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Minutes

Secret

Syngenta Executive Committee
Minutes of the SEC Meeting held on
Tuesday 15 and Wednesday 16 May 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 57/07 and 58/07)
	Mr J Seabrook	(Minutes 59/07 and 60/07)
	Mr C Tilger	(Minutes 59/07 and 60/07)
	Mr C Ridley	(Minutes 59/07, 60/07 and 63/07)
	Dr L L Smith	(Minute 61/07(A))
	Mr A Dias	(Minute 61/07)
	Mr J Suter	(Minute 61/07)
	Mr K Neuffer	(Minutes 63/07 and 67/07)
	Mr K Sirchio	(Minute 65/07)
	Mr D Stanley	(Minute 65/07)
	Mr G Walker	(Minute 65/07)
	Mr S Holt	(Minute 66/07)
	Mr M Piker	(Minute 66/07)
	Mr U Wuethrich	(Minute 66/07)
	Mr R Weltevreden	(Minute 67/07)
	Mr U Riedel	(Minute 67/07(A))

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56/07 MINUTES AND MATTERS ARISING

The draft Minutes of the Meeting held on 25 and 26 April 2007 were approved with corrections to Minutes 44/07(B) and 54/07.

- Minute 43/07, Mr Scala would draft a note on discount rates to be used in connection with capital expenditure proposals
- Minute 43/07, a review of the revised draft of the booklet on Effective Decision-Making was scheduled for early June
- Minute 43/07, Dr Lawrence would arrange presentations covering the regulatory landscape in biotechnology and chemicals for the 12 June Meeting
- Minute 43/07, Dr Berendes had circulated on 14 May a note summarising the agreed Syngenta-Diversa governance structure
- Minute 43/07, following Board approval,Syngenta's acquisition of a 49 per cent equity stake in Sanbei Seed Co Ltd, subject to the required approvals from the Chinese authorities, had been announced on May 14
- Minute 43/07, Mr Scala confirmed that the application for the delisting of Syngenta India Limited was under preparation
- Minute 48/07, Mr Pragnell had circulated speeches on the subject of global warming given by Mr Miliband; there were indications that the U.S. administration were likely to initiate carbon dioxide emission reduction targets with emphasis on substituting transportation fuel with biofuels
- Minute 52/07(A), Mr D Hall had on 25 April circulated a draft summary of the findings and proposal emerging from the review of the Performance Management process
- Mr Peacock reported the resignation of Mr N Bausor who had been intended to be appointed as LATAM Regional Supply Manager; an announcement of an alternative to this rôle would be made shortly.

57/07 FINANCIAL PERFORMANCE

Mr J Ramsay gave a presentation detailing the issues arising from the Results for the month of April and the year to date and providing a high level outlook for the Full Year. In summary:

- Group sales in April were 2% favourable to prior year but 6% below Budget, at constant exchange rates
- Crop Protection sales were 3% ahead of prior year but 6% below Budget; with NAFTA sales down 13%, impacted by adverse weather in the Midwest, while sales in EAME were 18% higher, and LATAM sales up 51%
- Seeds sales were 3% below prior year and 6% below Budget, at constant exchange rates, continued strong growth in Vegetables being mainly offset by lower Corn sales in NAFTA, following early deliveries, and late orders for Soybeans

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- Group sales in the year to end April were 5% higher than 2006 at constant exchange rates with Crop Protection and Professional Products 4% and Seeds 5% higher than the prior year; sales were also 2% higher than Budget, primarily driven by Crop Protection and Professional Products
- concern was expressed that EBITDA for the first four months ($1193m) was trailing 2005 ($1225m) on higher sales due partly to investment in future growth in 2007
- the cost savings, including those from Global Supply and Crop Protection R&T, totalling $74m, were pleasing but the increasing pace of investment in Seeds R&T appeared slow
- free cash flow in the first four months was negative $436m compared to negative $722m in 2006, the lower outflow reflecting reduced levels of inventory and improved receivables
- LE1 sales were estimated to be 7% ahead of 2006; the phasing of Crop Protection sales in EAME, projected to be 6% below the prior year in H2, would be revisited.

58/07 RESTRUCTURING PROGRAMME

Mr Ramsay gave a presentation describing the criteria which would be applied in assessing the integrity of the treatment of costs associated with the Operational Efficiency II programme as a restructuring charge. The main points were:

- the definition of "restructuring and impairment" operated since 2003 required that the expenditure relate to a clearly delineated programme with material impact on business operations which was associated with identifiable and tractable cost savings or was driven by business integration
- restructuring programmes were subject to tight control and monitoring, the major components falling to be approved by the SEC and individual elements being scrutinised by a body currently known as the Finance Control Governance Committee with costs and benefits tracked monthly and reported in detail to the SEC on a quarterly basis
- a presentation on the integrity of the treatment of costs of the programme as a restructuring charge would be made to the July Audit Committee Meeting; a proposal would also be brought forward in December on the issue of emphasis on disclosure on pre- and post-restructuring.

The response was:

- Mr Pragnell would report progress to the July Board Meeting; it was suggested that an alternative name be selected for the review body.

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59/07 COMMUNICATIONS, PUBLIC AFFAIRS, AND REPUTATION MANAGEMENT STRATEGY

Mr Pragnell introduced a presentation by Mr C Tilger and Mr C Ridley proposing a reputation management strategy and key deliverables. The main points were:

- the strategic purpose of reputation management should be to build and protect Syngenta's reputation internally and externally to enhance freedom to operate and support successful implementation of strategy
- the key deliverables would be to measure Syngenta's reputation in the top ten markets by key stakeholder groups, identifying critical reputation drivers; to build the global function through the assembly of a "fit for purpose" structure in significant countries, using common processes and tools for Reputation Management; and to agree the Syngenta positioning which would inform the strategy
- the proposed organisational model at country level envisaged an integrated cross-business function for Reputation Management including Public & Governmental Affairs, Media Relations and Internal Communications, Corporate Affairs providing functional/global oversight and support through common processes and training
- the suggested positioning would be that Syngenta was essential to the global food supply, was committed to sustainable agriculture, and contributed through its products and people to addressing significant global challenges through innovation and technology.

At the conclusion of discussion of the presentation, it was agreed as follows:

- the presentation had provided a welcome stimulus to thinking in relation to reputation management and was broadly endorsed
- reputation management was integral to all of Syngenta's activities
- the statement of strategic purpose should refer additionally to value creation
- the power of Syngenta's reputation for trust, reliability, credibility and innovation was evident from customer surveys; the strategy should recognise the dialogue which occurred between different stakeholder groups including with investors and customers
- proposed reputation surveys in key markets should be limited to capturing current perceptions rather than attempting to be all-embracing
- it was premature to try to set reputational targets now as this would be an evolutionary process; the priorities would be reviewed by the SEC on an annual basis
- Syngenta's position should be summarised in a few key words distinguishing those terms which described the fundamental character of Syngenta from country and business priorities and from topical themes used by Syngenta as a vehicle for its activity; more clarity was required in relation to the commitment to sustainable agriculture

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- the importance of integrated country-level management was agreed; Eastern Europe, Canada and Argentina should be included in the priority list and more emphasis on leadership should be placed on the rôle of Corporate Affairs.

60/07 CORPORATE RESPONSIBILITY GOVERNANCE STRUCTURE

Mr Mäder proposed a new governance structure for Corporate Responsibility. The main points were:

- the guiding principles underpinning the proposed structure reflected a clear separation of duties between executive management through the SEC and the oversight rôle of a reconfigured Corporate Responsibility Board Committee ("CRC"); a limited set of interfaces with other processes and committees would be accepted and a pragmatic approach pursued to ensure implementation, the remit and scope of the Corporate Responsibility workstreams to be optimised over time
- it was suggested that the CRC be composed of three non-executive Board members, the CEO attending by invitation, and would review on behalf of the Board the Corporate Responsibility Policy and Commitments, the Code of Conduct, the HSE Policy and Commitments and the Group Reputation Policy, as well as Syngenta Values and General Business Principles, meeting at least twice a year
- annual reports would be provided on HSE, the Code of Conduct, and social aspects (employee wellbeing and development) by the HSE function, Legal and Taxes, and Human Resources respectively, as well as on sustainable Agriculture (the ownership of this topic to be defined) while ownership of the Group Reputation management system would reside with a proposed Reputation Committee comprising the Chief Operating Officers of Crop Protection and Seeds and the Heads of Business Development (or Professional Products), of Legal and of Corporate Affairs
- co-ordination of all Corporate Responsibility workstreams would be undertaken by a Corporate Responsibility Manager, reporting to Corporate Affairs, who would also lead on the production of the Corporate Responsibility report and submissions for relevant external indices including the Dow Jones Sustainability Index
- the key next step was the establishment of detailed charters for the CRC and the Reputation Committee for distribution to the SEC in June and submission to the existing Corporate Responsibility Committee, and thereafter to the Board, in July.

The response was:

- the principle of separating Board oversight from executive action was agreed but the rôle of the SEC was to monitor performance rather than dealing with its day-to-day management; an intermediate committee should co-ordinate the five workstreams and meet as needed to synthesise initiatives and

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learnings as input to the CRC and to support the production of the Corporate Responsibility Report

- the CRC, of which the CEO would be a member, would act as the custodian on behalf of the Board of the topics which it was responsible for reviewing and was not likely to need to meet more than twice each year
- there should be no standing Reputation Committee and the functions proposed for this Committee would be discharged by Messrs Seabrook, Tilger and Ridley; if a Corporate Responsibility Manager was required this rôle would need to be occupied by an individual of high cálibre
- the Sustainable Agriculture stream would be led by the Heads of Stewardship of Crop Protection and Seeds
- the proposed governance structure, revised to take account of the SEC input, should be reviewed at the 14 June Chairman's Committee Meeting (rather than by the existing Corporate Responsibility Committee) having first discussed it with the Chairman
- the Code of Conduct and HSE Policy would both likely require to be updated
- all derelictions of the Code of Conduct must be reported immediately to Mr Mäder.

61/07 CROP PROTECTION: "GRAMOXONE"

(A) CLAIMED ASSOCIATION OF PARAQUAT WITH PARKINSON'S DISEASE

Dr Lawrence introduced a presentation by Dr L L Smith explaining the background to recent media reports associating Parkinson's Disease with exposure to paraquat. The main points were:

- Parkinson's Disease appeared to be caused by a loss of neurones in the area of the brain (substantia nigra) often linked with muscle activity, involved both genetic and environmental factors and in Europe had a prevalence of 1.8 per 100 in those aged over 65 years
- following the deaths, with symptoms similar to those of Parkinson's Disease, of individuals who had injected MPTP, a compound whose main metabolite MPP+ had a similar molecular structure to paraquat, scientists in the U.S. had demonstrated that paraquat in combination with maneb when given to mice caused the loss of neurones in the substantia nigra, but the data from epidemiological studies was conflicting
- Syngenta was in the process of reviewing all the relevant experimental data and epidemiological studies with the help of external experts; a risk assessment would be carried out to establish Syngenta's position on completion of this review in September 2007; but the causative association between the development of Parkinson's Disease and exposure to paraquat remained at this point unsubstantiated
- the Swedish government lawsuit challenging the re-registration in the European Community of paraquat under Directive 91/414 claimed that the Commission had failed to take into account the experimental data on

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Parkinson's Disease so Syngenta would require to address this issue in the interim review; the claimed association to Parkinson's Disease also however extended to many other pesticides.

The report was noted.

(B) EU INTERIM REVIEW

Dr Atkin provided a short report on the process for the interim review of the re-registration in the European Community of paraquat under Directive 91/414. The main points were:

- the review process involved the submission by Syngenta of a report to each Member State who would in turn provide an opinion to the Directorate General for Health and Consumer Affairs to enable a report and recommendation to be produced in March 2008 by the EU Standing Committee on Food and Animal Health
- a constructive meeting had recently been held between representatives of Syngenta and of the Directorate General for Health and Consumer Affairs; the Commission had confirmed that the interim review process would focus on meeting the Annex I conditions, any other issues to be addressed during re-registration in 2013, and had encouraged Syngenta to work with Member States to ensure timely reporting
- country-level lobbying and influencing plans had been developed and would be implemented over the remainder of the year, the main issues with potential to impact the interim review appeared to be the French biomonitoring studies on knapsack usage, a fatal incident in Greece which was thought likely to be reclassified as "accidental" by the applicable authority, and ongoing NGO activity, in relation to which a new engagement strategy was under development.

The response was:

- it was confirmed that Mr A-D Quintart would prospectively lead the implementation of the lobbying and influencing plans
- responses would be provided to questions from a number of NGOs who had been represented at the Annual General Meeting.

(C) SUPPLY RECOMMENDATIONS

Mr A Dias gave a presentation seeking directional support for the proposed sourcing strategy for "Gramoxone". The main points were:

- increasing demand over the next five years was foreseen for "Gramoxone", driven by oil palm and sugarcane expansion for biofuels, glyphosate resistance, and increased adoption in conservation tillage, the 2011 base

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case sales projection being $421m with an upside to $476m, requiring an additional 3.0 Kt to 5.2 Kt above the existing 18.5 Kt manufacturing capacity
- the outcome of the EU interim review had the potential to impact demand but there was a 90% probability of exceeding capacity by 2011 under current assumptions
- although considerable progress had been made with the launch of "Inteon", penetration in the near term was unlikely to exceed 60% of sales, the main issues being securing regulatory support, user acceptance of the requirement of a separate adjuvant, and the unlikelihood that a formulation with a built-in adjuvant would be available before 2011
- the sourcing options were either to manufacture additional "Gramoxone" by installing a third stream at Nantong, for capital of around $17m, which would come on stream in 2010 and take total capacity to 22 Kt, or to purchase the additional quantity from a Chinese manufacturer; the second of these options had the potential to erode stakeholder perception of Syngenta standards and would render the brand premium more difficult to sustain, but would reduce the capital requirement and allow for more flexibility in the case of volume variances
- it was recommended that a milestone plan be established leading to a request in June 2008 for full capital sanction in support of the manufacturing option.

The proposed strategy was directionally supported, it being noted that the outcome of the EU interim review would be known ahead of the capital sanction request.

62/07 SEEDS

Mr Mack gave a brief status report on a number of issues relating to Seeds. The main points were

- corn and soya sales in NAFTA continued to be in line with the LE1 volume projections
- Project 600 was on track and the Board presentation was in course of preparation
- the Court of Appeals for the Federal Circuit had dismissed Syngenta's appeal against the decision of the U.S. District Court in Delaware in favour of Monsanto and Dow that among Syngenta's '185, '100 and '865 ("Koziel") patents the asserted claims of the '865 patent were invalid and the '185 and '100 patents were not infringed by the sale of "YieldGard" and "Herculex"
- the submissions in Canada and Mexico for regulatory approval of the MIR 604 trait were proceeding in line with timetable with approvals expected in July and October respectively; in Japan the feed expert committee had on 14 May approved the dossier which would now progress to the upper committee and thereafter to MAFF
- negotiations with respect to the acquisition of Ananas were at an advanced point but with two issues, relating to a critical agreement regarding pepper

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germplasm, and to the remedy language required for anti-trust clearance in Spain, remaining outstanding
- Mr Mack had attended the signing in China of the acquisition agreement for Syngenta's shareholding in Sanbei, now renamed Sanbei-Syngenta Seeds Ltd; the Sanbei leadership team appeared experienced and energetic and the Syngenta team to be gathering momentum, with plans for an R&D centre progressing towards a submission for SEC approval in September.

The report was noted.

63/07 CARBON FOOTPRINT TASK FORCE

Reference Minute 48/07, Dr Berendes introduced a presentation by Mr K Neuffer proposing the governance structure and timetable for the key activities to be undertaken to develop Syngenta's response to the climate change debate. The main points were:

- the objectives of the core activities would be to assess Syngenta's carbon footprint and the impact of its products; to provide substantial input for the Dow Jones Sustainability Index (by June 25) and the FTSE4Good submissions; to develop a carbon policy position for presentation to the SEC in October, and to develop a carbon footprint strategy
- a Project Team comprising Mr P Natkanski, Mr K Neuffer, Mr C Ridley, Dr M Bushell, Dr M Robinson and Mr S West had been assembled and would meet on 8 June; the process for carbon data collection would be initiated and contact established with external advisers.

Full encouragement was given for the pursuit of the objectives which had been laid out; if the output was likely to have any bearing on overall strategic planning, this should be addressed at the 26/27 September SEC Strategy Review Meeting.

64/07 WASTE SITES AND REGIONAL LANDFILLS

Mr Mäder gave a presentation describing the provisioning, action program and governance for potential environmental liabilities associated with industrial waste disposal sites in Switzerland, with the Monthey site, and with regional landfills in th B l a. The main points were:

- a provision of CHF43m had been established for Syngenta's share of the cost of remediation of the industrial waste disposal sites at Bonfol and Kölliken and of operation and maintenance of the site at Teuftal
- a steering committee had been formed and a project manager appointed to address the remediation programme at Monthey, for which Syngenta shared responsibility with Ciba and for which Syngenta had defined a provision of

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CHF64m, as well as to oversee an issue relating to the presence below actionable levels of chemicals in the water supply
- Syngenta shared responsibility for 4 of 11 landfills in the Basel area for which provisions of CHF12m had been made to cover the costs of remediation in line with goals to be negotiated and agreed with the authorities; however the CEO of Novartis in discussion with Greenpeace appeared to be proposing a more extensive program which was believed to be inappropriate and would give rise to considerably higher costs
- the governance of Syngenta environmental liabilities had been reinforced by the formation, in addition to the existing Provisions Committee, of an Environmental Liabilities Team comprising Messrs Mäder, Peacock, Williams, Natkanski, Russell and Licata which would review the management of major projects and submit key decisions to the SEC for approval

The response was:

- the liabilities represented a potentially significant financial and reputational issue which would require close management
- the position of the CEO of Novartis, who had claimed the support of his Board, was unhelpful
- the formalisation of governance of environmental liabilities through the two teams was welcomed
- there should be an annual review by the SEC of environmental liabilities in November each year, in line with the Budget cycle, with intermediate reviews as required.

65/07 PROJECT TALLINN

Dr Berendes introduced a presentation by Mr D Stanley and Mr G Walker requesting support for the making of a non-binding offer for Tallinn, a privately-owned German growing media business with access to peat reserves in Canada, Estonia and Germany and 2006 sales of $82m. The main points were:

- Tallinn controlled large peat reserves, with access to pine bark, in NAFTA and Europe; would provide a flexible manufacturing platform to grow both the professional and consumer markets; and the logistics to broaden the footprint of the growing media business
- the acquisition would support the growth plan for Fafard targeted at expanding sales in North America from $76m in 2006 to $150m in 2011
- Tallinn had a strong focus on quality, was a retail supplier of house brands and had recently undergone some restructuring in Europe; of the sales in 2006 50% had been made in Germany and 29% in NAFTA with Spectrum accounting for 44% of the NAFTA sales
- in Europe where the acquisition opportunities in growing media were limited, Tallinn would facilitate the taking of a first step by Syngenta and offered

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strategic peat reserves, mechanised processing facilities, and a diversified and established sales base
- pre-diligence valuation of Tallinn at a 10% DCF suggested a bid range of $80m-$90m (capturing 50%-70% of the estimated synergies)
- support was requested for the making of a non-binding offer with an exclusivity period to be negotiated; critical due diligence questions would include building the model for expansion of the professional business and into Europe, the basis of return to profitability in Europe, and refinement of the synergy estimates.

The response was:

- the making of a non-binding offer, not to exceed $80m, was supported; due diligence was likely to extend over the summer and the acquisition case would be developed in parallel with the Strategy to be presented to the SEC on 6 September
- the strategic rationale for the proposed acquisition by comparison with the strategic intent supporting the acquisition of Fafard would bear clarification, significant moves into Europe and into the consumer business appearing to be implied, as would the fit with Compo
- the critical element of the target being the NAFTA business, it was noted that the option of offering to acquire this business alone might be evaluated following due diligence
- the lower profitability particularly in Europe illustrated the difficulty of managing retail house brands in terms of sustaining margins, although problems in supply chain management in Tallinn also appeared to have been a contributing factor
- the target had a low market share in Europe and no presence in the UK; the dependency on Spectrum in NAFTA should also be tested; as the owner was aged 70 he would not continue the management of the acquired business
- irrespective of the current practice of the target Syngenta would need to apply consistent standards to the restoration of the peat bogs at all locations and the cost of doing so must be factored into the valuation
- the use of a discount rate of 10% was queried having regard to the risk attached to operating in Estonia.

66/07 U.S. PENSION PLAN PENSION EQUITY PLAN REDESIGN

Mr M Piker and Mr U Wuethrich gave a presentation describing proposed changes to the Pension Equity Plan (PEP) component of the U.S. pension plan intended to be presented to the Compensation Committee. The main points were:

- the Compensation Committee had in 2006 requested a review of the U.S. pension plan following an increase of 59% in annual pension expense between 2002 and 2005 as well as the making of special payments by the Company in 2005 and 2006

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- the plan currently consisted of an employer-provided defined benefit pension plan via a PEP with annual credits in the range 1% to 11%, together with a 401(k) savings plan; it was proposed from 1 January 2008 for new employees and from 1 January 2012 for current employees that the PEP be replaced by a cash-balance plan with a 3% employer-paid annual accrual together with a defined contribution plan with company contributions ranging from 2% to 5% and immediate vesting in full by comparison with the current plan in which vesting was deferred till 5 years of service (3 years from 2008) had been completed.

The response was:

- the principle of a move to a defined contribution plan was supported and was consistent with the scope of the review which had been requested by the Compensation Committee
- however the reduction in benefits for current employees, averaging 5.5%, which would result from the proposed changes, in combination with the simultaneous elimination from December 31 2011 of retiree medical subsidies, could be expected to give rise to significant turnover and impact on the business for which no contingency plans had been detailed
- the proposals should therefore be captured in a further, holistic, presentation to the SEC which addressed these concerns, the presenting team to include key representatives of the U.S. business, which should precede any presentation to the Compensation Committee
- the cash cost differential of the new versus the current plan (as opposed to the accounting treatment under IAS19) should also be shown
- Dr Atkin and Mr Mack would brief the heads of the respective businesses in the U.S. on the SEC's decision not to sanction the changes pending the further presentation which had been requested.

67/07 STRATEGY REVIEW: CROP PROTECTION AND SEED CARE

(A) CROP PROTECTION

Dr Atkin presented the Strategy Review for Crop Protection. The main points were;

- the 2012 value of the Crop Protection market was now estimated at $30bn by comparison with the $28bn projection given in September 2006; the latest view derived principally from revised assumptions on acreage growth and Crop Protection intensity driven by biofuels
- the pressure for consolidation in the industry was likely to reduce in the context of a total EBITDA pool in 2011 $1.5bn higher than previously estimated

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- Syngenta's sales growth lead over the other major players was narrowing in an improving market in which Syngenta however held an increasing share of the profit pool
- the "Innovative Marketeer" strategy had been proven to have high impact and was reconfirmed, with implementation under way
- portfolio expansion would be achieved by accelerating the growth of new products for which the aggregate peak sales projection had increased by close to $0.6bn; range enhancement, forecasted sales from which had already exceeded expectation; expansion in glyphosate, doubling sales from $340m in 2007 to over $700m in 2012 while maintaining quality; and seizing the strategic opportunities offered by EU re-registration
- tailored business models would be deployed through the AgriEdge program, combining Crop Protection, Seed Care, Seeds and traits technologies for maximum yield in corn in NAFTA; growth acceleration in East Europe with focus on improving capability and improving the standard of the operating platform; selective country-by-country implementation of elements of MaSE in APAC, and adapting the offer to "clustered" customer segments, as well as delivering a winning strategy in sugarcane, in Brazil
- further cost efficiency would be delivered while improving both out-of-season and, through Trillium, in-season supply flexibility; speeding up new product introduction; and actively managing the range through SOP; projected total cost savings, net of inflation, of the Operational Efficiency Program in Crop Protection and Professional Products over the period 2006 to 2012 were $300m
- Crop Protection sales were now estimated to grow from $5420m in 2006 to $6500m in 2012 and EBITDA from $1304m to $1440m over the same period; however the Regions were driving for an average 4% market share gain, corresponding to total sales of $7200m, by 2012.

The key issues raised in discussion were as follows:

- Dr Atkin was thanked for a high quality presentation in which a critical conclusion was that market decline was no longer forecast, acreage intensity offsetting generic competition and GM penetration, but that year to year volatility creating swings of up to 10% posed a continuing challenge to inventory management
- Syngenta should expect to become a target for competition and significant price pressure, rendering maintenance of the EBITDA margin at its current level demanding, should be anticipated; the focus would be on delivery of the accelerated growth strategy and market share gain, and in this context dropping from 0.5% to 0.4% per annum the share growth target appeared unhelpful
- the success of the business relied critically on the discipline applied in managing to high standards individual components of activity, including the regulatory strategy
- a careful balance required to be drawn measuring the relative impact of short term and longer term planning, including maintaining the drive on

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performance and responsiveness to volatility without losing sight of the overall operating environment in an ex-growth business

- the EBITDA growth forecasted was of the order of $30m per annum (by comparison with $70m per annum in Seed Care) and delivery of the strategy would require success in all of its constituent elements
- the "tipping point" discussion in the 2006 Review appeared to have been valuable in highlighting the urgency and scale of the challenge
- the drive on efficiency in order to fund corporate growth must be maintained
- the Crop Protection priorities displayed by Dr Atkin should be positioned in relation to the "three simple questions" derived from Frameworks
- the ROIC trend, which was understood to be improving, should also be identified.

(B) SEED CARE

Dr Atkin introduced a presentation by Mr Neuffer reviewing the Strategy for Seed Care. The main points were:

- innovations in the Seed Care market were driving expansion at a CAGR of 12% from $1.6bn in 2006 to an estimated $3.2bn in 2012; around 60% of this growth related to corn, soybeans and cereals but new crop markets were emerging in sugarcane and vegetables; among the Regions the most significant acceleration would be seen in LATAM
- Syngenta in 2006 had held a global market share of 31%, the only single competitor of similar scale being Bayer with an estimated 33% of the market, Syngenta was the leader in the Americas but behind Bayer in Europe and APAC
- the Seed Care strategy called for crop-focused technology innovation driving profitable growth
- the technology innovation agenda embraced expanding "Avicta" in cotton through leadership in the U.S. and rollout in Brazil for the 2007/8 season; creating a new $200m-$300m market with "Avicta" in corn for which U.S. registration was expected in May 2008; establishing "Cruiser" as the leading insecticidal seed treatment brand worldwide, with a focus on soybeans; creating a new category for rust control in soybeans and filling a critical gap in soybeans with 524; and providing a vegetative "treated seed" offer for sugar cane with a sales potential of $200m annually through the Bola project in Brazil
- a decision would need to be taken as to whether to make "Avicta" available to Monsanto for corn
- significant additional growth was potentially available from new technologies in the high value seed market for vegetables and flowers, in which Syngenta had a "first mover" advantage with the "FarMore" project; Seeds and Seed Care would collaborate and pool in-house expertise in a proposal for a technology platform for Premium Seed and Young Plants
- focus on key accounts continued to be critical; the Seed Care Institute network would provide a unique customer service

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- around 70 additional personnel would be required during the plan period in order to deliver the projected growth
- the new plan foresaw Seed Care sales increasing from $530m in 2006 to $1050m in 2012 and EBITDA growing from $240m to $520m during this period.

The response was:

- the presentation demonstrated a significant advance in thinking; the Strategy depended critically on technology innovation and the link to Seeds should be exploited more broadly in order to provide an integrated view; the underpinning research programs must be properly resourced
- the relatively limited (2%) gain in share of the global market projected by 2012 was surprising although it was noted that additional gains were anticipated in some sub-markets
- failure to deliver on "Avicta" in corn would have serious implications for the Strategy
- the opportunity for fungicidal seed treatment for wheat would be explored
- it appeared that the "Cruiser" vigour effect might have a broader crop range than had been exploited so far
- further analysis should be brought to bear on the value balance between Seed Care and traits
- a more formal linking of representatives of the stakeholder businesses, perhaps through the Seed Care Institute at Stein, should be enabled for the Bola project in Brazil
- the increased "dwell time" for the treatment of vegetable and flower seeds should be factored into the technology opportunity for these crops
- the shape of management and leadership capability in the Business would require to be commensurate with the size and potential which the Business represented
- the question of strategic positioning opposite each of Monsanto and DuPont needed resolution during 2007.

68/07 ANY OTHER BUSINESS

- Mr Peacock reported the suicide by paraquat ingestion of a contract worker at the Cartagena, Colombia plant; the incident had been well-managed locally but the central response to requests for support in handling media enquiries had been less satisfactory
- the Regional Supply Manager for NAFTA, Mr K Fields, had been replaced on an interim basis by Mr J Riley
- Dr Lawrence had on 14 May circulated a note summarising the terms of a collaboration with the Institute of Genomics and Developmental Biology and the Chinese Academy of Agricultural Science, intended to provide access to their trait pipeline, agreement with respect to which was expected to be entered into in June

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- Dr Atkin reported that an investigation into fraudulent expense claims by the Sales and Marketing Manager and 7 sales managers in Bangladesh had been completed; it was estimated that around $400,000 had been falsely claimed from the company; disciplinary proceedings had been initiated against all 8 individuals with the expectation that their employment would be terminated; the head of the company would be formally interviewed and the head of finance was expected to leave the company although there was no indication that either had been involved in the fraud
- the agenda and arrangements for the May 23-25 Board Meeting were briefly discussed.