark, the latest conversion factors set by the Danish Energy Authority are used, while those in India are set by Cheminova.

At the Rønland site, there are additional process-related contributions from the air-incineration plant and from the waste-water incineration plants. The substances which are incinerated in the

[1] In the 2006 report called diesel/oil.

air-incineration plant give rise to a lower CO_2 emissions that were established in about 2005 and still used. This process-conditional contribution at the waste-water incineration plants is calculated on the basis of a mass balance for the glyphosate plant. This calculation is based on measurements of the incoming raw materials and the outgoing finished products.

Waste
All waste types are weighed by the company. Waste is classified by Cheminova according to guidelines issued by the authorities.

Operational disruptions with a limited effect on the external environment
The number of disturbances is calculated by counting the number of internal reports.

Waste and spillages are reported according to two categories, with the total number being reported.

A category 1 incident is one which leads to significant pollution of the external environment, and includes overstepping the environmental authorities' terms for emissions.

A category 2 incident is one that leads to pollution at nuisance level, including increased emissions of substances in relation to normal values, the generation of additional waste and detecting new substances in the inflow to the biological waste-water treatment plant.

Work environment
The number of accidents at work is counted for all employees under the organisational structure. The number is counted on the basis of reports to the authorities (in Denmark the Danish Working Environment Authority). Only the accidents at work which have resulted in absence for at least two days are included.

The accident frequency is the number of accidents at work per one million man-hours worked. In Denmark, this is only calculated for hourly paid employees.

Absence due to accidents is the number of lost man-hours per 1,000 man-hours worked. In Denmark, this is only calculated for hourly paid employees.

The number of man-hours worked excludes breaks but includes supplementary training etc. In Denmark, the number of man-hours worked is only calculated for hourly paid workers.

Glossary

Active ingredient: Active chemical in its pure or technical form.

Administration: Administration can take place orally, subcutaneously, intramuscularly, intravenously or intraperitoneally.

Auditing: Review of accounts.

Bio-ethanol: Alcohol intended for fuel and produced from plants.

BOD: Biochemical Oxygen Demand – English term for BI_5 (five days' biochemical oxygen consumed).

Carbofuran: Insecticide, primarily used in rice and potatoes in Colombia.

Chemical synthesis: Process, where chemical compounds react with each other so that new compounds are formed.

Class I product: A product which, according to WHO's recommended guidelines, has been classified as highly hazardous or extremely hazardous. Class II products are classified as moderately or slightly hazardous.

COD: Chemical Oxygen Demand - measure for the content of organic compounds in water.

Code of Conduct: FAO's international guidelines concerning the distribution and use of pesticides.

Codex Alimentarius: An organisation under FAO/WHO which prepares global standards and guidelines for foodstuffs and the production of foodstuffs in order to secure the global supply of healthy and safe food and facilitate trade.

Contract work: Production made on behalf of other companies.

CSR: Corporate Social Responsibility. Social, environmental and ethical demands made between companies, customers, interested parties and collaboration partners.

DDVP: Insecticide used in rice in India.

Emulsifiable concentrate: Mixture of a liquid active ingredient, solvents and surfactants that enable the product to be diluted with water to a low concentrate spray fluid.

FAO: The UN's Food and Agriculture Organisation.

Fenamiphos: Pesticide against soil-living pests (round worms).

Formulation: Active ingredient to which has been added an accessory agent that makes the product a ready-to-use control agent.

Generic active ingredient: Identical copy of an existing active ingredient.

GNI: Gross National Income.

Innovation: New invention.

ISO 14001: International environmental certification covering the surrounding environment.

KPI: Key Performance Indicator.

Methamidophos: Insecticide used e.g. in cotton and soybeans.

Methomyl: Insecticide, in Mexico mostly used in cotton and vegetables.

Methyl parathion: Insecticide mostly used in cotton.

Microcapsules (microcapsule formulation): Fluid product where the active ingredient is encapsulated in microscopic capsules which are soluble in water.

Monocrotophos: Insecticide mainly used in cotton and rice.

MRL: Maximum Residue Level (Maximum residue level of pesticides in foodstuffs).

NOx: Total concentration of all nitrogen oxides calculated as NO_2.

OD formulation: Oil-based suspension of solid active ingredient particles.

OECD: Organisation for Economic Co-operation and Development.

OHSAS 18001: International environmental certification covering the working environment.

Pesticides (plant protection products): Collective name for insecticides, herbicides and fungicides.

Phorate: Insecticide used against soil-living pests.

PIC: Prior Informed Consent (Prior informed consent that has to be established before a product from the PIC list is exported).

Product stewardship: Overall description of responsible management of a company's products.

REACH: Registration, Evaluation and Authorisation of Chemicals (Common EU regulation on documentation requirements concerning chemicals).

Registration data: Test results and documentation that must be submitted to the authorities in order to obtain sales permissions.

Responsible Care: Objectives concerning responsible conduct, adhered to by Cheminova.

Suspension concentrate: An active ingredient in solid form suspended in water with surfactants which enables the product to be diluted with water to a low concentrate spray liquid.

Third-party products: Sales products not produced by Cheminova but bought from other suppliers.

Triazophos: Insecticide used in particular in cotton in India.

Unintended incidents: Operational disruptions with a brief effect on the external environment.

WHO: World Health Organisation.