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Minutes

Secret

Syngenta Executive Committee
Minutes of the SEC Meeting held on
Wednesday 25 and Thursday 26 April 2007

Present:	Mr M P Pragnell	(in the Chair)
	Dr J C Atkin	
	Dr R Berendes	
	Dr D K Lawrence	
	Mr M Mack	
	Mr E C Mäder	
	Mr M Peacock	
	Mr D Scala	
	Mr J D Sullivan	(Secretary)
In attendance:	Mr J Ramsay	(Minutes 44/07 and 45/07)
	Mr J Seabrook	(Minute 46/07)
	Ms K Williams	(Minute 47/07)
	Mr P Natkanski	(Minutes 47/07 and 48/07)
	Dr M Bushell	(Minute 50/07)
	Mr D Snell	(Minute 50/07)
	Mr P Thompson	(Minute 50/07)
	Mr K Neuffer	(Minutes 51/07 and 54/07)
	Mr L Bassi	(Minutes 51/07 and 54/07(C))
	Mr S Holt	(Minute 52/07)
	Mr D Hall	(Minute 52/07(A))
	Mr C Tilger	(Minute 53/07)
	Mr C Ridley	(Minute 53/07)
	Dr R Furter	(Minute 54/07(A))
	Dr M Battersby	(Minute 54/07(A))

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Dr G Ramos	(Minute 54/07(A))
Mr T Kroenke	(Minute 54/07(B))
Mr M Bidwell	(Minute 54/07(B))
Mr R Coleman	(Minute 54/07(B))
Mr L Aicher	(Minute 54/07(B))

43/07 MINUTES AND MATTERS ARISING

The draft Minutes of the Meeting held on 29 March 2007 were approved.

- Minute 33/07, the appointment with immediate effect of Mr P Gibbons as Head of Corporate Security had been announced on 30 March
- Minute 33/07, Dr Berendes had on 17 April circulated an updated version of the note documenting the key terms of the sale to United Phosphorus Limited of a 70% equity stake in LongReach Plant Breeders highlighting the impact of different discount rates on the value of the transaction. Mr Scala would discuss with Mr Pragnell the broader issue of the discount rates to be used in connection with capital expenditure proposals (including disposals)
- Minute 33/07, Mr Sullivan confirmed that a revised draft of the booklet on Effective Decision-Making as well as a schedule of the "Reserved Powers" would be produced in preparation for a meeting on 11 June between Mr Mäder, Mr Pragnell, Mr Sullivan and Mr K Neuffer
- Minute 33/07, Dr Lawrence would organise a presentation to the SEC, to take place by June, covering the developing regulatory landscape in both biotechnology and chemicals (including the impact in the European Community of the REACH legislation) and the positioning of the industry in relation to this
- Minute 36/07(E), Mr Scala confirmed that the buyout for €9.5m of the quality fee commitments in the Maisadour Semence supply contract had been approved and that the cost would be allocated to restructuring
- Minute 39/07, Dr Berendes would circulate a note confirming the governance arrangements for the reconfigured research collaboration with Diversa once written agreement with Diversa had been reached
- Minute 40/07, Mr Pragnell and Mr Mäder had reviewed with Mr C Ridley the governance of Corporate Responsibility; in principle it appeared that there should be two groups, separating Board oversight from executive management of the issues, and Mr Mäder would present proposed outline terms of reference for each group to the 15 May Meeting
- Minute 40/07, Mr Scala confirmed that the establishment of a trust vehicle to fund the Syngenta Foundation was under investigation
- Minute 41/07, almost all of the Board had now responded favourably to the circular seeking their support for Project East Wind; signature of the transaction agreements was targeted for 9 May, a one week extension of the

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exclusivity period for negotiations having been secured; the arrangements for local announcement of the deal in China would be reviewed

- Minute 42/07, Mr Scala confirmed that acceptances of the tender offer had been secured from minority shareholders representing 7.1% of the equity of Syngenta India Limited, facilitating delisting, but at a price of 730 rupees per share (equivalent to $40m in total) compared to the maximum price of 600 rupees per share referred to in the 11 January presentation to the SEC; settlement was due by the end of May and the offer was required to remain open for a further 6 months; Mr Scala would circulate a status report and Mr Mäder would copy to SEC members the submission to the Board on the basis of which support to proceed at the increased share price had been given
- Minute 42/07, the core group of FED sponsors had reviewed the outcome of the 27/28 March FED Meeting and would scheduled a discussion in mid-May with Mr Pragnell; a review of the SEC F3 Project would also be held, on 27 June

44/07 FINANCIAL PERFORMANCE

A) QUARTER 1 RESULTS 2007

Mr J Ramsay gave a presentation detailing the key issues emerging from the March month and First Quarter sales and income statements as well as the April month sales estimate. In summary:

- Group sales in the month of March at $1377m were 4% higher than the prior year and 7% above Budget, at constant exchange rates, and for Quarter 1 at $2957m were 6% higher than 2006 and 5% better than Budget, respectively
- the opportunity of the Fischer acquisition would be used to revisit the Flowers Strategy particularly in the United States, to separate the brokerage activity from the proprietary business and to develop a go-to-market model integrating the Plant Health offer
- current indications were that because of adverse weather and delayed planting, corn acreage in the U.S. would be below the 90.5m acres projected by USDA, but the balance between corn and soya planting which would drive Seeds profitability would only become fully visible at the end of May
- the performance of Diverse Field Crops, impacted by the switch from sunflowers to corn in Europe, was disappointing in terms both of Budget and the prior year
- the most significant issue appeared to be the potential impact of the profitability of Seeds on the Full Year
- oversupply and further uptake for biotechnology had offset the otherwise potentially favourable impact on Crop Protection prices in the USA of firmer pricing of commodity crops, Brazil also suffering an overhang from the price decline in Q3 2006; the price trend in Seeds was positive overall with Corn

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however showing a channel mix effect across the three brands and Soya affected by the hold-back in treating seed to minimise the need to destroy unused inventory

- Gross Profit in Crop Protection in the First Quarter was in line with, but in Seeds was 4% adverse to, Budget; the strategic plan must be to increase the Gross Profit margin in Corn to approach the 52% targeted by Monsanto and clear milestones would be established to underpin confidence in delivery of a fully competitive capability by 2009/2010
- Q1 free cash showed a reduction of nearly $200m in the outflow compared to 2006, reflecting improvements in both inventory management and receivables
- estimated Group sales in the month of April at $1011m, were 1% ahead of the prior year but 7% below Budget; Crop Protection in NAFTA experiencing a slow start but in EAME expected to enjoy a second strong month; the adverse variances in Seeds sales were a consequence of the phasing effect of late sales in 2006
- LE1 Net Income Growth at 15% was two percentage points higher than the external consensus and four percentage points above Budget.

B) NAFTA CORN & SOYA: HEDGING OF GROWER COSTS

Mr Ramsay gave a short presentation describing the hedging mechanisms which had been established in relation to corn and soya production. The main points were:

- the variable and unpredictable production costs caused by the ability of growers to lock the seed purchase price at any time during a 12 month period by reference to the Chicago Board of Trade equivalent had been hedged through commodity contracts
- the application of the interpretation placed by the auditors on IAS39 had the result that the contracts in relation to soya, where commodity pricing applied and there was a significant correlation between the local price and CBOT, were treated as an effective hedge, allowing any gain or loss to be carried through the year end in the balance sheet and to be matched in COGS when the seed was sold, but in relation to corn, which was subject to speciality pricing and the connection between the local price and CBOT was tenuous, the hedge was treated as ineffective requiring the gain or loss to be recognised by a "mark to market" at the year end in 2006
- the impact to the Income Statement of the treatment of the corn hedge as ineffective was $6m adverse to 2006 in Q1 and $11m negative (before the effects of 2007 contract variations) in LE1
- governance of the arrangements had been established via a "Hedge Committee" led by Mr J Powell.

The response was:

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- it was noted that hedge accounting was not allowed any more in relation to corn, however that hedging would continue as it made sense to manage the exposure
- rigorous control systems must be maintained to ensure that any likelihood of deviation from the relatively low dollar figures indicated by the presentation would be brought promptly to the attention of Mr Ramsay and Mr Scala.

45/07 HEADQUARTERS EFFECTIVENESS

Mr Ramsay gave a presentation setting out the output and service value analysis from the review of Headquarters Effectiveness. The main points were:

- the project would deliver by 2008 annual savings of $12m from a cost base of $144m for restructuring costs of $10m and a net FTE reduction of 21 people from the 445 within the scope of the project
- it was recommended that the Corporate capabilities in Wilmington be maintained at that location but the long-term strategy would be defined through a follow-up project led by Mr Ramsay with Mr J Fogden
- the savings in Treasury would derive predominantly from the relocation of the London-based team to Basel over a period of two years
- the communication of the output from the project would take place in May.

The response was:

- the opportunity would be taken to show leadership by example in conveying the message to the wider organisation that measurable savings would be delivered from the Headquarters cost base
- around 80% of the cost saving appeared to relate to Finance, Human Resources, and Strategy & Planning/M&A; the critical importance of the M&A function and also of the UK accounting group in Finance as talent sourcing points should not be overlooked; the cost of resourcing M&A integration capability appeared not to have been factored into the review; and both the level of service and the quality of output in Human Resources required improvement
- Mr Ramsay would provide a more detailed briefing outside the Meeting on the rationale for moving Treasury team in London to Basel
- priority would be given to ensuring that the individual projects within the overall plan did not absorb a disproportionate amount of management time relative to the level of savings achieved
- the restructuring program would be reviewed again in totality by the Board in May and Mr Ramsay would preview the main elements of the corresponding presentation at the May 15 SEC Meeting.

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46/07 DRAFT Q1 TRADING STATEMENT

Mr J Seabrook circulated and led a discussion on the draft Q1 Trading Statement.

47/07 HSE Q1 PERFORMANCE REVIEW

Mr Peacock introduced a presentation by Ms K Williams and Mr P Natkanski reviewing HSE performance during the First Quarter; examining the record on environmental breaches over the last two years; setting out an action plan for those sites with an IIR exceeding zero; and proposing a new approach to HSE reporting. The main points were:

- the IIR for the First Quarter was 0.49, a deterioration of 14% by comparison with the 2006 year end, the Monthey site being a significant contributor and meriting intervention
- health cases showed a downward trend but stress, as diagnosed by medical personnel on site, remained a concern in Europe
- total moving vehicle incidents were increasing but incidents with injury remained flat
- an analysis of environmental breaches by reference to the number of new common cause events by Quarter since the beginning of 2005 suggested that the trend, averaging about three events per Quarter, was broadly flat, although the value of this measure was debatable; there were no material breaches and less than 0.1% of the breaches were out of compliance levels
- the site Action Plan included a program of improvement actions in relation to Monthey, certain Seeds sites in EAME and NAFTA as well as two EAME F&P sites, and Greens Bayou
- HSE performance reporting to date had been guided by the Policy and Commitments, since the formation of Syngenta the changes which had taken place included the establishment of a single, verifiable, reporting system aligned to external guidelines, the active management of liabilities, increased outsourcing, definition of the Corporate Responsibility framework, expansion in Seeds, and investment in new business areas; it was proposed to develop a new Syngenta HSE strategy which would be responsive to changes, aligned to both internal values and external expectations, and would drive reporting; Mr Peacock together with Mr Mäder, Ms Williams and Mr Natkanski would bring a proposal to the 11 July Meeting regarding future reporting metrics.

The response was:

- the total number of personnel in each of the reporting sub-populations should be displayed

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- it was noted that a system had been put in place to track GM incidents which had required reporting to external regulators; to date in 2007 there had been one such incident in which a small area of GM sweet corn had been planted in Florida ahead of receipt of the State EUP
- the intervention at Monthey and the broader review of management capability at Greens Bayou which Mr Peacock had initiated were also noted
- the importance of HSE performance, as a measure of the proper management of exposures of both employees and the communities within which Syngenta operated, as a component of Corporate Responsibility, was underscored.

48/07 CLIMATE CHANGE AND SYNGENTA

Mr Peacock introduced a presentation by Mr Natkanski setting the context for actions to assess Syngenta's carbon footprint. The main points were:

- Syngenta already monitored and reported the carbon footprint (defined as greenhouse gases produced as a result of company activities, measured in units of carbon dioxide) resulting from its in-house production and operations
- the next steps involved collecting and assessing data on emissions from travel and distribution, as well as starting a dialogue with key tollers and suppliers on emissions
- the most positive effect was likely to lie with farming and land management, with the provisos that carbon capture from these activities was treated as a grower credit and was therefore unavailable to Syngenta for offset against its own emissions, and that the Kyoto Protocol did not recognise agriculture as a permanent source of carbon capture
- lifecycle assessments would also be conducted for sample pesticides and seeds; and an overall progress report would be provided to the 5 September SEC Meeting.

The response was:

- Mr Peacock together with Dr Berendes, Dr Lawrence and Dr Atkin would assemble a task force of no more than 6 people with a remit to include identifying organisations able to provide data input which could guide the assessment of the carbon footprint, and would revert to the SEC on May 15 to confirm the membership of this task force and define the action plans
- it should be recognised that influencers and stakeholder groups were likely to play a significant rôle in determining how emissions and carbon capture were measured
- Mr Pragnell would arrange for the circulation of three recent speeches on the subject of global warming made by the UK Secretary of State for Environment, Food and Rural Affairs, Mr D Miliband.

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49/07 INVINSA

Dr Lawrence together with Dr Atkin gave a presentation describing a potential technology collaboration with Rohm & Haas. The main points were:

- R&H had invited Syngenta to collaborate with them on pre-harvest applications against heat and drought stress of 1-methylcyclopropene, a biopesticide blocking the action of the plant hormone ethylene, which R&H had already commercialised in the U.S. for post-harvest uses through their AgroFresh subsidiary
- a non-exclusive evaluation agreement had been entered into and a joint Seeds and Crop Protection trial plan agreed in March, with a review to be held with R&H in December
- a meeting which Dr Atkin and Mr V Fischer had attended on 20 April with senior management of R&H and AgroFresh had led to an elaboration of these discussions, R&H now seeking a partner to optimise the formulation and devise a commercialisation plan for the pre-harvest field; this activity would be led from the U.S. by Mr Fischer and Mr T Dickinson and globally by Dr Atkin, Dr Lawrence, and Dr R Fürter
- in addition during the 20 April meeting R&H had signalled that, although unwilling to divest the post-harvest business, they would be open to co-operation with Syngenta in this area and recognised the potential for synergies with Dulcinea and Flowers.

The response was:

- the proposals for co-operation with R&H which had been outlined were supported
- it was noted that R&H had sound intellectual property protection for the method of use of the base technology; Syngenta should obtain patent protection for any novelty in the optimisation of the formulation from gas delivery
- Dr Atkin would liaise with Dr Berendes regarding the potential application of the technology in Flowers.

50/07 TRANSFORMING JEALOTT'S HILL PROGRAM

Dr Lawrence introduced a presentation by Mr D Snell seeking directional support for a $42m investment in a Transformation Program for the Jealott's Hill site, for the first phase of which a $2m Planning Credit was required. The main points were:

- the site was spread over a wide area with over 90 buildings ranging in age from 2 to over 70 years old and the groups on site located in separate and

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under-utilised buildings; in consequence the site was inefficient and had operating costs which benchmarked poorly, and the interaction between groups was weak leading to an inappropriate culture and lower opportunity for innovation

- the strategic objectives of the Transformation Program were, by 2010, to reduce the site's physical footprint and to deliver a reduction of 25% in the $54m operating costs through a suite of projects supporting a change in culture and optimal positioning for innovation
- the Program would be delivered through 3 work streams respectively addressing Ways of Working, Cost, and Compression of the site footprint, the Compression activity being supported by a divestment project which would realise the opportunity to divest land vacated through this process; the Planning Credit was required to support the design work needed to achieve the changes in buildings envisaged by the Compression stream
- the investment would be delivered in two phases, the first tranche of $22m in 2007-2009 comprising those elements required to replace outdated and expensive facilities and the second, of $20m, in 2009-2011, capturing those elements necessary to facilitate the divestment, subject to local planning authority requirements which would be defined in 2008, of the vacated land; an opportunity existed outside the investment case to divest additional property for an estimated maximum income of $21m; the NPV @ 16% of the Program was $6.1m with a 6 year payback.

The response was:

- the Program was directionally supported it being noted that the Planning Credit would be submitted to the Capital Approvals Committee on 27 April
- the site had delivered a significant track record of innovation; the Program would reinforce the strategic commitment to the site by raising the levels of interaction and productivity among the workforce
- given the location of the site the estimated yield from the divestment activity, while recognised to be subject to the use classification applied to the surplus land by the local planning authority, appeared conservative.

51/07 CORN & SOYBEANS NAFTA

Mr Mack gave a presentation updating the LE1; describing the agronomic outlook; defining the operational challenges; and detailing activities designed to address bottlenecks in the supply chain and product development pipeline as well as to raise business capabilities, in Corn & Soybeans in NAFTA. The main points were:

- the final planted acreage in 2007 was difficult to predict but was currently estimated at 88 million for corn and 66 million for soybeans; lower soybeans volume, higher COGs in corn and absence of market share gain could in

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combination result in sales $46m, and gross profit $47m, below Budget, functional cost savings allowing for a partial EBITDA recovery

- expansion of ethanol plant capacity would tend to drive corn acres up but this pressure would stabilise in the longer term as a result of yield increases accelerating beyond the historical average rate of 2% per annum
- the key operational challenges were delivery of the trait pipeline; increasing both speed and capacity for parent seed breeding; scaling up the supply chain including expansion of harvesting and drying capacity; and upgrading the commercial organisation
- Project Fast Track aimed to save two years from the normal parent seed development cycle through the use of molecular markers to increase quality of conversion, increased staffing and upgraded capabilities to allow a higher number of generations to be produced each year, and the carrying out of yield tests in parallel
- the acquisition of the target in Project 600 for around $70m, subject to no material adverse findings emerging in due diligence, had been supported by the Chairman's Committee on April 19 and would be submitted to the Board for approval on 23 May; the acquisition would provide the additional corn seed production capacity required to meet prospective five-year demand; and the acquisition cost of $63/unit was in line with the cost of installed capacity and would eliminate build-out delay
- Project Dawn would reconfigure the commercial organisation to move from a position of designed independence to an integrated approach with distinctive brands, allowing a clear line of sight across the business and streamlined decision making, as well as delivering $12m savings and an FTE reduction of 100, and would become effective from 18 June
- the Seeds Strategy Review in June would address the issues of second wave technologies, achievement of share gain, and acquisition opportunities in the space occupied by independent licensees.

The key points made in discussion of the presentation were:

- Mr Mack was thanked for a clear and insightful update; the Committee would require to spend increasing amounts of time on understanding and supporting this area of the Business
- the Supply Chain management in NAFTA Corn & Soya were congratulated on the significant achievements of the last twelve months which had been highlighted by the presentation
- sharper focus would be brought to bear on Monsanto's marketing capability and the criteria for success in outcompeting Monsanto
- the projected absence of market share gain in 2007 in Soya was disappointing in the context of the strategic objectives embodied in the 5 Year Plan
- effective pricing control must be established as well as better co-ordination in the use of program monies across the three brands

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- adequate and timely funding of the R&D Pipeline would be critical and concern was expressed at the phasing of development costs proposed to be included in the 2007 functional cost savings
- Mr Mack would work with Mr J Ramsay on the production of a paper for the Compensation Committee on 2007 STI
- the June Strategy Review would include an updated view of the timetable for introduction of Syngenta's trait range, with comparisons with Monsanto and ideally Pioneer
- the positioning of the Syngenta brand in the context of channel perspectives required to be evaluated
- the speed of progress on Project 600 was pleasing and the potential income stream from external supply contracts was noted
- the timing of Project Dawn appeared to be correctly judged given the momentum for change in the organisation
- the proposal that the NAFTA Corn & Soya footprint might be expanded through acquisitions was noted and would be revisited at the June meeting.

52/07 HUMAN RESOURCES

A) PERFORMANCE MANAGEMENT

Mr S Holt and Mr D Hall presented the conclusions and recommendations from a survey of the Performance Management review process undertaken through interviews with 70 managers and employee representatives. The main points were:

- the concerns expressed included that the Quartiles were perceived as absolute performance labels; that the percentage of the total population required to be allocated to Lower Quartile was too large; that the inflexibility of the system encouraged abdication of management responsibility; and that the fixed distribution had created a primary focus on appraisal alone
- it was proposed that an evolved change of the system, replacing forced distribution with strong guidance, changing category labels from purely relative to performance related, and moving the focus from mechanics to leadership practice, be introduced
- the detailed proposals would be tested in workgroups during May and sign-off from the FED sought at the 27/28 June meeting, for implementation from July; communication tone and management alignment would be critical.

After discussion of the proposals, it was agreed as follows:

- the evolution to greater flexibility was supported but rather than through the use of ranges or points, as had been proposed, this should be by the adoption of "indicative areas of landing"
- the new labels "Developing/Partially Performing" "Stretching" and "Excelling" were endorsed in principle subject to consideration of the use of the

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Leadership Model to evolve these descriptors, and the need to address consequence management in the context of the descriptors; the indicative areas would be sized at 15%, 60%, and 25% respectively
- communication and positioning of the changes would be crucial; an outline draft of the proposed communication would be circulated to the SEC for comments by 4 May, ahead of testing the model with a small number of work groups
- the holding of calibration meetings by reference to pools, the composition of which would be reviewed in Business and functional Leadership Teams and by the SEC, would continue to be mandated
- training in performance management would reinforced in particular by giving it a higher profile in leadership development programs.

B) SMG NOMINATIONS

Mr Holt led a discussion of nominations of new entrants to Band C of the Senior Management Group. The main points arising from the discussion were:

- 23 of the 38 nominations were agreed and promotion to SMG Band C would take effect on 1 July; nominations would be reviewed biannually with the next review to take place on 5 September
- all nominations must be sponsored by a SEC member (who should consult with the leadership within his area of responsibility) and should be driven through the succession management process
- nominations should attach as much to individuals as to rôles, with an emphasis on refreshing and invigorating the quality of talent for succession
- concern was expressed at the age profile, there being only two nominees aged under 40; only in exceptional cases would an individual aged over 50 become a new entrant to the Senior Management Group; a discussion of the shape of the distribution of the SMG population across businesses and functions was also required
- it appeared that the environment for external recruitment was becoming increasingly challenging in a number of areas.

53/07 "GRAMOXONE" OUTREACH

Reference Minute 37/07, Mr Pragnell introduced a presentation by Mr C Ridley tracking the development since the last meeting of issues of which there was external awareness, relating to "Gramoxone", which had the potential to affect Syngenta's global reputation; presenting a draft of the proposed bullet point "core message" on "Gramoxone" for approval; and describing the intended reporting process for adverse health incidents. The main points were:

- the key issues which had emerged since the last meeting were a Reuters News report on 22 April of studies carried out by the Parkinson's Institute

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linking pesticides and particularly paraquat to Parkinson's Disease; and the intended transmission by the Swiss TV channels TSR on 26 April and SF1 on 1 May of programmes expected to be critical of "Gramoxone"

- an e-mail containing commentary by Dr Atkin on the content of the TSR programme would be prepared following the programme and sent to all employees in Switzerland on 27 April; also on 27 April Dr R Furter would be interviewed to provide Syngenta's viewpoint for the SF1 programme
- all severe and fatal incidents with paraquat (excluding intentional ingestions) would be communicated immediately and checks carried out as to whether Syngenta product was involved, serious incidents being reported within 24 hours to Dr Atkin, the CPLT, Dr LL Smith, and Global Public Affairs / Issues Management.

The response was:

- Mr Ridley would organise the production of a summary of the Reuters' report and a response by Syngenta; Dr Lawrence would also schedule a presentation on the alleged linkage of pesticides to Parkinson's Disease to the SEC in May or June
- the bullet point "core message" was agreed with certain amendments
- the communication of adverse health incidents would be routed through Dr Smith to Dr Atkin
- a statement on "Gramoxone" produced for use by the Chairman at the Shareholders' Annual General Meeting on 2 May (which would be updated to take account of the TV reporting) would be circulated.

54/07 STRATEGY REVIEW

A) R&D PIPELINE REVIEW

Dr Lawrence introduced presentations by Dr M Battersby and Dr R Furter previewing the review at the May Board Meeting of the R&D pipelines for Seeds and Crop Protection respectively. The R&D spend would be contained below 10% of sales throughout the 5 Year Plan period, with reshaping of the resource to fund investment in Seeds, particularly Corn & Soybean traits

(1) SEEDS

The main points of Dr Battersby's presentation were:

- the Seeds/biotechnology R&D Budget for 2007 at $330m was $24m higher than for 2006, with a $41m increase in the spend on Corn & Soybeans
- the Corn traits pipeline, including a second mode of action corn rootworm trait to address EPA regulations on resistance management, was on track; 2007 would be a critical year for amylase as the first corn output trait

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- an expanding pipeline of attractive effects was also under development in Soybeans for which building leading germplasm would also be critical; the timetable for introduction of second-generation traits in Corn was competitive with but in Soybeans was slightly behind that of Monsanto
- a formal proposal to invest in a trait validation centre in China to boost the early-phase productivity traits pipeline and attract collaborators would be presented to the SEC on 5 September
- significant technical progress had been achieved on enzymes, with increasing investment in cellulosic ethanol via the Diversa collaboration

The response was:

- considerable progress had been made in the last 12 months for which Dr Battersby and his team were congratulated
- the advancement of the traits development pipeline by comparison with the position at Q1 2006 should be displayed
- the security of intellectual property protection on output from the trait validation centre would be covered in the formal proposal
- the review should distinguish between step changes which appeared to derive mostly from genetic modification and incremental growth which was more associated with native traits; the value capture from yield improvement must at least be sufficient to recover development and registration costs.

(2) CROP PROTECTION

The main points of Dr Furter's presentation were:

- the Crop Protection / Professional Products Budget for 2007 at $468m was $22m below 2006
- the development pipeline had been strengthened and the research pipeline refreshed, providing the ability to progress one new compound per year to Stage 2, the aggregate peak sales potential of the pipeline exceeding $1.2bn
- both cost efficiency and talent access would be improved through the outsourcing model in Development 2020
- fast-track development processes in which activities would be carried out in parallel rather than in sequence would allow market entry to be accelerated by one to two years and had been applied to the OPA Foliar fungicide and the DASH SUPERSONIC herbicide project
- opportunities in biofuels existed through the extension of registered products to drive yield in sugar cane and corn and through the commercialisation in Brazil of new seedling technology including growing media and seed care treatments, for sugar cane.

The response was:

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- the pipeline appeared to be in excellent health and the moves to shorten the development time cycle were applauded
- the competitor pipelines, including estimated timing of launch and peak sales, particularly for Bayer and BASF and in relation to the OPA fungicides and bisamide insecticides, should be shown
- the engagement strategy to tap into the innovative capability of the Japanese chemical industry should be revisited
- directionally the pipeline was focused on ongoing refreshment to provide competitive edge rather than absolute growth, capitalising on the halo effect of regular innovation in customer retention and using the distribution network to expand share while recognising the capacity of new active ingredients to cannibalise earlier grower solutions

In conclusion the degree of change over the previous twelve months both in the acceleration and depth of the pipelines and through structural initiatives to provide organisational momentum, coupled with the investments at Stein and Jealott's Hill, underpinning confidence in delivery, was underscored. Any additional comments on the presentation would be submitted to Dr Lawrence before the Board Meeting and the presentation would be edited and revised.

B) BIOFUELS STRATEGY

Dr Berendes introduced a presentation by Mr T Kroenke, Mr M Bidwell and Mr R Coleman seeking agreement on the corporate strategy for Biofuels. The main points were:

- a true biofuels strategy would require a step change in focus, commitment, ways of working and public stance
- biofuels were now seen to have a sustainable future and would capture a significant share of the transportation fuel market, with sugar cane, corn and cellulosic ethanol emerging as the likely global winning crops and tropical sugar beet appearing as a niche crop-to-fuel regime with positive economics
- Syngenta's strategy would seek a determined entry into Brazilian cane-to-ethanol; optimize agronomic inputs for U.S. corn-to-ethanol; build on existing competitive advantage in tropical sugar beet; and establish a lead partner position in a winning consortium for cellulosic ethanol
- new leaderships, the first of which involving partnership with the Queensland University of Technology as a world leader in cane research, would be required to enable the cane strategy; the successful launch of amylase would provide a sound platform from which to develop a corn ethanol product portfolio; in tropical sugar beet the first mover advantage would be retained by refining the go-to-market model and seeking intellectual property protection; and in cellulosic ethanol, for which resource was required to obtain government funding, a partnership among Syngenta, Diversa and Celunol had the core capabilities to be a winning consortium addressing all of the key levers

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- the opportunities implied an incremental Budget requirement of $8.4m in 2007, for which support was requested, rising to $51m by 2011, and organisational redesign aligned to the strategy and deploying cross-business resource in corn and cane.

The response was:

- the team were thanked for a stimulating presentation which demonstrated clearly the advances in strategy development which had been achieved over the previous 12 months
- the biodiesel opportunity in Europe must be included in the strategic assessment, taking into account the intention to mandate the substitution of hydrocarbons by biological renewable fuels into European Community law, and the implications including the resource required to capture this opportunity should be investigated
- establishing proper milestones for cellulosic ethanol programme would be critically important
- it appeared that funding could be found for around half of the incremental Budget request for 2007 but the projected subsequent ramp-up must be monitored closely against the delivery timeline
- the competitive landscape, particularly in relation to Monsanto and DuPont, should be surveyed on a continuing basis.

C) EMERGING MARKETS - BIC

Dr Berendes introduced a progress report by Mr K Neuffer seeking understanding of the value creation opportunity, challenges and aspiration for each of the markets in Brazil, India and China; agreement on the proposed selection and prioritisation of initiatives as well as the requirements and enablers for successful implementation at country and corporate levels; and consolidation of the strategic posture for these markets. The main points were:

- the majority of global agricultural input growth could be expected to come from BIC with three crops contributing 75% of this growth; the aspiration had been redefined as sales of $1.8bn (a $400m increment to the current 5 Year Plan) by 2011 and $2.9bn by 2015; speed of action would be critical but Syngenta's resources were not matched to the size of the opportunity
- for China the prioritized initiatives in Seeds were to build the business in Corn and Vegetables and in Crop Protection to grow share in the mid-tier market; in India entry to rice as a new crop would provide a platform for growth in APAC while downstream retailer partnerships would be pursued in vegetables and demand for ethanol from tropical sugar beet exploited; Brazil required a determined entry into cane-to-ethanol, collaboration between Crop Protection and Seeds for Soybeans, and development of the "Signia Coffee" barter model for downstream coffee trading

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- the enablers at country level included dynamic local Human Resources capability to recruit and develop around 400 personnel in China and India by 2011; dedicated in-country M&A teams; product development and licensing expertise to build local portfolios; influencing and lobbying skills opposite government and local authorities; and intellectual property enforcement capacity
- the strategic statement of intent should identify Brazil, India and China as must-win territories; express Syngenta's commitment to build a sustainable, leading agribusiness in each country; and outline the future growth path through country-specific masterplans focusing on the major opportunities
- to implement the strategy would require incremental costs of $2.8m in 2007, for which support was requested

After discussion of the presentation it was agreed as follows:

- an introductory overview on the impact of climate change on agriculture and the industry and the opportunities which this presented would be scheduled for presentation before September to the SEC
- the establishment of a research base in China, which would be a critical enabler and would create a halo effect, must be driven with more urgency and purpose as should the advancement of plans for a genomics laboratory in India; formal proposals for both would be presented in September
- the funding requirements for, output from, and intellectual property protection available for, technology research varied greatly as between the three countries
- the priorities for China appeared to be correctly defined although the organic growth demanded of Crop Protection would be challenging; retention/turnover of employees was a continuing issue
- seeds hybridisation and crop protection intensity would be the primary drivers of agricultural development in India which though notionally representing the smallest opportunity among the three markets appeared more tractable and to present lower risks than China
- the "Signia Coffee" model in Brazil should be brought under the umbrella of the Fair Trade initiative and the potential for collaboration with Nestlé explored
- legal resource in Seeds would be reinforced in China to support biotechnology and traits licensing
- Dr Berendes would work with Human Resources on the organisational implications of the masterplans for each country and come forward with proposals in July; the funding model would be addressed in a presentation to be given in September
- the $2.8m expenditure in 2007 was supported, the allocation between Crop Protection, Seeds and Business Development to be resolved between Dr Atkin, Mr Mack and Dr Berendes and factored into LE2
- the governance and accountability at Regional level for the country initiatives required closer definition.

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55/07 ANY OTHER BUSINESS

- Mr Peacock referred to two Capital Proposals which he had circulated on 23 April, the first covering the demolition at a net cost of $3m of plant at Huddersfield following the restructuring in 2006, and the second dealing with a CHF2m overspend against the original sanction of CHF9.2m for the Seed Care Institute at Sisseln, both proposals having been supported by the Capital Approvals Committee. The proposals were noted
- A project had been initiated under the sponsorship of Mr Peacock to review the future of the Guildford, UK office against a background of contracting numbers and Mr Peacock would revert to the Committee with recommendations in due course
- Dr Lawrence reported a proposal to enter into a Cooperation Agreement with Bayer and BASF on Data Exchange regarding Generic Studies with Wild Birds and Mammals; to ensure compliance with competition law the parties would need to offer third parties access to the data generated in return for reasonable cost contribution; the Agreement would give rise to savings of the order of $4m per year for Syngenta and was supported
- Dr Berendes confirmed that the German merger control authority had on 25 April cleared the Fischer acquisition; clearance by the authority in Kenya could be expected in around 6 weeks
- the appointment of Mr S Zybach as Head of Diverse Field Crops, effective 1 May, would be announced by Mr Mack on 27 April
- the Minnesota Department of Agriculture had on April 25 authorised Syngenta to resume sale of corn hybrids containing the Agrisure RW (MIR 604) trait following the stop order imposed on 21 April in the absence at that time of a State level commercial use exemption. At the same time the authority had required Dow Agrosciences to halt sales of Pioneer and Mycogen brand seed containing Dow's "Herculex" corn rootworm resistant trait. Continued media coverage on the absence of approval outside the U.S. for the MIR 604 event should be anticipated
- Mr Mäder referred briefly to the logistical arrangements for the Annual General Meeting; representatives of Greenpeace could be expected to attend to raise questions concerning landfill sites in Switzerland
- Mr D Heller, Senior Corporate Counsel and former Company Secretary would leave Syngenta in early May to take up an appointment as Head of Ethics and Compliance for the Pharmaceuticals division of Novartis
- The agenda for the May Board Meeting was briefly discussed.