

UNITED PLANTATIONS BERHAD

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COMPANY NO. 240-A

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11th April 2011

Mr Anton Beck
Head of Department
Danish Energy Agency
Amaliegade 44
1256 Copenhagen K

Dear Mr Anton Beck,

RE: PHASING OUT OF MONOCROTOPHOS

I have for acknowledgement your letter dated 5th April 2011 relating to the above subject, which I hereby take pleasure in responding to.

United Plantations has since 2006 voluntarily been working on steps to minimise its usage of monocrotophos by implementing a 5-step pest prevention programme as listed below.

5-Step Pest Preventive Programme approach taken to contain and/or control Bagworm outbreak thus limiting the usage of monocrotophos.

1) *Integrated Pest Management*

E.g. planting of beneficial plants to enhance the natural parasitic and predator activities against bagworm. To date more than 98,371 beneficial broadleaf flowering plants have been planted.

2) *On-going Monitoring*

Census gangs deployed on each estate who take random frond samples in a pre-determined pattern throughout each estate. These fronds are subsequently subjected to insect counts and damage assessments by trained personnel.

3) *Aerial Surveillance*

Regular aerial reconnaissance is carried out to better detect, preempt and treat potential outbreaks.

4) *Use of biological control agents*

E.g. Bacillus Thuringiensis as the first line of treatment against an outbreak.

5) *Final Resort*

As a final resort and only when Step 1 to 4 have proven to be futile in containing or controlling the natural equilibrium between pest and beneficial predator, our trained personnel intervenes with the specific treatment of trunk injection using monocrotophos.

This was also described in the report by the Danish Energy Agency following their audit and inspection of our properties which was carried out together with a pesticide expert from the Danish Environmental Agency in September 2010.

In spite of concerted efforts undertaken between United Plantations and several multinational agrochemical producers it has regrettably not been possible to identify an effective and suitable alternative that is able to effectively contain a bagworm infestation for the simple reason that such a product has so far not been forthcoming from the various agro-chemical producers. These include BASF, Bayer, Syngenta and Cheminova.

To provide you with a deadline as to when United Plantations will be able to phase out monocrotophos would therefore be in vain. Even the Commonwealth Agricultural Bureau Institute (CABI) of South East Asia has recently stated that, *"We are not in a position to work on or develop alternative systemic insecticides for trunk injection in oil palm owing to there being no suitable alternative insecticides in the market that can be developed by end-users for this purpose."*

However, United Plantations will continue to explore new avenues, working towards the goal of arriving at a position that would enable us to further minimise or phase out the usage of monocrotophos.

These are listed below

- 1] Stepping up our initiatives on Integrated Pest Management by targeting to double the number of beneficial flowering plants by 2016.
- 2] Exploring the possibility of entering into a collaboration with CABI in terms of using bio-control agents, particularly predators and entomopathogens.
- 3] Continuing the collaboration with three renowned agrochemical producers to test out newer products which they state will soon be available in the hope that these will prove more effective.
- 4] Addressing this issue to the Malaysian Palm Oil Board who through the Programme Advisory Committee's recommendation will intensify their efforts of working with experts around the world in producing a biological pheromone that could help control the bagworm moth population in an environmentally friendly manner.

In respect of the before-mentioned, please note that United Plantations regularly communicates and informs its neighbours of their pest and disease outbreaks. However, we are only in a position to advise our neighbours. The actual implementation is left up to them.

Rest assured that we shall continue to try our best to seek alternative ways in minimising or phasing out monocrotophos as soon as such avenues prove to be effective and suitable.

With kind regards,

Yours sincerely

UNITED PLANTATIONS BHD

A handwritten signature in black ink, appearing to read 'Carl Bek-Nielsen', written in a cursive style.

Dato' Carl Bek-Nielsen

Executive Director Corporate Affairs

CBN/kv