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Minutes

Secret

Syngenta Executive Committee

Minutes of the SEC Meeting held on

Wednesday 7 and Thursday 8 May 2008

Present:	Mr M Mack	(in the Chair)
	Dr J C Atkin	
	Dr R Berendes	
	Dr D K Lawrence	
	Mr E C Mäder	
	Mr M Peacock	
	Mr D Pisk	
	Mr J Ramsay	
	Mr J D Sullivan	(Secretary)
In attendance:	Mr J Halliwell	(Minutes 57/08 and 58/08)
	Mr P Natkanski	(Minutes 58/08 and 59/08)
	Mr K Williams	(Minute 59/08)
	Mr K Neuffer	(Minutes 60/08, 61/08, 66/08 and 67/08)
	Mr F Wagner	(Minute 60/08)
	Mr V Gaplik	(Minute 61/08)
	Mr R Neill	(Minute 62/08)
	Mr M Patrick	(Minute 62/08)
	Mr S Emms	(Minute 62/08)
	Mr M Stepan	(Minute 62/08)
	Mr N Bien	(Minute 62/08)
	Mr S Holt	(Minutes 63/08 and 68/08)
	Mr J Seabrook	(Minute 64/08)
	Ms J Gough	(Minute 64/08)
	Ms S Hull	(Minute 64/08)

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Mr C Goppelsroeder	(Minute 66/08)
Mr U Riedel	(Minute 66/08)
Mr J Cox	(Minute 66/08)
Ms B Becker	(Minute 67/08)
Mr T Kroenke	(Minute 67/08)
Mr M Bochi	(Minute 67/08)
Mr G Walker	(Minute 67/08)
Mr A Klontzaris	(Minute 67/08)
Mr P Kilgour (Towers Perrin)	(Minute 68/08)
Mr M Reid (Towers Perrin)	(Minute 68/08)
Mr M Piker	(Minute 68/08)

55/08 MINUTES AND MATTERS ARISING

The draft Minutes of the Meetings, held on 7 and 8, and on 22, April 2008 were approved with a correction to Minute 53/08

- Minute 37/08, Mr Sullivan reported that the program of communications to applicable regulatory authorities of the new information with respect to the safening effect of "Inteon" relative to conventional formulations of "Gramoxone" was in progress and that so far the communications were being well received by regulators but that the process would continue to be closely monitored
- REDACTED: PRIVILEGED
- Minute 43/08, Dr Berendes would following the May 22/23 Board Meeting discuss and agree with Mr Mack, Mr Ramsay, Mr Mäder and Mr M Taylor the consequences of the changes, from 2009, to the planning cycle, for the content of Board Meeting agendas, including the likelihood that the strategy presentation would as a result of these changes need to take place at the July rather than at the October Board Meeting in each year, and would also agree the timing of a discussion with the Board of these prospective changes
- Minute 45/08, the report on LSPB performance against the agreed KPIs would be rescheduled to the June meeting

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- Minute 48/08, it had been agreed following the 7/8 April Meeting that the next phase of SYN520 should be pursued via a Planning Credit for $5.8m rather than full sanction. The proposal for the Planning Credit circulated by Mr Peacock ahead of the Meeting was supported
- Minute 49/08, the proposal for $41.6m capital to build a replacement sweet corn production facility in Washington State had been supported by the Chairman's Committee at its 17 April Meeting and Mr Pisk had discussed with Mr Peacock resourcing and oversight of the engineering team. At the same Meeting the Chairman's Committee had supported the sale of the equity in Syngenta Côte d'Ivoire S.A. (Minute 46/08) and the submission of a non-binding offer for the assets of Syngenta's exclusive distributor in Bulgaria, Rila (Minute 53/08)
- Minute 50/08, Syngenta's non-binding offer for San Jose had been rejected by the vendors, who were understood to have received two significantly higher offers. A non-binding Letter of Intent containing an offer of $30m had been submitted to the owners of Santander in order to secure a period of exclusivity for negotiations, legal advice having been obtained which addressed the issues concerning access to the "Roundup Ready 2" trait raised at the 7/8 April Meeting
- Minute 52/08, Mr Pisk would discuss with Mr Mäder the process, under the Regulations Governing the Internal Organisation of Syngenta AG, for approval of organisation charts
- Minute 53/08, Mr Ramsay confirmed that an offer was in process of being made to the lead candidate emerging from the interview process for the position of Group Treasurer
- Minute 53/08, Mr Mäder was congratulated on the successful conclusion of the new Collective Bargaining Agreement between the Employers' Federation of the Basel Pharmaceutical, Chemical and Service Providing Companies (VBPCD) and the Unia and Syna trade unions after twelve rounds of negotiations, which had been announced on 28 April
- Minute 53/08, Dr Lawrence and Mr Pisk reported that the senior regulatory committee in Japan was expected to consider in June its response to the error disclosed in the sequencing of MIR604. The Head of Product Safety Americas, Dr P Hertl, had been charged with investigating the incident and making recommendations for corrective action
- Minute 53/08, Mr Peacock said that the publication of the statement on greenhouse gas emissions had for the time being been deferred
- Minute 54/08, Mr Ramsay would discuss with Dr Berendes the use of hurdle rates for acquisitions and would schedule a presentation in due course to the SEC.

56/08 PROJECT DALLAS ENGAGEMENT PLAN

Dr Berendes presented the preliminary conclusions of a financial analysis, carried out with the involvement of an investment bank adviser, of the principal issues

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presented by Project Dallas. The main finding was that the transaction contemplated by the Project would be challenging to execute. It was agreed that the analysis was not yet sufficiently well-grounded for presentation to the Board and did not fully capture potential sensitivities; Mr Mack would report this to Mr M Taylor. Consideration would also be given to the use of an alternative, boutique, investment adviser. Mr Mäder stressed that tax advice should be obtained from a specialist rather than relying on the investment bank for this advice.

57/08 FINANCIAL PERFORMANCE

Mr J Halliwell gave a presentation isolating the key issues arising from the provisional April sales figures and H1 Outlook. In summary:

- all Regions in Crop Protection had shown year on year sales growth in the month in excess of 20%, total sales of $1019m setting a new record for sales by the Business in a single month; strong performance from Soybeans in NAFTA as well as from Vegetables and Diverse Field Crops had contributed to Seeds April sales 24% ahead of the prior year, at constant exchange rates
- Group sales in the first four months at $5238m were 23% higher than in 2007 and 10% above Budget, at constant currency
- Regional analysis of sales to the end of April in Crop Protection by comparison with the prior year confirmed the very strong advance in Latin America (+68%) as well as broadly-based growth across each of Western and Eastern Europe (+24%) and significant recovery in Australia (+70%) contributing to buoyancy in Asia Pacific
- Professional Products sales in the first four months at $506m were 20% positive to 2007 at constant exchange rates, Seed Care growing by 26% and Fafard in April delivering its second successive record month of sales
- NAFTA Corn sales in the year to the end of April were 18% below the prior year and 25% below budget; U.S. corn acreage was foreseen at 88m acres but plantings over the next two weeks would be critical; Flowers (-3% excluding acquisitions) had been impacted by lost inventory in Guatemala, partly compensated for by third party sales
- the volume of glyphosate sales had grown 72% year-on-year in the first four months and price had improved 31% (compared to 29% in Q1)
- the position with regard to Crop Protection price variance trends in France and Germany was expected to be confirmed by the end of June, the underlying issue being consumption levels
- to achieve LE1, Crop Protection (including Professional Products) sales would need to outperform 2007 by 13% and Seeds sales by 5%, in H2
- disappointment was expressed at the apparent lack of forward visibility even on a month-to-month basis in Crop Protection.

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58/08 GREENS BAYOU: ISK SETTLEMENT AGREEMENT

REDACTED: PRIVILEGED

59/08 HSE 2007/8 REPORTING YEAR Q2 PERFORMANCE REVIEW

Mr K Williams gave a presentation detailing HSE performance in the second Quarter of the reporting year commencing 1 October 2007. The main points were:

- the Group Injury Incident Rate in the Quarter was 0.37, resulting in an overall slight improvement in performance at Group level in H1 (0.44) but with deteriorating safety performance in Seeds particularly in France and the U.S.
- additional resources had been recruited to Seeds in the U.S. and a leadership and standards program would be implemented in France, to address the issues which had been identified
- supplier guidelines as to the allocation of liabilities were being defined under the leadership of Mr H Elmsheuser and were expected to be in place by September

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- the greenhouse gas protocol would be incorporated within the next 6 months into the HSE reporting system once the data capture system had been established.

The response was:

- the IIR needed immediate attention to prevent a reversal of the trend
- the level of capital investment into Seeds required that construction safety records be maintained
- it was recommended that an intensive education and training program paralleling that which had been initiated following a series of incidents at European formulation sites now be implemented in Seeds, with particular focus on leadership mindset and responsibility for creating the appropriate culture
- the vehicle injury incident statistics "triangle" would be reinstated in the quarterly HSE performance reports
- resistance seen in the Regions to the element of the new operating model for the Health Safety Environment and Quality functions which required Regional HSE Managers to report to Mr Williams would be addressed at the next FED Meeting; emphasis would be placed on the fact that a different, global, operating model was being adopted to improve the effectiveness particularly of non-customer-facing activities; the distinction between globalisation and centralisation would be elaborated and the implications of the concept of business partnership would also be discussed.

60/08 AG SCENARIOS

Dr Berendes introduced a presentation by Mr K Neuffer previewing the initial conclusions of the Ag Scenarios analysis which would be presented to the Board on 22 May. The main points were:

- low stock levels had been triggered by supply shortfalls for wheat and rice and "abnormal" demand spikes for corn in the U.S. (for conversion to ethanol) and soybeans for China (where the professionalisation of livestock management had driven higher use levels); the short-term demand spike was expected to continue for around three years before reverting to "normal" with declining growth rates thereafter
- current yield growth levels were insufficient to meet demand; a step-change in the yield trend or a significant acreage increase would be needed
- the trade paradigm shift through the erection of export barriers and speculation in the traded grains market amplified commodity price variation but the directional trends would continue to be based on the underlying supply-demand fundamentals

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- the varying crop scenarios and challenges presented Syngenta with different innovation opportunities, driven by the common theme of the need for a strong technology push in order to address the supply-demand imbalance.

The response was:

- the sensitivities in the yield growth projections in certain crops, as well as in the demand curve, required further analysis in particular to identify the upside potential beyond the next three years
- the suggestion that in the out years the rate of growth would be below historic rates would, if correct, have significant implications for the plans to grow the business
- deeper insight into the near-term trend, including whether the current levels of year-on-year increases in the sales of crop protection products were sustainable, was called for
- the impact of population growth, as well as rising dairy product consumption, in India did not seem to be fully reflected in the analysis
- in many crops the maximum yield was around double what growers were currently achieving, leaving a large biological margin to be targeted; it was not unrealistic to believe that average yield growth rates of 1% to 2% per annum could be realised over the next 10 years
- Mr Neuffer would further evaluate the model, engaging with selected SEC members to test the input variables.

61/08 FOCUS: CRITERIA FOR PORTFOLIO EVALUATION

Reference Minute 39/08, Dr Berendes introduced a presentation by Mr Neuffer seeking to define the criteria and metrics by reference to which businesses in the portfolio should be evaluated. The main points were:

- the analysis would source data from the 5-year plan in relation to the performance and potential of each business cell in order to enable informed judgment as to the positioning of that business cell within the decision-making framework
- it was proposed that each of Crop Protection, Seeds and Business Development provide values on a 2008 basis for the respective business cells which Strategy & Planning would use to arrive at a quantitative categorisation as a feed to Leadership Team discussions to position business cells in the decision-making matrix
- a discussion would then be held by the SEC at the September 23/24 Meeting which would be supported by the criteria fact-base.

The response was:

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- the 15 year plan would more naturally generate the necessary data than the 5 year planning process
- the positioning judgment would not be purely mechanical but would involve assessments as to value under alternative ownership and management, and of synergies across different business cells, as well as strategic fit; the emphasis should be on pragmatism and the process should not generate extensive additional work
- Dr Atkin, Mr Pisk and Dr Berendes would present the process to their respective Leadership Teams at the next meetings of those Teams
- the business cells and "new business" areas would be presented for review and approval to the SEC at its 8/9 July Meeting.

62/08 CROP PROTECTION DEMAND AND CAPACITY PLANNING: CAPITAL AND COST IMPLICATIONS

Dr Atkin introduced presentations by Mr M Patrick, Mr M Stepan, Mr S Emms and Mr R Neill seeking directional support for phased investment proposals in the period 2008 to 2010 totalling $770m, and supplier commitments over the period 2008 to 2012 totalling $2.97bn, in order to address significant unmet demand and to deliver growth. Within the proposals specific approval was sought for debottlenecking of azoxystrobin and difenoconazole production at Grangemouth and Monthey respectively; for the entering into of a supply agreement and a letter of intent for glyphosate with minimum purchase commitments totalling $1.77bn; and for the sale of the Cold Creek site. The main points were:

- more than 55% of 2008 sales comprised products under allocation, azoxystrobin, thiamethoxam and glyphosate being the most affected; without significant increased capacity, sales would be capped at $9bn compared to a 2008 LE of $8.3bn
- the first phase of the investment proposal foresaw expenditure of $450m with an NPV of $2.6bn and a payback of 3.7 years and the second phase expenditure of $320m with an NPV of $3.3bn and a payback of 3.5 years, together enabling 2012 sales estimated at $10.4bn
- the principles of the capacity expansion encompassed selective investment in new capacity for high margin and patent-protected active ingredients (azoxystrobin and thiamethoxam) and outsourcing with lowest cost third party providers (cyproconazole, propiconazole, abamectin and glyphosate)
- glyphosate was a critical driver of the Syngenta portfolio offer; the strategy targeted growth in global market share from 9% in 2008 to 15% by 2012; to expand capacity immediately from the maximum 20 Ktes per annum available until 2011 under the existing supply contract with Monsanto to 70/80 Ktes per annum the only viable option was to source incremental capacity with strategic partners in China; a decision would be required in Q4 2008 as to a second phase of capacity expansion potentially taking available capacity to

120 Ktes per annum by 2012; negotiations would be started now with Monsanto with regard to the extension of the existing contract

- action would be taken actively to secure raw materials supply; it was proposed that joint ventures with or the acquisition of equity stakes in key suppliers be evaluated as should options to establish an active ingredient manufacturing presence in Brazil
- within the first phase of the investment program support was requested for $10.9m capital to debottleneck azosystrobin capacity at Grangemouth from 4200 to 5000 tpa; the NPV of the proposal @ 16 % including terminal value was $389.3m, the IRR 999% and the discounted payback period 0.1 years
- within the same phase of the investment program support was sought for $12.8m capital to expand difenoconazole active ingredient manufacturing capacity at Monthey to 2000 tpa; the NPV of the proposal was $207m, the IRR 245% and the payback period 1.4 years; for an additional CHF0.7m ($0.67m) the plant could be further debottlenecked to 3000 tpa and support for this additional expenditure was also sought
- support was further requested for the entering into between Syngenta Asia Pacific Pte Ltd and Nantong Jianghsan Ltd of a Supply Agreement for glyphosate for an initial term until 31 December 2013 with a committed offtake value (assuming a price of $8/kg) totalling $850m, and a non-binding Letter of Intent between Syngenta Asia Pacific Ptd Ltd and Jiangsu Yangnong Chemical Co. Ltd also for an initial term until 31 December 2013 and with an offtake commitment (likewise assuming a price of $8/kg) totalling $920m
- approval was also requested to proceed with the divestiture for an expected price of $12.5m to Alabama BioDiesel Company of Tracts 2 and 3 of the Cold Creek, Alabama manufacturing site; this included the chemical processing portion of the site but excluded the plant office and process technology laboratory (Tract 1) for which a purchaser was still sought; the environmental risks had been identified and adequate provisions made to cover future liability.

The response was:

- the capital proposals for azoxystrobin and difenoconazole active ingredient capacity (including the additional $0.67m for difenoconazole) were supported as was the entering into of the Supply Agreement and the Letter of Intent for glyphosate and the divestiture of Tracts 2 and 3 of the Cold Creek site
- all other expenditure proposals within the expansion plans must be brought forward individually for sanction and Mr Peacock would circulate a table displaying the phasing of sanction requests and expenditure
- the expansion plans would be presented to the Board on 22 May
- the financial case for Phase 1 of the plans appeared to be less attractive than for Phase 2, on account of the product mix

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- it should be confirmed that Syngenta could be expected to be the lowest cost manufacturer globally of azoxystrobin and thiamethoxam following patent expiry
- the core assumptions underpinning the proposals appeared broadly consistent with those in the Ag Scenarios projections
- Mr Peacock would formulate and schedule a presentation to the SEC of an executive work plan with regard to the suggested structural transactions with key suppliers
- further clarification should also be provided on the advantages of locating active ingredient manufacture in Brazil
- the proposition that glyphosate would be critical to the success of the portfolio was endorsed; additional information however was required on the strategic assumptions including the rate of GM technology adoption in soybeans in LATAM
- the scope for manipulation of the pricing formula in the glyphosate supply agreements must be narrowed to the practicable minimum

63/08 HUMAN RESOURCES TRANSFORMATION PLAN AND CONFERENCE PREPARATION

(A) HUMAN RESOURCES TRANSFORMATION PLAN

Mr Peacock introduced a presentation by Mr S Holt seeking endorsement for proposals for the establishment of a new Human Resources Leadership Team as the first phase of HR Transformation. The main points were:

- in headline form the People Strategy consisted of identifying the differentiating capabilities required to deliver business strategy; ensuring the adoption of policies and practices to incentivise the establishment of those capabilities; and understanding the role of the organisation culture in motivating people and stimulating innovation
- the HRLT individually and collectively would ensure that these elements of the People Strategy were realised by business partnering to determine and help to deploy the differentiating capability needed to win in the market; catalytic capability to foster the organisational culture, live the employee value proposition and further the transformation of the organisation; and operational service capability to underpin seamless running of the appropriate processes and policies
- the principles which would apply envisaged that identification of differentiating capability needs would be determined by business strategy, led by HR and co-defined with business leaders; strong policy and process frameworks would be set globally; and development and implementation of people strategy would be predominantly conducted geographically
- the intended leadership team structure was made up of new roles requiring the leaders to operate at a different level than the roles in the current team;

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HRLT members would report directly to the Head of HR and would not be full-time members of business/function leadership teams; an assessment process using a third party and based on the Syngenta Leadership Model would be used as part of the appointment process and for ongoing individual development; the objective would be to have the new team established by the time of the scheduled HRLT meeting in May.

The response was:

- the proposals were clear and if executed successfully would contribute significantly to accelerating the People Strategy and delivering the aspirations expressed through the Multipliers
- the principles should include the building of strong formal and informal continuing links to business leaders through improved ways of working
- HR leaders should lead the translation of business strategy in people terms into a people strategy co-defined with business leaders
- the proposal to complete the assessment process by the end of May appeared challenging; the membership of the new HRLT must be reviewed by the SEC; Mr Holt would circulate a revised timetable leading to SEC approval at the June meeting
- the overall plans for HR Transformation in 2008-9 would be presented to the June FED Meeting

<u>(B) CONFERENCE PREPARATION</u>

Mr Peacock provided a short report on progress with the alternative approach to the organisation of leadership conferences. The main points were:

- Mr A Sharma as Global Lead Catalyst had begun consultation with Region Heads and had received a broadly positive reaction; the timing of the meetings had not yet been fully defined but the Regional meetings were likely to take place in the period November 2008 to March 2009 with a global functional meeting to be held last in sequence; it was additionally intended to schedule an "extended FED" meeting of around 50-60 senior managers in November 2008
- consideration had also been given to the Syngenta Awards, the current thinking being to organise a similar process at Regional level
- Mr Sharma would now consult individually with SEC members and thereafter together with Mr N Udall of nowhere would produce draft plans.

The response was:

- Mr Peacock would schedule a presentation to the June SEC Meeting setting out specific proposals as to the timing and outline design of the leadership meetings, in preparation for the June FED Meeting, a potential conflict

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between the dates of the NAFTA meeting and the "extended FED" meeting requiring to be resolved

- it was confirmed that the first Regional meeting could take place immediately after the planning meeting to be held at Stein
- Mr Peacock with Mr Sharma would contact those joining the FED as a result of the rotation announced on 30 April in order to brief them on the issues covered at the 1/2 April FED Meeting.

64/08 CORPORATE AFFAIRS: THOUGHT LEADERSHIP POSITIONS AND INVESTOR DAY

Mr J Seabrook introduced presentations by Ms S Hull and Ms J Gough seeking feedback on a proposed approach to reinforcing Thought Leadership through stakeholder engagement by SEC members and support for next steps; and endorsement for a proposal in relation to investor events:

(A) THOUGHT LEADERSHIP: DEVELOPING PARTNERSHIPS

The main points were:

- a credible engagement was most likely to be achieved where the contribution of Syngenta's business was aligned with public policy concerns and Syngenta was seen to live its values
- the ultimate objective of engagement would be to secure as supporters the most influential of Syngenta's stakeholders; the potential engagement levels ranged from education and information to extended involvement and partnership
- priority engagements had been defined by measuring in the case of each stakeholder the potential for shared objectives with Syngenta, and openness to private sector engagement; it was proposed that sponsorship of the engagements with priority stakeholders be allocated among SEC members save that in the case of the International Union for the Conservation of Nature the entry point was the Syngenta Foundation and would move to Mr Mack
- the key factors in successful partnerships included early insight into the long-term engagement process; shifting the focus of the dialogue to specific interests and values; openness and transparency; and building joint ownership for actions towards change.

The response was:

- a supporting team was likely to be needed for each interaction
- strategies must be developed by Corporate Affairs to address influential opponents

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- the overall advocacy plan for all of the global issues should be presented to the June SEC meeting and the strategic agenda for public and government affairs, including key country reputation plans, to the SEC Meeting in July
- comments on the Thought Leadership paper circulated by Ms Hull ahead of the present Meeting should be directed in writing to Mr J Gonzalez or Ms Hull.

(B) INVESTOR EVENTS

The main points were:

- the objectives of investor events should be to emphasise the role of technology in agriculture, to position Syngenta as a technology leader, and to deepen understanding of the business particularly with sell-side analysts and leading investors
- it was proposed to hold a series of events in different geographies with 10-15 participants at each event, tailored to address key areas of analyst interest including Corn & Soybeans, emerging markets, usage intensity, longer term prospects in agriculture, and focus in, and measuring returns from, R&D
- for the FY 2008 Results Announcement it was proposed to hold a live event at a new venue in Zurich; a separate event for the media appeared to continue to be required.

The response was:

- the proposal for a series of themed events was directionally supported and a proposal would be defined for the first such event which would be held in 2008 and was likely to take place in Eastern Europe or Brazil
- the need for consistency in the articulation of overall strategy, and coherence in the presentation of the market lift-off story, as between the different events, was underlined
- Vegetables should be added to the list of areas of interest to be covered
- for the Full Year Results 2008 announcement it was agreed to hold a joint presentation with analysts and media, followed by a lunch with media representatives to allow for one-on-one interactions.

65/08 PROJECT ARGEN

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It was agreed that Dr Atkin would bring forward the transaction to the SEC as soon as necessary for consideration as to approval.

66/08 STRATEGIC PRIORITY WORKSHOP: SEED CARE

Dr Atkin introduced presentations by Mr C Goppelsroeder, Mr U Riedel and Mr J Cox reviewing the strategy for Seed Care. The main points were:

- the global Seed Care market was projected to grow from $2.1bn in 2007 to $3.3bn by 2012, growth being driven by cereals, corn and soya in developed markets but emerging markets and new crops also becoming relevant; major seed companies would account for 55% of this growth with corn, soybeans and vegetables in the Americas being key, and Monsanto, Pioneer and Syngenta representing around $1bn annually of Seed Care purchases by 2012
- a change of the industry model involving a shift towards more integrated technology offers combining germplasm, traits and Seed Care, the offers being intransparent regarding the individual value of the technologies, was possible and this model appeared to be being pursued by Monsanto because of relative weakness in Seed Care
- crop-specific Seed Care offers whether global or regional would drive the value of the Seed Care business, requiring go-to-market focus on key account management with major seed companies and on emerging markets
- the high level Syngenta Seed Care strategy required an evaluation of possible key account strategies for Syngenta Seeds, Pioneer, and Monsanto, including open access for all technologies for all crops; selective offers defined by technology and crop; and retaining an exclusive position for Syngenta Seeds
- the application of the chosen key account strategy would potentially be exemplified by the launch of "Avicta" for corn in the United States, requiring a judgement to be made balancing Seed Care sales with Seeds market share gains and a determination as to whether to make the technology available in unbranded form for use in an integrated technology package by Seeds and its competitors
- if "Avicta" were made available exclusively to Seeds for use in unbranded form until 2012, it was projected that Seeds' share of the overall U.S. corn market would increase by 3.3% by 2012 and 5% by 2018, that a $10/unit premium could be obtained in the target market, and that Seeds would be able more rapidly to match Monsanto on yield

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- the combined Seed Care and Seeds NPVs of the scenarios developed for "Avicta" varied from $550m where Seeds retained exclusivity to $990m where the Seed Care opportunity was maximised.

The key issues raised by the discussion which followed were:

- it was agreed that industry profitability in Seed Care was likely to be sustainable for the next five to ten years; generic manufacturers could be expected to compete in individual active ingredients rather than through full portfolio offers
- the anticipated move by Monsanto to an integrated technology offer presented an opportunity for Syngenta to exploit a distinctive position based on Syngenta's relative strength in Seed Care through the establishment of a branded model for Syngenta's Seed Care technology
- it was recommended that Syngenta create a single global Seed Care brand platform which could capture different components by crop and Region but the platform would in all cases rely on offering unique advantage, individual sub-brands being available for use in more precisely targeted markets
- based on their apparent strategy the Syngenta branded offer seemed unlikely to be attractive to Monsanto for corn although the position might be different for other crops; conversely it would be inconsistent with the proposed Syngenta strategy to make the technology comprised in the platform available on an unbranded basis
- to maintain competitive advantage for Seeds it was foreseen that the platform would initially be built in-house, exploiting the value of the brand, before making it available to other seed companies through offers defined by Region and crop
- the recommended strategy would not preclude the supply of individual active ingredients without distinctive brand value to seed companies outside Syngenta
- it was anticipated that the global brand platform would be used also for BOLA
- consideration should be given to the feasibility of licensing fipronil from BASF.

67/08 STRATEGIC PRIORITY WORKSHOP: SUGAR CANE

Dr Berendes introduced presentations by Mr T Kroenke, Ms B Becker and Mr A Klontzaris reviewing the strategy for Sugar Cane and options to progress Project Louisiana. The main points were:

- Sugar Cane represented one of the biggest growth opportunities in Brazil with an addressable market projected to be of the order of $3bn by 2020; a step change in sugar cane agronomy and consequently industry dynamics was foreseen the elements of which included reduced burning, increasing mechanisation, adoption of biotechnology, and regional expansion; the pace of industry consolidation in cane was gathering momentum, millers controlling

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80% and influencing the remaining 20% of production; BASF was the market leader among a number of global crop protection players leveraging active ingredients from other crops; germplasm in Brazil was dominated by a few players, with low levels of investment, and Louisiana would be a prime partner for multinational traits developers

- the sugar cane strategy in Brazil would be implemented in three phases, in the first, to 2010, broadening the Crop Protection product line and investing in preparation for 2010 launch of BOLA, in the second, between 2010 and 2015, deploying of a breeding program, accelerating the BOLA launch, and in the third, beyond 2015, introducing new input and output traits
- the BOLA value proposition to growers was calculated at $780/hectare, comprising $500 reduced cost of planting and $280 higher productivity, driven by faster renovation; concept design and validation was 60% complete, demonstration plots to be run in Q4 2008, a comprehensive product specification having been defined and partnership with John Deere being evaluated as an option, but critical challenges in R&D and operations required to be addressed
- the Cooperation Agreement between Louisiana and Monsanto had been reviewed by outside counsel; the main elements affecting any bid by Syngenta were a right of first refusal until 24 May 2009 allowing Monsanto on an offer triggering a change of control of Louisiana to acquire at 105% of the offer price the shares covered by the offer, and from 24 May 2009 a right of first offer under which if the owners of Louisiana decided to sell or transfer control of Louisiana, the shares involved must first be offered to Monsanto and could then be sold to a third party only for a price equal to at least 80% of the price offered by Monsanto; the Agreement also granted Monsanto certain decision rights as to Monsanto traits and pricing which would survive change of control
- deployment of global technology including transformation capabilities sourced from the Queensland University of Technology collaboration, germplasm and traits would be key for success in Brazil but additional technical resources were required which would increase LE2 to $17m compared to budget of $12.4m
- a comprehensive global Sugar Cane strategy would be developed for presentation, together with an update on implementation in Brazil, at the September 23/24 SEC Meeting.

The principal points raised in discussion of the presentations were:

- the most relevant trait for sugar cane would be the trait controlling sucrose content, which was expected to be launched as a native trait in 2010 and in genetically modified form after 2015; neither glyphosate tolerance nor Bt were likely to be driver traits; but the possibility of change in the "gatekeeping technology" through mechanisation would be monitored

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- it appeared that the viability of BOLA would not be confirmed until shortly before the 24 May 2009 date at which Monsanto's rights under the Cooperation Agreement with Louisiana changed
- the only viable option to progress the Louisiana acquisition in 2008 would be to seek to acquire either 49.9% or 100% of Louisiana having first discussed this, under a confidentiality agreement, with Monsanto, after completing commercial due diligence on Louisiana
- it was agreed that a confirmatory communication, agreeing to the conditions for commercial due diligence, would be sent to the owners of Louisiana and that a judgment would be required as to the timing of an approach to Monsanto
- the competitive landscape for sugar cane traits in Brazil required to be better analysed
- if having secured Louisiana, BOLA proved not to be viable, the scope to use the Louisiana technology to leverage the Crop Protection offer opposite cane millers in Brazil, as well as to expand that technology into the global space, would have to be appraised
- the downstream operating model and route to market would need to be defined and built as quickly and comprehensively as possible
- if Louisiana was not secured by Syngenta, it would be necessary to reassess the value capture mechanism for BOLA; the different scenarios would be modelled and a difference case (including the scenario where BOLA proved not to be viable) would be developed in valuing Louisiana
- the recruitment of additional technical resource was supported.

68/08 TOWERS PERRIN COMPENSATION SYSTEM REVIEW

Mr P Kilgour and Mr M Reid gave a presentation summarising the key findings of the compensation and benefits review commissioned by the Compensation Committee, and the recommendations of the Committee in relation to each of the identified concerns which had been raised by the survey population. The main points were:

- the current system had generally worked well but some features were not delivering in the way which had been intended and required attention
- the fairness and consistency of decisions on eligibility to and banding in the SMG had been questioned; the Committee recommendation was to continue with the current discretionary definition but aim to improve transparency over the financial consequences of joining the SMG
- concern had been expressed as to the fairness and vulnerability of payouts to exogenous or economic factors; the Committee advocated no change in principle but that budgets and targets might be revisited during the year in the event of a major exogenous or economic market development, and had recommended that a small group be formed to explore with Towers Perrin the

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feasibility of a mechanical adjustment factor and to present the results to the Committee

- insufficient differentiation of both total and role-based payouts was perceived; the Committee proposed a move to a results-linked approach and recommended that the SEC define and govern the approach as to how the total and role-based bonus pools were conducted on an annual basis and how they linked to overall corporate performances
- unlike the UK, Germany and the Netherlands the Swiss corporate governance framework recommended but did not yet formally require performance-linking of long term incentives; the Committee proposed that a move to a performance plan take place only when absolutely necessary
- the concern had been articulated that the current LTI award policy penalised executives for growing the share price; the Committee had expressed itself generally satisfied with the current approach but had requested the Compensation and Benefits Team with Towers Perrin to explore the feasibility of fixed share awards and the mechanisms by which they were set and reviewed
- the survey population had volunteered the view that the current LTI plan did not effectively support the needs of the LTI SG/DG population; the Committee decision had been that options should be replaced with restricted stock in SG and DG (possibly using a 2 year vesting requirement in the case of DG awards), the distinction between SG and DG to be maintained but the SEC to clarify the criteria in each case given concerns expressed by interviewees over the desirability and effectiveness of the current discretionary approach
- current communication practices were seen to be intransparent and not to maximise the perceived value of the total package; the Committee supported a move to a more effective and transparent communication policy.

The response was:

- it was agreed that the value of the current system had not been fully realised
- Mr Holt would assemble the working group to review the feasibility of a mechanical adjustment factor and would advise the SEC of the membership of that group
- the feasibility of fixed share awards would also be reviewed as soon as possible and a recommendation brought to the June SEC Meeting
- the understanding of the value of options among the DG group appeared relatively low and the vesting period had not typically operated as an effective retention tool with this population.

69/08 ANY OTHER BUSINESS

- Mr Pisk presented a proposal for $12.5m capital to build a greenfield corn processing plant in Goias state, central Brazil. The project would expand the existing processing capacity by 410,000 units to 1,970,000 units a year. At a

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16% discount rate the NPV of the differential case (against a "do nothing" alternative) was $23m, with an undiscounted payback of 4.9 years.
The proposal was supported; the need to provide the right quality of project management was underscored

- Mr Pisk provided an update on the status of the Foundation program. The BSC at its 5 May meeting had supported a restart conditioned on classification of costs to be completed for the June SEC Meeting, implementation of a pilot cluster to prove the program, the overall approach to resource and capabilities to be reviewed by the BSC in June; and appointment of Infosys as the vendor in substitution for Accenture. The indicative revised program costs showed a total investment of $149m; formal endorsement by the SEC would be requested at the June Meeting
- Mr Pisk raised the issue of the scheduling of SEC Meeting dates for 2009; it was agreed that a broader discussion on SEC meeting process, structure and location was required which would be targeted for the June meeting to enable the 2009 calendar to be set in July
- Mr Mäder commented on the process for the Brand Introduction Workshops in Switzerland; it was proposed to offer a double support structure to management, catalysts and HR to provide support to line managers who elected to lead Workshops for their natural teams, and cross-business Workshops, which would require senior management leadership, also being made available. The proposals were supported.
- REDACTED: PRIVILEGED
- the target in Project Hamilton had agreed to Syngenta's non-binding offer and "due diligence" would begin within the next ten days. The owner of the target in Project Gladstone was preparing a counter-proposal to Syngenta's non-binding offer
- Dr Berendes presented a proposal for the sale of Syngenta's shareholding in Avidex Limited, a UK biopharma company into which Syngenta had invested in 2005 and which was acquired in 2006 by Medigene of Germany; the original investment was $5m and the shares including those in escrow were now valued at $7.6m. The proposal was supported; the divestiture would be overseen by Mr Ramsay and Mr G Walker
- Dr Berendes requested support for funding of $150,000 to refurbish and develop a school and adjacent hospital on the ex-Fischer site in Kenya to the required standard. It was proposed that these costs be provided from a central Syngenta fund to be established for East Africa.

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It was agreed on the basis that the school and hospital were located on the site that the costs should be borne from the operating budget for the business in Kenya. Separately Mr Mäder would take up with the Corporate Responsibility Panel whether a dedicated social fund had value to the Company, Dr Lawrence commenting that a number of employees had asked about the possibility of contributing to such a fund

- Dr Lawrence said that it was now proposed, instead of leasing from Origin the temporary biotechnology facilities in Beijing, pending completion of the permanent laboratory, to lease incubator space on the science park where the permanent laboratory would be located. The capital cost of the incubation centre would be $3.61m and the rental over three years $0.83m compared to $2.98m and $0.91m respectively for the Origin facility. The proposal was supported
- it was agreed that external reports that the "Herculex" rootworm trait had significant yield drag would be followed up rapidly recognising the presence of the trait in the "SmartStax" technology implicated in Project Churchill
- reference Minute 42/08, it was agreed based on the conclusions of the Seed Care Strategy Workshop that Seed Care would for reporting purposes be detached from Professional Products and Seed Care sales would be disclosed spearately within the Crop Protection product line reporting
- it was agreed that Dr L L Smith and Mr Sullivan would provide a presentation on the Company's response to the claimed links between paraquat and Parkinson's Disease
- Mr Peacock said that the Supply Chain LE1 assumed an oil barrel price of $100; the average price in April was $14m adverse to LE1 while continuing prices at levels of $115 and $125 would generate adverse impacts of $25m and $50m respectively
- Mr Mack said that the appointment of Dr Alejandro Aruffo to the role of Head of Research & Technology, reporting to Dr Lawrence, would be announced on 15 May; Dr Aruffo would join the FED
- Mr Mack reported that the Q1 Analysts' Conference Call had been uneventful and confirmed the value of having made the interim Q1 Earnings Announcement. It had subsequently been agreed to move forward the Q1 Earnings Announcement date in 2009 to separate it from the AGM
- the Agenda for the Board Meeting in Minneapolis on May 22 and 23 was briefly discussed.