

SYNGENTA AG
Form 20-F
February 12, 2015

As filed with the Securities and Exchange Commission on February 12, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b)
OR (g) OF THE
SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE
SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission file number: 1-15152

SYNGENTA AG
(Exact name of Registrant as specified in its charter)

Switzerland
(Jurisdiction of incorporation or organization)

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(Address of principal executive offices)

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
American Depositary Shares, each representing one-fifth of a common share of Syngenta AG, nominal value CHF 0.10	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of
the period covered by the annual report.

92,945,649 Common shares, nominal value CHF 0.10 each

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

☐ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☒ No

Introduction

NATURE OF OPERATIONS

Syngenta AG (“Syngenta” or the “Company”) is a world leading agribusiness operating in the Crop Protection and Seeds business, which is involved in the discovery, development, manufacture and marketing of a range of products designed to improve crop yields and food quality, and in the Lawn and Garden business, which provides professional growers and consumers with flowers, turf and landscape, and professional pest management products.

Syngenta is headquartered in Basel, Switzerland and was formed by Novartis AG (“Novartis”) and AstraZeneca PLC (“AstraZeneca”) in November 2000 through an agreement to spin off and merge the Novartis crop protection and seeds businesses with the Zeneca agrochemicals business to create a dedicated agribusiness company whose shares were then the subject of a global offering (the “Transactions”). The Transactions were completed on November 13, 2000.

FORWARD-LOOKING STATEMENTS

The statements contained in this annual report that are not historical facts, including, without limitation, statements regarding management’s expectations, targets or intentions, including for sales, earnings and earnings per share, constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and are based on the current expectations and estimates of Syngenta’s management. Investors are cautioned that such forward-looking statements involve risks and uncertainties, and that actual results may differ materially.

Syngenta identifies the forward-looking statements in this annual report by using the words “expect”, “would”, “will”, “potential”, “plans”, “prospects”, “anticipates”, “estimated”, “believes”, “intends”, “aiming”, “on track”, or similar expressions negative of these expressions. Syngenta cannot guarantee that any of the events or trends anticipated by the forward-looking statements will actually occur. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among other things:

- the risk that research and development will not yield new products that achieve commercial success;
- the risk that Syngenta will not be able to obtain or maintain the necessary regulatory approvals for its business;
- the risk that economic and/or financial market weakness may have a material adverse effect on Syngenta’s results and financial position;
- the risks associated with increasing competition in the industry;
- the risk that customers will be unable to pay their debts to Syngenta due to economic conditions;
- the risks associated with potential changes in policies of governments and international organizations;
- the risks associated with exposure to liabilities resulting from environmental and health and safety laws;
- the risk that important patents and other intellectual property rights may be challenged or used by other parties;
- the risk that Syngenta may encounter problems when implementing significant organizational changes;
- the risk that the value of Syngenta’s intangible assets may become impaired;

- the risk of substantial product liability or personal injury claims;
- the risk that consumer resistance to genetically modified crops and organisms or crop protection chemicals may negatively impact sales;
- the risks associated with climatic variations;
- the risks associated with exposure to fluctuations in foreign currency exchange rates or increases in commodity prices;
- the risks associated with entering into single-source supply arrangements;
- the risks associated with conducting operations in certain territories that have been identified by the US government as state sponsors of terrorism;
- the risks associated with natural disasters;
- the risk that Syngenta's effective tax rate may increase; and
- the risk of significant breaches of data security or disruptions of information technology systems.

Some of these factors are discussed in more detail herein, including under Item 3 "Key Information", Item 4 "Information on the Company", and Item 5 "Operating and Financial Review and Prospects". Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Syngenta does not intend or assume any obligation to update these forward-looking statements.

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PART I

ITEM 1 — IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2 — OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3 — KEY INFORMATION

Selected Financial Data

Syngenta has prepared the consolidated financial statements in US dollars (\$) and in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). Financial figures are presented in millions of dollars (\$m) except where otherwise stated. The basis of preparation of the consolidated financial statements and the key accounting policies are discussed in Note 1 and in Notes 2 and 29, respectively, to the consolidated financial statements in Item 18.

The selected financial highlights information in accordance with IFRS presented below has been extracted from the consolidated financial statements of Syngenta. Investors should read the entire consolidated financial statements and not rely on the summarized information. The information includes the results of operations and the net assets of Maribo Seed International ApS from September 30, 2010, Greenleaf Genetics LLC from November 8, 2010, Agrosan S.A. from March 9, 2011, Pasteuria Bioscience Inc. from November 8, 2012, Sunfield Seeds Inc. from November 29, 2012, Devgen N.V. from December 12, 2012, MRI Seed Zambia Ltd and MRI Agro Zambia Ltd from October 31, 2013, Società Produttori Sementi S.p.A. from April 4, 2014 and Lantmännen SW Seed Hadmersleben GmbH, Lantmännen SW Seeds GmbH and SW Winter Oilseed AB from July 21, 2014. For further information about these and other acquisitions, see Note 3 to the consolidated financial statements in Item 18.

Financial highlights

(\$m, except where otherwise stated) Amounts in accordance with IFRS	Year ended December 31,				
	2014	2013	2012	2011	2010
Income statement data:					
Sales	15,134	14,688	14,202	13,268	11,641
Cost of goods sold	(8,192)	(7,986)	(7,223)	(6,790)	(5,904)
Gross profit	6,942	6,702	6,979	6,478	5,737
Operating expenses	(4,837)	(4,616)	(4,723)	(4,469)	(3,978)
Operating income	2,105	2,086	2,256	2,009	1,759
Income before taxes	1,895	1,934	2,116	1,859	1,643
Net income	1,622	1,649	1,850	1,570	1,378
Net income attributable to Syngenta AG shareholders					
	1,619	1,644	1,847	1,569	1,373
Number of shares – basic	91,674,127	91,952,222	91,644,190	91,892,275	92,687,903
Number of shares – diluted	92,007,089	92,459,306	92,132,922	92,383,611	93,225,303
Basic earnings per share (\$)	17.66	17.88	20.16	17.07	14.81
Diluted earnings per share (\$)	17.60	17.78	20.05	16.98	14.73
Cash dividends paid:					
Swiss franc (“CHF”) per share	10.00	9.50	8.00	7.00	6.00
\$ per share equivalent	11.25	10.01	8.82	7.64	5.61
Cash flow data:					
Cash flow from operating activities	1,931	1,214	1,359	1,871	1,707
Cash flow used for investing activities	(729)	(772)	(1,218)	(472)	(450)
Cash flow used for financing activities	(420)	(1,114)	(232)	(1,684)	(844)
Capital expenditure on tangible fixed assets	(600)	(625)	(508)	(479)	(396)
Balance sheet data:					
Current assets less current liabilities	4,858	3,990	4,537	4,107	4,363
Total assets	19,929	20,216	19,438	17,241	17,285
Total non-current liabilities	(4,317)	(3,356)	(4,226)	(4,063)	(4,483)
Total liabilities	(11,024)	(10,712)	(10,653)	(9,706)	(9,836)
Share capital	(6)	(6)	(6)	(6)	(6)
Total shareholders’ equity	(8,889)	(9,491)	(8,774)	(7,526)	(7,439)
Other supplementary income data:					
Diluted earnings per share from continuing operations, excluding restructuring and impairment (\$)	19.42	19.30	22.03	19.03	16.18

All activities were in respect of continuing operations.

Notes

1 Diluted earnings per share from continuing operations, excluding restructuring and impairment is a non-GAAP measure.

A non-GAAP measure is a numerical measure of financial performance, financial position or cash flow that either:

includes, or is subject to adjustments that have the effect of including, amounts that are excluded in the most directly comparable measure calculated and presented under IFRS, or

excludes, or is subject to adjustments that have the effect of excluding, amounts that are included in the most directly comparable measure calculated and presented under IFRS.

Restructuring represents the effect on reported performance of initiating and enabling business changes that are considered major and that, in the opinion of management, will have a material effect on the nature and focus of Syngenta's operations, and therefore require separate disclosure to provide a more thorough understanding of business performance. Restructuring includes the incremental costs of closing, restructuring or relocating existing operations, and gains or losses from related asset disposals. Restructuring also includes the effects of completing and integrating significant business combinations and divestments, including related transaction costs, gains and losses. Recurring costs of normal business operations and routine asset disposal gains and losses are excluded. Impairment includes impairment losses associated with major restructuring as well as impairment losses and reversals of impairment losses resulting from major changes in the markets in which a reported segment operates.

Further discussion on the reason for including disclosure of this and other non-GAAP measures is included in Appendix A at the end of the Operating and Financial Review and Prospects in Item 5.

Restructuring and impairment charges for 2014, 2013 and 2012 are analyzed in Note 6 to the consolidated financial statements in Item 18. Restructuring for 2011 partly related to the program announced in 2011 to integrate global commercial operations for Crop Protection and Seeds in order to enable operational synergies from the commercial integration, additional cost savings from procurement and supply chain efficiencies and the presentation of an integrated offer to growers. Restructuring for 2011 and 2010 also related to the Operational Efficiency program announced in 2004 representing the costs of closure of certain manufacturing and research and development sites and refocusing of other continuing sites and also to the further phase of the Operational Efficiency program announced in 2007 to drive cost savings to offset increased expenditure in research and technology, marketing and product development in the growth areas of Seeds, professional products and emerging country markets.

A detailed reconciliation of net income and earnings per share before restructuring and impairment to net income and earnings per share according to IFRS is presented in Appendix A at the end of the Operating and Financial Review and Prospects in Item 5.

Risk Factors

Syngenta's business, financial condition, results of operations or cash flows could suffer material adverse effects due to any of the following risks. Risks that are considered to be material are described below.

The resources Syngenta devotes to research and development may not result in commercially viable products

Syngenta's success depends in part on its ability to develop new products. Research and development in the agribusiness industry is expensive and prolonged, and entails considerable uncertainty. The process of developing a novel crop protection product, plant variety or trait typically takes around ten years or more from discovery through testing and registration to initial product launch; this period varies considerably from product to product and country to country. Because of the stringent product performance and safety criteria applied in product development, compounds or biotechnological products currently under development may neither survive the development process nor ultimately receive the requisite regulatory approvals needed to market such products. Even when such approvals are obtained, there can be no assurance that a new product will be commercially successful. In addition, research undertaken by competitors may lead to the launch of competing or improved products, which may affect sales of Syngenta's new products.

Syngenta may not be able to obtain or maintain the necessary regulatory approvals for some of its products, which could restrict its ability to sell those products in some markets

Syngenta's products must receive regulatory approval before they can be marketed, but Syngenta may not be able to obtain such approvals. In most markets, including the United States and the European Union, crop protection products must be registered after being tested for safety, efficacy and environmental impact. In most of Syngenta's principal markets, after a period of time, Syngenta must also re-register its crop protection products and show that they meet all current standards, which may have become more stringent since the prior registration. For seeds products, in the European Union, a new plant variety will be registered only after it has been shown that it is distinct, uniform, stable and better than existing varieties. Delays in obtaining regulatory approvals to import crops grown from seed containing certain traits may influence the rate of adoption of new genetically modified products in globally traded crops. For further information regarding the impact on Syngenta of delays in obtaining regulatory approvals, see Note 25 to the consolidated financial statements in Item 18.

Regulatory standards and trial procedures are continuously changing. Responding to these changes and meeting existing and new requirements may be costly and burdensome. In addition, changing regulatory standards may affect Syngenta's ability to maintain its products on the market.

Economic and/or financial market weakness may have a material adverse effect on Syngenta's results and financial position

Commodity crop prices have historically been volatile and downturns in prices can indirectly affect Syngenta's results by adversely affecting the income and financial position of Syngenta's customers and of the users of Syngenta's products. This may result in reduced sales, competitive price pressure in Syngenta's markets and in slower collection of accounts receivable. A low availability of credit may also limit the amount of business Syngenta's customers and suppliers can transact with Syngenta, including customers and suppliers in parts of the Eurozone, which continues to experience economic problems. These occurrences may negatively impact Syngenta's business, results of operations or cash flows. Because of the high proportion of costs which are fixed in nature, Syngenta may not be able to compensate fully for these effects in the short term through measures such as reducing expenses.

While Syngenta views its current credit facilities and ability to access capital markets as adequate for its needs, difficulties in the banking sector in the future or illiquidity in the credit or capital markets may restrict Syngenta's ability to raise additional funds or increase the cost of such funding.

Significant declines in asset prices or changes to long-term assumptions may cause funding levels in Syngenta's externally funded defined benefit pension plans to fall below stipulated regulatory levels. This may require Syngenta to pay additional contributions to restore funding to required levels. Please see Notes 2 and 22 to the consolidated financial statements in Item 18 for further information about Syngenta's defined benefit pension plans and the assumptions used to measure the related pension liabilities.

Syngenta faces increasing competition in its industry

Syngenta currently faces significant competition in the markets in which it operates. In most segments of the market, the number of products available to the grower is steadily increasing as new products are introduced, although this trend can be partly offset by the withdrawal of some products because they are not re-registered or are subject to voluntary range reduction programs. At the same time, an increasing number of products are coming off patent and are thus available to generic manufacturers for production. As a result, Syngenta anticipates that it will continue to face significant competitive challenges. In addition, further consolidation could occur within the agribusiness industry which may further intensify competition for Syngenta.

Syngenta's customers may be unable to pay their debts to Syngenta due to economic conditions

Normally Syngenta delivers its products against future payment. Syngenta's credit terms vary according to local market practice, with credit terms for customers typically ranging from 30 to 180 days, except for customers in some emerging markets, where credit terms may range from cash on delivery to, in certain cases, 360 days. Syngenta's customers, particularly in developing economies and in economies experiencing an economic downturn, may be exposed to business, political or financial conditions impacting their ability to pay their debts, which could adversely affect Syngenta's results. While Syngenta uses barter and other security arrangements to reduce customer credit exposure in some emerging markets, it may still be exposed to risk of material losses from its credit exposure in these markets. For further information regarding Syngenta's exposure to losses due to economic conditions in certain geographic regions and the measures Syngenta is taking to limit this exposure, see Item 5 – Operating and Financial Review and Prospects – Foreign Operations and Foreign Currency Transactions.

Changes in agricultural and certain other policies of governments and international organizations may prove unfavorable

In many markets there are various pressures to reduce subsidies to growers, which may inhibit the growth in these markets of products used in agriculture. In addition, changes in governmental policies that impact agriculture may similarly inhibit the growth of markets for products used in agriculture. However, it is difficult to predict accurately whether, and if so when, such changes will occur. Syngenta expects that the policies of governments and international organizations will continue to affect the income available to growers to purchase products used in agriculture and, accordingly, the operating results of the agribusiness industry.

Syngenta is subject to stringent environmental, health and safety laws, regulations and standards, which can result in compliance costs and remediation efforts that may adversely affect its operational and financial position

Syngenta is subject to a broad range of increasingly stringent laws, regulations and standards in all of its operational jurisdictions. This results in significant compliance costs and can expose Syngenta to legal liability. These requirements are comprehensive and cover many activities including: air emissions, waste water discharges, the use and handling of hazardous materials, waste disposal practices, the clean-up of existing environmental contamination and the use of chemicals and genetically modified seeds by growers.

Environmental and health and safety laws, regulations and standards expose Syngenta to the risk of substantial costs and liabilities, including liabilities associated with assets that have been sold and activities that have been discontinued. In addition, many of Syngenta's manufacturing sites have a long history of industrial use. As is typical for businesses like Syngenta's, soil and groundwater contamination has occurred in the past at some sites, and may be identified at other sites in the future. Disposal of waste from its business at off-site locations also exposes Syngenta to potential remediation costs. Consistent with past practice, Syngenta is continuing to monitor, investigate and remediate soil and groundwater contamination at a number of these sites. Despite its efforts to comply with environmental laws, Syngenta may face remediation liabilities and legal proceedings concerning environmental matters.

Based on information presently available, Syngenta has budgeted expenditures for environmental improvement projects and has established provisions for known environmental remediation liabilities that are probable and capable of estimation. However, it cannot predict environmental matters with certainty, and the budgeted amounts and established provisions may not be adequate for all purposes. In addition, the development or discovery of new facts, events, circumstances, changes in law or conditions, including future decisions to close plants which may trigger remediation liabilities, could result in increased costs and liabilities or prevent or restrict some of Syngenta's operations.

Efforts by Syngenta to protect its intellectual property rights or defend against claims asserting that Syngenta has infringed the intellectual property rights of others may be unsuccessful

Scientific and technological innovation is critical to the long-term success of Syngenta's businesses. However, third parties may challenge the measures that Syngenta takes to protect processes, compounds, organisms and methods of use through patents and other intellectual property rights and, as a result, Syngenta's products may not always have the full benefit of intellectual property rights. In addition, while Syngenta takes steps to prevent unauthorized access to and distribution of its intellectual property, it cannot assure that unauthorized parties do not obtain access to and use such property.

Third parties may also claim that Syngenta's products violate their intellectual property rights. Defending such claims, even those without merit, could be time-consuming and expensive. In addition, any such claim could also result in Syngenta having to enter into license arrangements, develop non-infringing products or engage in litigation that could be costly.

Legislation and jurisprudence on patent protection in major markets such as the United States and the European Union is evolving and changes in laws could affect Syngenta's ability to obtain or maintain patent protection for its products.

Problems encountered by Syngenta when implementing significant organizational changes could adversely affect the future performance of the Company

Syngenta expects to continue to engage in restructuring activities to reduce operating costs, increase sales, or both. In addition, Syngenta may acquire or dispose of significant businesses, which would necessitate restructuring its operations. Syngenta may fail to adequately implement such restructuring activities in the manner contemplated, which could cause the restructuring activities to fail to achieve the desired results. Even if Syngenta does implement the restructuring activities in the manner contemplated, they may not produce the desired results. Accordingly, such restructuring activities may not reduce operating costs or increase sales. Failure to adequately implement significant restructuring activities could have a material adverse effect on Syngenta's business and consequently impact its financial position, results of operations and cash flows. For information on restructuring activities currently occurring at Syngenta, see Restructuring programs in Item 5 and Note 6 to the consolidated financial statements in Item 18.

The value of Syngenta's intangible assets, including goodwill arising from acquisitions, may become impaired

Syngenta has a significant amount of intangible assets, including goodwill, on its consolidated balance sheet and, if it continues to acquire businesses in the future, may record significant additional intangible assets and goodwill. As described in Note 2 and 29 to the consolidated financial statements in Item 18, Syngenta regularly tests its intangible assets for impairment. Upon completing its testing for 2014, which included subjecting the assumptions used in the testing to a sensitivity analysis, Syngenta concluded that no material intangible assets are impaired at December 31, 2014. However, unforeseen events that occur in the future may result in actual future cash flows for Syngenta's businesses being different from those forecasted. As a consequence, Syngenta's intangible assets could become impaired and the resulting impairment losses could have a material adverse impact on Syngenta's financial position and results of operations.

Syngenta may be required to pay substantial damages as a result of product liability or personal injury claims for which insurance coverage is not available

Product liability and personal injury claims are a commercial risk for Syngenta, particularly as it is involved in the supply of chemical products which can be harmful to humans and the environment. Courts have levied substantial damages in the United States and elsewhere against a number of companies in the agribusiness industry in past years based upon claims for injuries allegedly caused by the use of their products. While a global insurance program is in place, a substantial product liability or personal injury claim that is not covered fully or at all by insurance could have a material adverse effect on Syngenta's operating results or financial condition. For further information regarding claims against Syngenta, see Note 25 to the consolidated financial statements in Item 18.

Consumer and government resistance to genetically modified organisms or crop protection chemicals may negatively affect Syngenta's public image and reduce sales

Syngenta is active in the field of genetically modified organisms in the seeds area and in biotechnology research and development in seeds and crop protection. However, the high public profile of biotechnology and lack of consumer acceptance of products to which Syngenta has devoted substantial resources could negatively affect its public image and results. The current resistance from consumer groups, particularly in Europe, to products based on genetically modified organisms, because of concerns over their effects on food safety and the environment, may spread to and influence the acceptance of products developed through biotechnology in other regions of the world, which could limit the commercial opportunities to exploit biotechnology.

Syngenta also produces and markets crop protection chemical products, some of which are facing increasing resistance from consumer groups because of concerns over their alleged effects on food safety and the environment. These consumer groups oftentimes attempt to influence governmental regulatory bodies to restrict the use of crop protection chemical products in their jurisdictions.

Actions by consumer groups and others may disrupt research and development or production of genetically modified seeds or crop protection chemicals. In addition, some government authorities have enacted, and others in the future might enact, regulations regarding genetically modified organisms or crop protection chemicals, which may delay and limit or even prohibit the development and sale of such products.

Syngenta's results may be affected by climatic variations

The agribusiness industry is subject to seasonal and weather factors, which make its operations relatively unpredictable from period to period. The weather can affect the presence of disease and pests in the short term on a regional basis and, accordingly, can affect the demand for crop protection products and the mix of products used (positively or negatively). The weather also can affect the quality, volume and cost of seeds produced for sale. Seed yields can be higher or lower than planned and significantly higher yields could lead to Syngenta purchasing more seeds from contract growers than can be sold during the limited product life of the seeds, which could lead to inventory provisions and write-offs.

Currency exchange rate fluctuations or commodity price increases may adversely affect Syngenta's financial results

Syngenta reports its results in US dollars; however a substantial portion of sales and costs are denominated in currencies other than the US dollar. Fluctuations in the values of these currencies, especially in the US dollar against the Swiss franc, British pound, Euro and Brazilian real, can have a material impact on Syngenta's financial results. Also, an increasing amount of Syngenta's sales are in emerging markets, where currency exchange rates can be volatile and where hedging products are expensive or of limited availability. Fluctuations in these emerging market countries' exchange rates against the US dollar may adversely impact Syngenta's results through recognition of currency losses. In addition, several countries in the Eurozone have been experiencing financial difficulties. If a member state of the Eurozone were to decide to abandon the Euro as its lawful currency and introduce a new national currency, Syngenta could incur losses upon the lawful conversion to the new national currency of amounts receivable from customers in the member state that were originally denominated in Euros.

Syngenta is impacted indirectly, through its purchases of raw materials, by fluctuations in oil prices and directly by fluctuations in crop prices, where Syngenta purchases seeds from contract growers. Syngenta generally seeks to pass through in its sales prices the impact of increases in these commodity prices. However, the risk exists that future commodity price increases may not be able to be passed through in sales prices in this manner, which would reduce profit margin and could have a material adverse effect on Syngenta's results of operations, financial position and cash flows.

Syngenta maintains a single supplier for some raw materials, which may affect its ability to obtain sufficient amounts of those materials

While Syngenta generally maintains multiple sources of supply and obtains supplies of raw materials from a number of countries, there are a limited number of instances where Syngenta has entered into single-source supply contracts or where Syngenta routinely makes spot purchases from a single supplier in respect of active ingredients, intermediates or raw materials for certain important products. These instances occur where there is sufficient commercial benefit and security of supply can be assured, or where there is no viable alternative source of supply. Such single supplier arrangements accounted for approximately 15 percent of Syngenta's purchases in 2014 of active ingredients, intermediates and raw materials used in Crop Protection products, as determined by cost. Syngenta's ability to obtain sufficient amounts of those materials may be adversely affected by the unforeseen loss of a supplier or from a supplier's inability to meet its supply obligations. The percentage of single supplier arrangements could increase in the future if consolidation were to occur among multiple supply sources.

Syngenta also has contracts with a number of suppliers for services, including information technology, telecommunications and finance transaction processing. The sudden failure by one of these service providers to meet its obligations could prove disruptive to normal operations for a protracted period and adversely impact Syngenta's financial results. To mitigate this risk, Syngenta limits major contracts only to large global suppliers providing such services as part of their core business and having a significant portfolio of clients receiving similar services. Syngenta

continuously monitors these companies both on their performance with Syngenta and their overall health and market performance.

Syngenta conducts business in most countries of the world, including in certain high-risk countries, some of which have been identified by the US government as state sponsors of terrorism

Syngenta conducts business in most countries of the world, some of which are subject to a high level of political or economic instability that could impact Syngenta's ability to continue to operate there. Acts of terror or war may impede Syngenta's ability to operate in particular countries or regions, and may impede the flow of goods and services between countries. Sanctions could be imposed by the US or other nations on countries deemed to be in violation of international protocols, which could impact Syngenta's business operations in the sanctioned countries.

In addition, Syngenta has minor operations in Cuba, Iran and the Sudan, which currently are identified by the US government as state sponsors of terrorism. Syngenta's operations in these countries are quantitatively immaterial, and it is Syngenta's belief that supporting agriculture in these countries is beneficial to their wider population, for whom food is often in short supply. However, certain investors may choose not to hold investments in companies that have operations of any size in these countries and several US states have enacted, and others may in the future enact, legislation requiring public entities with investments in companies with operations in these countries to disclose this fact or in some cases to divest these investments. Any such divestment is not currently expected to have a material impact on the value of Syngenta shares.

Natural disasters could adversely affect Syngenta's business

Natural disasters could affect Syngenta's or its suppliers' manufacturing and production facilities, which could affect Syngenta's costs or ability to meet supply requirements. Natural disasters could also affect Syngenta's customers, which could affect Syngenta's sales or its ability to collect receivables due from customers. Syngenta's corporate headquarters and other facilities are located near an earthquake fault line in Basel, Switzerland. Additionally, some of Syngenta's other significant facilities are located in areas where earthquakes, hurricanes or flooding are possible. The occurrence of a major earthquake, hurricane or flood at a Syngenta facility could result in loss of life, destruction of facilities and/or business interruption, which could have a material adverse effect on Syngenta's business. In addition, the occurrence of a pandemic in locations where Syngenta has significant operations or sales also could have a material adverse effect on Syngenta's results of operations, financial position and cash flows.

An increase in Syngenta's group tax rate could occur, which would adversely affect its financial results

The effective tax rate on Syngenta's earnings depends largely on the mix of business activities and consequent taxable profit in countries in which Syngenta operates. Syngenta benefits from the fact that a portion of its earnings is taxed at more favorable rates in some jurisdictions outside Switzerland. Future changes in the mix of business activities, or in tax laws or their application with respect to matters such as transfer pricing, intra-group dividends, controlled companies or a restriction in tax relief allowed on the interest on intra-group debt, could increase Syngenta's effective tax rate and adversely affect its financial results. Governments increasingly are requiring companies to provide greater transparency on the location of taxable profits, including the ongoing development of a new multilateral standard on automatic exchange of information. These developments may lead governments to restrict or disallow currently legitimate and accepted tax planning strategies and may result in an increase in Syngenta's effective tax rate. Syngenta has several open tax years in many jurisdictions, where tax calculations and payments may be subject to adjustment. These matters are discussed in Notes 2 and 25 to the consolidated financial statements in Item 18.

Significant breaches of data security or disruptions of information technology systems could adversely affect Syngenta's business

Syngenta's business is increasingly dependent on critical, complex and interdependent information technology systems, including Internet-based systems, to support business processes as well as internal and external

communications. The size and complexity of Syngenta's computer systems make them potentially vulnerable to data security breaches, whether by employees or others, which may result in unauthorized persons getting access to sensitive data. Such data security breaches could lead to the loss of trade secrets or other intellectual property. In addition, Syngenta's systems are potentially vulnerable to breakdown, malicious intrusion and computer viruses, which could disrupt production, order processing and shipping, cash receipts and disbursement processes, accounting and reporting processes, or other key business processes. A loss of trade secrets or other intellectual property, or systems-related disruption could have a material adverse effect on Syngenta's business, financial position, results of operations or cash flows.

Syngenta's share price may be volatile and subject to sudden and significant drops

The trading price of Syngenta shares and ADSs has been, and could in the future continue to be, subject to significant fluctuations in response to variations in Syngenta's financial performance, regulatory and business conditions in its industry, general economic trends and other factors, some of which are unrelated to the operating performance of Syngenta.

If you hold Syngenta ADSs it may be more difficult for you to exercise your rights

The rights of holders of Syngenta ADSs are governed by the deposit agreement between Syngenta and The Bank of New York Mellon. These rights are different from those of holders of Syngenta shares in several respects, including the receipt of information, the receipt of dividends or other distributions, the exercise of voting rights and attendance at shareholders' meetings. As a result, it may be more difficult for a holder of Syngenta ADSs to exercise those rights.

ITEM 4 — INFORMATION ON THE COMPANY

History and Development of the Company

The Company

Syngenta AG, a Swiss “Aktiengesellschaft”, was formed on November 12, 1999 under the laws of Switzerland. Syngenta’s business operations were created in 2000 by Novartis and AstraZeneca through an agreement to spin off and merge the Novartis agribusiness and the Zeneca agrochemicals business to create a dedicated agribusiness company whose shares were then the subject of a global offering. Both the Novartis and AstraZeneca agribusinesses had existed since the 1930’s through a variety of legacy companies.

Syngenta is domiciled in and governed by the laws of Switzerland. It has its registered office and principal business office at Schwarzwaldallee 215, 4058 Basel, Switzerland. The telephone number of Syngenta is +41-61-323-1111.

Syngenta became a publicly listed company in 2000. At December 31, 2014, the company was listed on the SIX Swiss Exchange under the symbol SYNN and the New York Stock Exchange under the symbol SYT.

Investments and Divestments

Information on acquisitions, divestments and other significant transactions completed by Syngenta during each of the years ended December 31, 2014, 2013 and 2012 is included in Item 5 and in Note 3 to the consolidated financial statements in Item 18.

BUSINESS OVERVIEW

Industry Overview

Syngenta is a world leading agribusiness operating in the crop protection, seeds and lawn and garden markets. Crop protection chemicals include herbicides, insecticides, fungicides and seed treatments to control weeds, insects and diseases in crops, and are essential inputs enabling growers around the world to improve agricultural productivity and food quality. In seeds, Syngenta operates in the high value commercial sectors of field crops (including corn, oilseeds, cereals and sugar beet) and vegetables. The lawn and garden business provides professional growers and consumers with flowers, turf and landscape, and professional pest management products.

Syngenta’s Business

Syngenta’s business is divided into five reporting segments: the four geographic regions, Europe, Africa and Middle East, North America, Latin America and Asia Pacific, comprising the integrated Crop Protection and Seeds business; and the global Lawn and Garden business. These segments are described in greater detail below.

The following information, which appears in other parts of this Form 20-F, is incorporated herein by reference:

- Item 5 – Operating and Financial Review and Prospects – Results of Operations, the tabular information regarding:
 - sales and operating income for the integrated Crop Protection and Seeds business and for each of the four geographic segments therein;
 - sales by product line for the integrated Crop Protection and Seeds business; and

- sales and operating income for the global Lawn and Garden business.

Sales and operating income for the segments, as presented in Item 5 of this report, are seasonal. Results for the Europe, Africa and Middle East, North America and global Lawn and Garden segments are weighted towards the first half of the calendar year, which largely reflects the northern hemisphere planting and growing cycle. Results for the Latin America segment are weighted towards the second half of the calendar year, which largely reflects the southern hemisphere planting and growing cycle. Results for the Asia Pacific segment are weighted slightly towards the first half of the calendar year.

References in this document to Syngenta's competitive position, identified by terms such as "world-leading", "leader", "leading", "largest", "broadest", or similar expressions are based where possible on global agrochemical and biotechnology industry information provided by a third party or on information published by major competitors and are supplemented by Syngenta internal estimates.

Integrated Business

Based on the combined strength of its Crop Protection and Seeds businesses, Syngenta regards itself as uniquely positioned to address the increasingly complex challenges facing farmers, through the development of fully integrated offers on a crop basis. The integrated business is structured into 18 territories grouped under the four geographic regions (Europe, Africa and Middle East, North America, Latin America and Asia Pacific). Under this integrated business, Syngenta is developing an expanded crop-based product pipeline and increasing its reach into new markets with new products, solutions and local go-to-market strategies for its eight strategic global crops. These eight global crops comprise cereals (wheat, barley), corn, diverse field crops (sunflower, oilseed rape, sugar beet), rice, soybean, specialty crops (e.g. fruits, trees, nuts, vines, potatoes, cotton, plantation crops), sugar cane and vegetables. Dedicated crop teams work alongside territory and regional management to develop and maximize integrated product and service offers.

Estimated sales by crop for the years ended December 31, 2014, 2013 and 2012 are as follows:

Estimated sales (\$m)	Change			Change			2012
	2014	Actual %	CER %*	2013	Actual %	CER %*	
Cereals	1,943	10%	12%	1,772	11%	12%	1,599
Corn	3,355	-6%	-4%	3,560	-1%	-	3,612
Field crops	1,351	-5%	1%	1,428	10%	11%	1,299
Rice	635	-3%	2%	653	11%	16%	590
Soybean	3,017	17%	18%	2,577	10%	11%	2,341
Specialty crops	2,110	5%	7%	2,004	-2%	-1%	2,051
Sugar cane	275	-5%	-2%	290	12%	15%	259
Vegetables	1,743	2%	5%	1,701	2%	4%	1,670
Other**	12	n/a	n/a	12	n/a	n/a	24
Total	14,441	3%	6%	13,997	4%	6%	13,445

Precise sales by crop cannot be determined because many of Syngenta's Crop Protection products can be used on multiple crops.

* Change percentage at constant exchange rates ("CER"). For the definition of constant exchange rates, see Appendix A in Item 5.

** Sales of Materials Protection products.

Description of Products

Integrated Business

The development of integrated offers involves combining Syngenta's Crop Protection and Seeds products, and in some instances combining Syngenta's products with third party products and services, to provide growers with innovative ways to improve crop yields and quality. These offers, which are targeted at growers in emerging as well as developed markets, include integrated crop management programs using existing and newly developed crop protection solutions, genetics, innovative genetically modified and native trait packages, and growing protocols.

Crop Protection

Syngenta is active in herbicides, especially for corn, cereals, soybean and rice; fungicides mainly for corn, cereals, fruits, grapes, rice, soybean and vegetables; insecticides for fruits, vegetables and field crops; and seed care, primarily in corn, soybean, cereals, oilseeds and cotton. Herbicides are products that eliminate, prevent the growth of, or reduce weeds that compete with the crop for nutrients, light and water. Herbicides can be subdivided into (i) selective herbicides, which are crop-specific and control weeds without harming the crop and (ii) non-selective herbicides, which reduce or halt the growth of all vegetation with which they come into contact. Fungicides are products that prevent and cure fungal plant diseases that affect crop yield and quality. Insecticides are products that control chewing pests such as caterpillars and sucking pests such as aphids, which reduce crop yields and quality. Seed care products are insecticides and fungicides used to protect growth during the early stages of a crop's life. To complement traditional Crop Protection chemistry, Syngenta is also investing in abiotic stress management and bio pesticide solutions, such as its Bioline product range.

Syngenta has a broad range of Crop Protection products, making it number one or two in all of its target sectors, underpinned by strong worldwide market coverage. Approximately 92 percent of Syngenta's annual sales of Crop Protection products come from products marketed in all four regions.

Seeds

Syngenta produces and markets seeds and plants that have been developed using advanced genetics and related technologies. Syngenta sells seed products in all geographic territories.

Syngenta's seed portfolio is one of the broadest in the industry, offering over 200 product lines and over 6,800 varieties of Syngenta's own proprietary genetics. Syngenta divides its seed products into field crops, such as corn, soybean, rice, cereals, oilseeds and sugar beet, and vegetables. Syngenta has a significant market share in vegetables, corn, soybean, cereals, sugar beet and sunflower. Seed products are derived from a germplasm pool and trait portfolio and developed further utilizing sophisticated plant-breeding methods. In addition to income from sales of branded seeds, Syngenta generates income from licensing arrangements.

Key Marketed Products and Services

Integrated Business

- NUCOFFEE® is Syngenta's innovative business model operating in Brazil that brings together growers, cooperatives and roasters. Built around Syngenta's crop protection, quality and barter programs, the NUCOFFEE® platform helps Brazilian coffee farmers increase their profitability, with higher yields and better quality for their coffee crop.

Crop Protection

Selective herbicides

Syngenta has a broad range of Selective herbicides that control grasses and broad-leaved weeds and are applicable to most crops, with a special emphasis on corn, soybean and cereals.

- Atrazine (AATREX®/GESAPRIM®) acts mainly against broad-leaved weeds. Although Atrazine was introduced in 1957 and has been off patent for a number of years, it remains an important product for broad-leaved weed control in corn, sorghum and sugarcane. Atrazine is marketed in North America, Latin America, Asia Pacific and in

Africa and the Middle East.

- Clodinafop (TOPIK®/HORIZON®/ CELIO®/ DISCOVER®) is a grass herbicide which provides a broad spectrum of annual grass control in wheat and barley. To further increase crop safety in cereals, the active substance Clodinafop is mixed with the safener Cloquintocet, which selectively enhances the degradation of Clodinafop in cereals but not in the grass weeds. Clodinafop is marketed in all regions.

- Fluzifop-P-Butyl (FUSILADE®) is one of the leading products for post-emergence control of grass weeds. It is registered for use in over 60 crops with major outlets in cotton and soybeans in the United States and Brazil; and sugar beet and oilseed rape in Europe. The selective action of FUSILADE® allows growers to target applications when grass weeds appear, allowing cost-effective weed control. Fluzifop-P-Butyl is marketed in all regions.
- Fomesafen (FLEX®) provides pre- and post-emergence control and quick eradication of a wide range of broadleaf weeds to protect yields in soybeans, dry beans and other legume crops and cotton. Fomesafen is marketed in all regions.
- Mesotrione (CALLISTO® family) is a pre- and post-emergent herbicide with a very broad spectrum against key broad-leaved weeds in corn and sugar cane. Mesotrione is marketed in all regions.
- Pinoxaden (AXIAL®) is an innovative post-emergent selective grassweed herbicide, for use in both wheat and barley. It offers the grower efficacy, selectivity and flexibility. Pinoxaden is marketed in all regions.
- S-metolachlor (DUAL GOLD®/ DUAL MAGNUM®) is a lower dose rate replacement for metolachlor for grass weeds control. Its use has not only reduced the amount of product sprayed on fields, thus responding to the pesticide reduction goals established by many countries, but has also decreased the energy required to produce, transport and store the product, as well as decreasing total packaging material. S-metolachlor is well tolerated and can be safely used on more than 70 different crops. It manages difficult to control glyphosate-resistant weeds and is a key component in Syngenta's Early Season Weed Management portfolio. S-metolachlor is marketed in all regions.

Non-selective herbicides

Syngenta has a series of Non-selective herbicides, which reduce or halt the growth of all vegetation with which they come in contact.

- Diquat (REGLONE®), a non-selective contact herbicide, is mainly used as a desiccant to allow easier harvesting and reduce drying costs. Diquat is marketed in all regions.
- Glyphosate (TOUCHDOWN® /TRAXION® /ZAPP®), a non-selective herbicide with systemic activity, is Syngenta's offer in the market for glyphosate-based products. Glyphosate is registered in over 90 countries, including for use on herbicide tolerant corn and soybeans in the United States and Brazil. Glyphosate is marketed in all regions.
- Paraquat (GRAMOXONE®), first introduced in 1962, is one of the world's largest selling non-selective contact herbicides and a vital tool to manage increasing weed resistance challenges worldwide. It has been a key product in the development of minimum tillage cropping systems, the adoption of which continues to increase because of benefits such as the reduction of soil erosion. Paraquat is marketed in all regions.

Fungicides

Syngenta has a broad range of Fungicides that prevent and cure fungal plant diseases that affect crop yield and quality.

- Azoxystrobin (AMISTAR® Technology), a strobilurin fungicide, is the world's best-selling proprietary fungicide and Syngenta's largest selling product. It is registered for use in approximately 100 countries and for approximately 120 crops. In Brazil, it is used to control Asian rust in soybeans in a mixture branded as PRIORI XTRA®. Mixtures of AMISTAR® Technology with triazoles (cyproconazole or propiconazole) or chlorothalonil have been developed to combat diseases in cereal crops, primarily in Europe. Mixtures are also used in corn (QUILT®), rice, vegetables

and specialty crops (AMISTAR TOP®, AMISTAR XTRA®). AMISTAR® Technology is marketed in all regions.

- Chlorothalonil (BRAVO®) is a world-leading fungicide. With its multi-site mode of action, it is a good partner for most fungicides such as AMISTAR® Technology or izopyraxam, mefenoxam, and mandipropamid and is increasingly being integrated into disease control programs using multiple products. Chlorothalonil is used in all major crops and in lawn and garden, and is marketed in all regions.
- Cyproconazole (ALTO®) is a systemic fungicide with broad-spectrum activity, especially against rust and leaf spot in cereals, soybean, sugar beet and coffee. Syngenta mainly sells cyproconazole in mixtures with other fungicides principally in Latin America and Europe, Africa and Middle East. Cyproconazole is marketed in all regions.
- Cyprodinil (UNIX®/STEREO®1/SWITCH®/CHORUS®) is a powerful fungicide for use on cereals. It is used to control eyespot, powdery mildew and leaf spot diseases. Because it has a specific mode of action, it is a particularly effective solution where resistance to other fungicides has developed. CHORUS® and SWITCH® are cyprodinil-based formulations which are used on pome fruit such as apples and pears or on grapes and vegetables. Cyprodinil is marketed in all regions.
- Difenconazole (SCORE®) is a systemic triazole fungicide with broad-spectrum activity against plant diseases, particularly leaf spots of pome fruit, vegetables, soybeans, rice and plantation crops. Long-lasting protective and strong curative activity make it well suited for threshold based plant disease management whereby the plant is treated only when the development of the disease has passed a certain point. Target crop pathogens include cercospora, alternaria, septoria and other leaf spots, powdery mildews and scabs as well as seed-borne diseases. Difenconazole is marketed in all regions.
 - Fluazinam2 (SHIRLAN®) is a fungicide for control of potato blight. Fluazinam is marketed in Europe, Africa and Middle East, North America and Latin America.
- Mandipropamid (REVUS®) is currently registered in 62 countries and is used on fruits and vegetables to combat late blight and downy mildew. Mandipropamid is marketed in all regions.
- MEFENOXAM™3 (RIDOMIL GOLD®/FOLIO GOLD®/SUBDUE®) is used for the control of air-borne, seed- and soil-borne diseases caused by fungi such as pythium damping-off, late blight, pink rot and downy mildews. It is used on a wide variety of crops, including field, vegetable, oil and fiber crops. MEFENOXAM™ is marketed in all regions.
- Propiconazole4 (TILT®/BANNER®) is a foliar fungicide for broad spectrum disease control in cereals, bananas, rice, corn, peanuts, sugar beet, turf and other food and non-food crops. Propiconazole is systemic and provides a strong curative and protective activity against a wide range of plant pathogens including powdery mildews, rusts and other leaf spot pathogens. Propiconazole is marketed in all regions.
- Trinexapac-ethyl (MODDUS®) is a plant growth regulator. In cereals it reduces growth so that treated plants stay shorter and have stronger stems, enhancing their ability to withstand storms and remain upright until harvest. In sugar cane it is a yield enhancer and harvest management tool. Trinexapac-ethyl is marketed in all regions.

1 Pursuant to commitments given to the European Commission, Syngenta granted an exclusive right to Makhteshim Agan Industries Ltd. (now Adama Ltd.) to use and sell STEREO® formulation for use on cereals for the duration of its registration in Denmark, Finland and Sweden.

2 Fluazinam is distributed, but not manufactured, by Syngenta.

3 Mefenoxam is a generic expression in the United States whereas in other countries MEFENOXAM™ is a trademark of Syngenta Participations AG to denominate the active ingredient Metalaxyl-M (ISO name).

4 Pursuant to commitments given to the European Commission, Syngenta granted an exclusive right to Makhteshim Agan Industries Ltd. (now Adama Ltd.) to use and sell its TILT® 250EC and TILT® 6.25GL formulations for use on cereals in Denmark, Finland and Sweden for the duration of their registrations.

Insecticides

Syngenta has a broad range of Insecticides that control chewing pests such as caterpillars and sucking pests such as aphids, which reduce crop yields and quality. These products are applied either to the soil or sprayed onto the foliage.

- Abamectin (VERTIMEC® or AGRIMEC®/AGRI-MEK®) is produced by fermentation. This potent insecticide and acaricide is used at very low dose rates against mites, leafminers, nematodes and some other insects in fruits, vegetables, cotton and ornamentals. Abamectin rapidly penetrates the plants and is a useful product for integrated pest management. Abamectin is marketed in all regions.
- Chlorantraniliprole mixtures (DURIVO®/AMPLIGO®/VIRTAKO®/VOLIAM FLEXI®/VOLIAM TARGO®). Chlorantraniliprole, licensed from E.I. DuPont de Nemours and Co (“DuPont”) for sale in mixtures with Syngenta active ingredients, is a chemical of the diamide class characterized by a unique mode of action and outstanding activity on all major lepidoptera pests. Chlorantraniliprole mixtures are marketed in all regions.
- Emamectin Benzoate (PROCLAIM® or AFFIRM®) provides control of caterpillars on vegetables, cotton and fruits, combining a unique mode of action with extremely low use rates and is compatible with integrated pest management. It has been launched in major markets such as Japan, Korea, the United States, Mexico, Australia and India and is under registration in a number of other countries. Emamectin Benzoate is marketed in all regions.
- Lambda-cyhalothrin (KARATE®/ICON®) is one of the world’s leading agricultural pyrethroid brands and one of Syngenta’s largest selling insecticides. Lambda-cyhalothrin is marketed in all regions.
- Lufenuron (MATCH®) is an insect growth regulator that controls caterpillars in corn, potatoes, cotton, vegetables and fruits. It is a leading insecticide in terms of sales in its chemical class. Lufenuron is marketed in Africa and Middle East, Latin America and Asia Pacific.
- Thiamethoxam (ACTARA®/ENGEO®) is highly active at low use rates against a broad spectrum of soil and sucking insects. It is highly systemic and well suited for application as a foliar spray, drench or drip irrigation. It is fast acting, works equally well under dry and wet conditions and has a favorable safety and environmental profile. Its mode of action differs from that of older products, which makes it effective against insect strains that have developed resistance to those products. It has been developed on a broad range of crops, including vegetables, potatoes, cotton, soybeans, rice, pome fruits and stone fruits (such as peaches or plums). Thiamethoxam is marketed in all regions⁵.
- Tefluthrin (FORCE®) is a premium corn granular and liquid insecticide that provides broad-spectrum soil insect control and residue activity. Tefluthrin is marketed in all regions.

⁵The European Commission suspended effective December 1, 2013 the use of neonicotinoid insecticides on bee attractive crops before and during flowering due to the alleged impact of these products on bee populations. The suspension impacts sales of Syngenta’s thiamethoxam products in European Union markets, primarily the seed treatment CRUISER® in corn, sunflower and oilseed rape crops. Directly impacted sales of Syngenta’s thiamethoxam products in European Union markets are less than \$100 million for 2014. On August 27, 2013, Syngenta submitted a legal challenge to the European Commission’s decision to suspend the use of thiamethoxam on bee attractive crops. Thiamethoxam continues to be used in European Union markets as CRUISER® in sugar beet, a non-bee attractive crop, and in potatoes and vegetable crops in glass houses, and as ACTARA®/ENGEO® on all crops after flowering.

Seedcare

The use of Seedcare products is an effective, efficient, and targeted method to protect seedlings and young plants against diseases, insects and nematodes during the period when they are most vulnerable. Syngenta's broad range of fungicides, insecticides and nematicides allows it to provide a modern portfolio of safe and highly effective products. As seeds increase in value, seed protection becomes more important.

- Abamectin (AVICTA®) is a seed treatment for the control of nematodes in cotton, corn and soybeans. Abamectin is currently marketed in North America, Latin America and South Africa.
- Difenconazole (DIVIDEND®) is active against a broad range of diseases including bunts, smut and damping-off on cereals and oilseed rape/canola. This product is highly systemic and provides a long lasting, high-level effect. It is safe for seeds and seedlings and provides for a faster germination than other products in the market. Difenconazole is marketed in all regions.
- Fludioxonil (MAXIM® or CELEST®) is a contact fungicide with residual activity. Derived from a natural compound, fludioxonil combines excellent crop tolerance with low use rates. Its spectrum of targets includes seed and soil-borne diseases like damping-off, bunt, smut, fusarium, snow mold and leaf stripe on cereals. Used alone or in mixtures with other active substances, it is also effective on corn, soybean, rice, cotton, potatoes, vegetables and peas. Fludioxonil is marketed in all regions.
- MEFENOXAM™³ (APRON® XL) is used for the control of seed and soil-borne diseases caused by fungi such as pythium, phytophthora and downy mildews. It is used worldwide on a wide variety of crops, including field crops, vegetables, oil and fiber crops. MEFENOXAM™ is also used as a mixing partner for seed protection at low use rates. MEFENOXAM™ is marketed in all regions.
- Thiamethoxam (CRUISER®) is an insecticide with systemic activity in a wide range of crops including cereals, cotton, soybeans, canola, sugar beet, corn, sunflower and rice. Its properties are such that it provides a consistent performance under a wide range of growing conditions. Thiamethoxam acts against a wide range of early season sucking and chewing, leaf feeding and soil-dwelling insects such as aphids, thrips, jassids, wireworms, flea beetles and leafminers. Thiamethoxam is marketed in all regions⁵.

Seeds

Field crops

- Cereals (NK®, AGRIPRO® COKER®, RESOURCE SEEDS INC., C.C. BENOIST®) wheat and barley varieties combine high yield, superior disease resistance and agronomic characteristics coupled with excellent grain quality for the milling, malting and animal feed industries. Cereals are sold mainly in Europe and North America.
- Corn (AGRISURE®, GOLDEN HARVEST®, NK®, INNOTECH™, CATALYST® and PHOENIX®) hybrids are sold by Syngenta via established distribution channels covering a full range of countries and maturities. In addition, hybrids and inbred lines are licensed to other seed companies in the US via Greenleaf Genetics LLC. Syngenta hybrids are characterized by their high yield potential, stability of performance, uniformity and vigor. Many of Syngenta's elite hybrids are offered as AGRISURE® 3000GT, AGRISURE VIPTERA®, and AGRISURE DURACADE® products, which provide built-in insect protection against corn borers and corn rootworms and tolerance to glyphosate herbicide. Syngenta offers four specific trait stacks that carry the title E-Z REFUGE® and are refuge-in-a-bag products. The products are more convenient for growers than planting a distinct refuge

and also improve the durability of the insect control traits by ensuring refuge compliance. Syngenta also offers seeds with AGRISURE ARTESIAN® technology, which improves the corn plant's water use efficiency. Competitive hybrids in early maturities, some of them developed through marker assisted breeding, are sold for silage and grain markets. Different varieties of corn seeds are marketed in all regions.

- Oilseeds (SYNGENTA®, NK®, SPS®) include sunflowers and oilseed rape. Syngenta sunflower seed hybrids are bred for high yield as well as heat stress tolerance, disease resistance, herbicide tolerance and oil quality. Syngenta's oilseed varieties combine high yield genetic superiority and herbicide tolerance, which give growers flexibility in their weed control. The company's oilseed rape varieties and hybrids offer good oil production and plant health. Sunflowers are sold primarily in Russia, Ukraine and Argentina while the major markets for oilseed rape are Europe and Canada.
- Rice (NK®, FRONTLINE®) In 2012, Syngenta acquired Devgen, which significantly broadened its rice portfolio with the addition of the FRONTLINE® brand. FRONTLINE® is a hybrid rice with improved yield, seed productivity, grain quality, and tolerance to biotic and abiotic stress factors. Rice is marketed in Asia Pacific.
- Soybean (SYNGENTA®, NK®, SPS®) varieties combine high yield genetic superiority, insect control and herbicide tolerance⁶, which give growers flexibility in their insect and weed control. The major markets for soybean are in North America and Latin America. Syngenta also licenses varieties of soybean to other seed companies in the USA via Greenleaf Genetics LLC.
- Sugar beet (SYNGENTA®, HILLESÖG®, MARIBO®) seeds are bred to develop high yielding varieties with good stress and disease tolerance, high sugar content, low soil tare and improved juice purity. The major markets for sugar beet seeds are in Europe and North America.
- Sugar beet varieties with the Genuity® Roundup Ready®⁶ herbicide tolerance trait feature high sugar content and multiple disease resistances across a number of geographies. These sugar beet seeds are marketed in the USA and Canada.

Vegetables

- Vegetables brands include ROGERS®, S&G®, ZERAIM GEDERA® and DAEHNFELDT®. Syngenta offers a full range of vegetable seeds, including beans, broccoli, cabbage, carrots, cauliflower, cucumbers, lettuce, melons, onions, okra, peas, peppers, spinach, squash, sweet corn, tomatoes and watermelons. Syngenta breeds varieties with high-yield potential that can resist and tolerate pests and diseases. Syngenta develops genetics that address the needs of consumers as well as processors and commercial fresh market growers. In 2013 Syngenta acquired the breeding programs for cucumber, tomato and pepper for greenhouse production from MayAgro Seeds, broadening its offer in Turkey and the Middle East. Different varieties of vegetable seeds are marketed in all regions.

Recently Launched Products and Services (last 3 years)

Integrated Business

- GROMORE™ is a holistic crop protection and agronomy protocol with a targeted go-to-market approach that provides guidance to rice growers for crop protection, seed, nutrients and water optimization which helps them overcome challenges resulting from water scarcity, labor shortages and productivity. Growers can realize yield gains by being better able to choose the right input at the right dose and at the right time for each of the four key growth phases of the crop.
- PLENE® is a revolutionary solution for sugar cane in Brazil, combining chemistry, plant genetics and mechanical technology to provide an integrated cane planting solution. PLENE® EVOLVE™ is a young plant that can be mechanically transplanted and accelerates variety renewal through elite genetics. It can be multiplied directly by the customer resulting in increased genetic purity and high productivity. PLENE® PB is a pre-germinated seed cane with a simple planting process and offering a superior multiplication rate together with yield, vigor and quality.

6 Genuity® Roundup Ready® and Genuity® Roundup Ready 2 Yield® herbicide tolerance traits are licensed from Monsanto Technology LLC. Genuity® Roundup Ready® and Roundup Ready 2 Yield® are registered trademarks of Monsanto Technology LLC.

- HYVIDO® is a hybrid barley that offers increased yield, consistency of yield and improved resistance to abiotic stresses. In addition, Syngenta currently offers growers who purchase HYVIDO® an optional cash-back yield guarantee. It guarantees that farmers who subscribe to the offer and use the agronomy protocol (which includes seeds and Syngenta Crop Protection products to maximize yield) will be paid the difference between conventional seed cost and HYVIDO® seed cost if the yield from reference fields of HYVIDO® is not at least 0.5 tons per hectare higher than the yield from conventional fields.
- TEGRA® Full Service is a service offer for rice growers in Asia comprising mechanically transplanted certified seedlings and agronomy support for the first 60 days, thereby reducing labor input and maximizing crop yield potential.
- Sustainable Market Access enhances growers' market access while reducing complexity and risk through a tailored Crop Protection program with cashback assurance. It enables growers to comply with regulatory and food chain requirements.
- New Customer in Cereals offers food companies and growers the ability to increase local sourcing of high quality grains in emerging markets. Current relationships include AB InBev in beer and Baronia in pasta.
- 'Water+' Intelligent Irrigation Platform is designed to deliver improved revenue potential by conveniently integrating crop inputs, agronomic expertise and technology.

Crop Protection

Fungicides

- Isoprazam (BONTIMA®, SEGURIS®) is a new broad-spectrum fungicide for cereals, banana, pome fruit, oilseed rape and vegetables which complements Syngenta's existing product range and provides additional resistance management opportunities. Isoprazam is marketed in Europe, Africa and Middle East, Latin America and Asia Pacific.
- Solatenol™ uses new SDHI chemistry and is combined with AMISTAR® to produce ELATUS™, a foliar fungicide for use on soybean Asian Rust disease, which is the largest disease problem faced by farmers in Latin America. ELATUS™ was introduced in Paraguay and Bolivia in 2013 and Brazil in 2014.
- Syngenta has recently introduced a range of bio fungicides in its portfolio in different countries including the brands TAEGRO®7, SAKALIA®, TIMOREX®8 GOLD and REMEDIER®9.

Seedcare

- Pasteuria spp (CLARIVATM) is an endospore-forming bacterium that is a natural control for nematodes offering immediate infection, which stops them from feeding and reproducing and ultimately kills them. CLARIVATM is currently registered for sale and use in the USA for soybeans.
- Cyantraniliprole (FORTENZA®) Syngenta acquired from DuPont in 2008 the rights to use cyantraniliprole, which is a second generation diamide. This new seed treatment insecticide has a different mode of action acting as both a chemical and Bt trait resistance management tool. It delivers best-in-class early season insect protection both above and below ground and will be available for a wide range of crops including corn, soybeans, oilseed rape/canola, sunflower, potato and rice. FORTENZA® was granted registration in Canada and Argentina in 2013 and future seed treatment registrations are planned for the USA, Brazil, Mexico, and several countries in Europe, Latin America,

Asia, Africa and Oceania. It was commercially launched in Argentina in 2014.

7 TAE GRO® is licensed from, and is a registered trademark of Novozymes A/S.

8TIMOREX® GOLD is licensed from, and is a registered trademark of BIOMORE ISRAEL LTD.

9 REMEDIER® is licensed from, and is a registered trademark of ISAGRO S.p.A.

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- Sedaxane (VIBRANCE®) is a new proprietary fungicide based on the SDHI mode of action combining excellent control against a broad range of seed- and soil-borne diseases with ideal mobility in the soil. This gives long-lasting protection for the entire root system, resulting in higher crop productivity on a broad range of crops including cereals, soybean, oilseed rape/canola, corn, rice, sugar beet, sunflower, cotton and potatoes. Sedaxane received broad registration in 2014 and is marketed in all regions.

Seeds

Field crops

- In corn, AGRISURE VIPTERA® in Brazil and triple stack corn in Argentina both combine herbicide tolerance and insect resistance.
- Through Syngenta's enhanced corn breeding and trait conversion capabilities, twenty new genetic chassis and fifty new corn hybrids were brought into North America production in 2013 for customer use in the 2014 crop year. Ten of these products contain genetics that are new to the market.
- Five new genetic chassis feature AGRISURE ARTESIAN® technology, a native trait developed using proprietary technology and containing multiple genes identified and selected from the corn genome itself, which helps plants use water more efficiently at every growth stage to provide season-long drought tolerance.
- Also introduced are hybrids containing the AGRISURE VIPTERA® 3220 E-Z REFUGE® trait stack, which offers dual modes of action to control corn borer and above-ground lepidopteran pests, and the AGRISURE® 3122 E-Z REFUGE® trait stack intended for use in areas where both corn rootworm and lepidopteran pest management are primary concerns. Both products received US Environmental Protection Agency ("EPA") registration in 2012.
- AGRISURE DURACADE® was launched in two new products AGRISURE DURACADE® 5122 and AGRISURE DURACADE® 5222. USDA cultivation approval was received in February 2013.
- ENOGEN® is a corn seed incorporating a corn amylase trait and is the first genetically modified output trait in corn for the US ethanol industry. By enabling expression of an optimized alpha-amylase enzyme directly in corn, dry grind ethanol production can be improved in a way that can be easily integrated into existing infrastructure. Syngenta signed an agreement in 2014 with Cellulosic Ethanol Technologies, LLC (CET) (wholly owned subsidiary of Quad County Corn Processors) to make ethanol from corn kernel fiber. The combination of CET's Cellerate™ process technology (formerly known as Adding Cellulosic Ethanol or ACE) with ENOGEN® technology provides synergistic benefits enabling a substantial increase in performance, sustainability and profitability of ethanol plants.
- Syngenta continues to deliver a strong portfolio of soybean, with the launch of more than 50 new varieties in North America and South America having improved diverse genetics bringing new levels of resistance to key diseases.

Additionally, in South America, Syngenta introduced soybean varieties with herbicide tolerance and insect control¹⁰.

- In wheat, a number of new products have been launched across the spring and winter wheat ranges with high yield, good disease tolerance and high bread making qualities. These new wheat seeds are marketed mainly in Europe and North America.
- In oilseeds, Syngenta has entered the canola seeds business in Canada in the 2013/2014 growing season by launching two high yielding hybrids with herbicide tolerance provided by the Genuity® Roundup Ready®6 trait. This new hybrid seed portfolio is being commercialized as part of an integrated cross-crop solution across the whole

farm targeting canola, cereals and pulses.

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Intacta RR2 PRO™ is licensed from Monsanto Technology LLC.

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Vegetables

In Vegetables, Syngenta continues to launch new and attractive consumer products in the United States, Europe and other parts of the world. Some examples of recently launched products include:

- In Melon, HODA, a yellow canary variety for cultivation in Africa and the Middle East.
- In Pepper, a new sweet, baby seedless pepper called ANGELLO® in Europe, and CAOBA and STEPHANIA, two new red and yellow blocky varieties for protected cultivation in Mexico.
- In Squash, new products PROMETHEUS in Europe and SPINELESS PERFECTION in the USA, which offer growers excellent high yield with a broad-spectrum disease resistance.
- In Sweet Corn, GSS2259P/SHINEROCK multi disease resistant processing sweet corn variety with high yield potential and a native herbicide tolerance, launched globally, and GSS1453 variety with enhanced disease resistance packaged with high yield potential and deep kernels for high recovery, launched in North America.
- In Tomato, a new mini-cluster cocktail variety for protected greenhouses in Europe and Canada, which offers consistent high flavor, and VALKIRIAS, a cluster variety for protected greenhouses in South Europe and Africa and Middle East, which offers improved yield with high and consistent quality of clusters and fruits.
- In Watermelon, successful large fruit size seedless varieties such as FASCINATION in the USA and in northern Latin America, and EXCLAMATION in the USA. In addition, EL GHALI, a large fruit size seeded variety was launched in North Africa.

Products and Services in Late Stage Development

Integrated Business

Syngenta's integrated business offers in late stage development include:

- PLENE® - In 2014, Syngenta announced plans to broaden and scale up its PLENE® platform of integrated sugar cane solutions. Through an exclusive licensing agreement with New Energy Farms, Syngenta will access an innovative planting system for sugar cane in Brazil: CEEDS™ (Crop Expansion Encapsulation and Drilling System), which is expected to enable the realization of PLENE® on a commercial scale. It is complementary to PLENE® EVOLVE™ and PLENE® PB, which are for nursery production and gap-filling.
- INTEGRARE™ is a high yield solution to unlock the full yield potential of soybeans through a complete technology offer coupled with agronomic advice and input price risk management, providing confidence and improved return on investment to growers in Brazil.
- MAXVEG™ is an integrated crop protection and agronomy offer for smallholder growers particularly in Asia matching crop protection and nutrients to crop growth stages of specific varieties in order to increase yield of produce.
- For TEGRA®, which was launched in 2011, Syngenta is working on enhancements within its technology components.
-

Vegetables Sustainability & Productivity offers for sophisticated growers of greenhouse vegetables in Europe combining seed varieties, crop protection products and biologicals in order to increase crop yield, reduce input resources and ensure produce meeting stringent retailer demands.

- Cotton Fast Start Performance provides cotton growers with integrated solutions to address biotic and abiotic concerns, focusing on the initial stages of the growth cycle to enable healthy cotton establishment, increased yields and improved quality.

Crop Protection

Syngenta's pipeline of products under development includes the following Crop Protection products in late stage development:

Selective herbicides

- Bicyclopyrone is a new broad-spectrum selective herbicide for use in corn, sugar cane and cereals that complements Syngenta's existing product range. The first registrations are expected in 2015, at which point the herbicide is expected to be commercially launched.

Fungicides

- Oxathiapiprolin is a new piperidinyl thiazole isoxazoline class of fungicides for which Syngenta obtained a global license from DuPont to develop own products. Under the license agreement, Syngenta received exclusive rights for foliar and soil uses on all crops in North America and for lawn and garden uses globally. Syngenta also secured usage rights on certain crops for seed treatment globally and for the development of foliar and soil uses on certain crops outside of North America.

Insecticides

- Cyantraniliprole mixtures (MINECTOTM) Syngenta also acquired from DuPont the exclusive right to use cyantraniliprole in mixtures with Syngenta insect control products. Cyantraniliprole is a new broad-spectrum insecticide that also controls sucking pests and is complementary to the chlorantraniliprole insect control product used for Lepidoptera pest control that Syngenta sells in mixtures with its own leading insect control products.

Seeds

Syngenta seeks to produce improved hybrid and varietal seeds to meet the agronomical conditions and demands of its customers and to work towards further improvement of traits advantageous to the grower, i.e., input traits, such as resistance to diseases and insects, and greater yield. In vegetable seeds, Syngenta develops new products to provide consumers with consistent high quality, improved appearance, taste and texture. Powerful analytical science has been expanding the knowledge of taste, flavor and post-harvest shelf life. Combined with advanced breeding technology, this is accelerating the introduction of novel varieties.

Below are examples of products in development:

Field crops

- In barley, next generation spring malting barley with improved enzyme characteristics and new winter barley hybrids combining high yield with improved production characteristics.
- Syngenta continues to work towards developing corn seeds across a variety of maturities with high yield, stress tolerance and improved agronomic characteristics, including developing the next generation corn rootworm control trait with a unique mode of action and high efficiency, and stacking multiple modes of action for the same target insects (trait pyramiding) to improve efficacy, combat insect resistance and provide refuge reduction in corn while increasing long-term product sustainability.
- High yield SAFECROSS® hybrids with improved disease resistance and stress tolerance in winter oilseed rape.

- In rice, Syngenta is developing an enhanced hybrid portfolio by combining its legacy breeding programs with those acquired in the Devgen acquisition.
- A wide range of soybean varieties in late stage development deliver expanded spectrum control of soybean cyst nematodes through utilization of alternate native trait sources of resistance and combines this control with tolerance to sudden death syndrome, iron deficiency chlorosis and phytophthora root rot. In South America the development of a full proprietary portfolio with herbicide tolerance and insect control10 varieties covering major maturity groups and market segments is well advanced.
- Sugar beet with second generation nematode tolerance for the European market and with broad-spectrum disease and virus resistance in combination with Genuity® Roundup Ready®6 herbicide tolerance trait for the North American market.
 - Sunflowers with high stable yields, integrating broomrape, herbicide and disease resistance.
 - Healthy oil varieties of high oleic sunflowers comprising higher heat stability of plant oils for frying.
- In wheat, Fusarium tolerance, high yield, improved and novel quality, new disease resistance and drought tolerance.

Vegetables

- Focus on increased agronomic quality, fruit quality and shelf life improvements and better plant performance in combination with virus, fungal and insect resistances to provide increased grower performance reliability.
 - Advancing abiotic stress tolerant traits for rootstocks for the high value tomato and pepper markets.
- Developing new fruit sizes in melons and watermelons tailored to shrinking family sizes in North America and Europe.
- Bringing forward new consumer and value chain traits for textures that improve the quality of fresh cut fruit.
 - Vegetable research and development to advance convenience traits for consumers.

Marketing and Distribution

Syngenta has marketing organizations in all its major markets with dedicated sales forces that provide customer and technical service, product promotion and market support. Products are sold to the end user through independent distributors and dealers, most of which also handle other manufacturers' products. Syngenta's products normally are sold through a two-step or three-step distribution chain. In the two-step chain Syngenta sells its products to cooperatives or independent distributors, which then sell to the grower as the end user. In the three-step system, Syngenta sells to distributors or cooperative unions which act as wholesalers and sell the product to independent dealers or primary cooperatives before on-selling to growers. Syngenta also sells directly to large growers in some countries. Syngenta's marketing network enables it to launch its products quickly and effectively and to exploit its range of existing products. Syngenta focuses on key crop opportunities in each territory. In those countries where Syngenta does not have its own marketing organization, it markets and distributes through other distribution channels. Generally, the marketing and distribution system in a country does not vary by product.

Syngenta's marketing activities are directed towards distributors, agricultural consultants and growers. They consist of a broad range of advertising and promotional tools, such as meetings with growers and distributors, field

demonstrations, advertisements in specialized publications, direct marketing activities, or information via the Internet. Syngenta is also in constant contact with the food and feed chain to evaluate current and future needs and expectations.

A key element of Syngenta's marketing is grower support and education. This is particularly important with respect to small growers in developing countries. For many years, Syngenta has held numerous courses around the world for growers as a result of which millions of farmers have been trained in the safe and sustainable use of crop protection products. Syngenta also trains agricultural extension workers and distributors so that they can further disseminate good practice and reach an even wider audience.

Products must obtain governmental regulatory approval prior to marketing. The regulatory framework for agribusiness products is designed to ensure the protection of the consumer, the grower and the environment.

Syngenta's products are marketed throughout the world through brands, many of which are well-known by growers and some of which have been established for many years. Brand names for Syngenta's key products are listed above in "Integrated Business – Key Marketed Products". Syngenta's sales force markets the majority of Syngenta's brands, either to customers directly, in partnership with distributors, or through a network of dealers.

Syngenta has developed and utilizes a number of innovative ways to attract and retain customers in different parts of the world. In an effort to manage some foreign exchange and commodity price volatility, Syngenta sells via barter in some countries such as Brazil and Argentina. In Brazil, a recognized agricultural barter trading method allows growers to pre-arrange sale of their soybean, cotton and cereals crops to commodity traders. Under such pre-arrangements, traders pay Syngenta for its crop protection products on growers' behalf when growers deliver crops to the traders. Syngenta does not take ownership or delivery of the crops or retain any commodity price risk. Syngenta also directly barter with Brazilian coffee farmers by accepting their crop as payment for its crop protection products. Syngenta has developed a coffee trading network which sells the coffee to roasters and cooperatives internationally. These barter programs also help Syngenta and its customers mitigate the cash flow and financing risks inherent in the Brazilian agricultural market. Approximately 20 percent of Syngenta's Brazilian sales are transacted under one of these barter programs. Syngenta has introduced similar barter programs in Ukraine to secure collection of receivables from customers or to encourage growers to prepay for crop protection or seed products. Less than 10 percent of Syngenta's Ukraine sales are transacted under such barter programs.

Syngenta also operates non-barter commodity price mitigation programs in certain countries, including South Africa, the Czech Republic and Slovakia. Certain of these programs assist growers by allowing those who purchase Syngenta products within the program to hedge, at no cost or risk to the grower, the price of an equivalent value of their crop via the commodity futures market. Participating growers are protected against crop price declines that may occur before harvest, which helps ensure their ability to pay Syngenta for its products, and retain their ability to profit from crop price increases. Syngenta does not retain any commodity price risk under these programs.

Production and Supply

Syngenta's combined Crop Protection and Seeds Production and Supply function plays an integral role in delivering Syngenta's strategy in a sustainable manner by assuring product delivery, facilitating delivery of integrated crop solutions, supporting growth plans, reducing costs and promoting efficient use of capital. Through the effective procurement, production and distribution of products, the function ensures that Syngenta meets its commitments to customers around the world. Production and Supply supports Syngenta's growth plans (particularly in emerging markets) and accelerates the building of expertise for scalability and efficiency.

The manufacture of chemical crop protection products and the production of seeds for sale to growers involve different processes.

Active ingredients used for Crop Protection products are manufactured at a limited number of sites located in Switzerland, the United States, the United Kingdom, China and India. Syngenta also operates a number of chemical

formulation and packing sites strategically located close to the principal markets in which those products are sold. Syngenta operates major formulation and packing plants in Belgium, Brazil, China, France, India, South Korea, Switzerland, the United Kingdom and the United States.

Syngenta manages its Crop Protection supply chain globally and on a product-by-product basis, from raw materials through delivery to the customer, in order to maximize both cost and capital efficiency and responsiveness. Syngenta outsources the manufacture of a wide range of raw materials, from commodities through fine chemicals to dedicated intermediates and active ingredients. Sourcing decisions are based on a combination of logistical, geographical and commercial factors. Syngenta has a strategy of maintaining, when available, multiple sources of supply. Most purchases of supply chain materials are directly or indirectly influenced by commodity price volatility, due to price dependence on gas and oil. Total raw material spending was approximately 36 percent of Crop Protection sales in 2014.

Approximately 23 percent of Syngenta's raw material purchases for Crop Protection products are fine chemicals. Syngenta has entered into short- to medium-term contracts with many suppliers to provide consistent supply.

Ten percent of Syngenta's raw material purchases for Crop Protection products are readily available base chemicals that are subject to commodity chemical price volatility. Another eight percent of raw material purchases for crop protection products have an indirect exposure to commodity oil price volatility.

Approximately 13 percent of raw materials for Crop Protection products are sourced from China and India in local currencies and therefore are subject to cost fluctuations from movements in currency exchange rates. Exchange rate movements on Swiss Franc, Pound Sterling and Euro may also impact Syngenta's reported raw material costs because approximately 4 percent, 2 percent and 26 percent, respectively, of raw materials for Crop Protection products are purchased in those currencies. Syngenta engages in currency hedging activities to mitigate the impact of currency fluctuations on the cost of its raw material purchases.

Seeds for sale by Syngenta to growers are grown (multiplied) and harvested by independent contract farmers throughout the world. After the harvest, the raw seed is cleaned, calibrated, treated and packaged in Syngenta or third party processing plants, which are located as close to the intended markets as possible so as to achieve cost effectiveness and match the seeds with the growing conditions that are optimal for the variety. This also eases logistics for seed products that require secure storage and timely delivery for the season. The largest facilities are located in Argentina, Brazil, France, Hungary, India, Morocco, the Netherlands, Spain, Denmark, Thailand and the United States.

Due to Syngenta's global presence, it can engage in seed production year-round with a goal of mitigating weather-related seed production risk. In addition, because its facilities are located in both the northern and southern hemispheres, Syngenta can shorten the time required to multiply seeds from breeding to commercial production. This enables it to produce marketable quantities more quickly than if it was dependent on only one growing season.

Operating in the agribusiness sector, changes in commodity crop prices affect Syngenta's raw material costs for seed. The contracts with growers who multiply seed for Syngenta to sell as finished product typically contain terms allowing the multipliers to benefit from commodity seed price increases that may occur during the growing season and that the growers would have received had they been able to sell their crop in the market rather than to Syngenta as supply. Syngenta engages in hedging activities to mitigate the impact of this commodity price volatility on corn and soybean product costs.

Research and Development

Syngenta's Research and Development ("R&D") organization is dedicated to developing quality crop protection and seeds products, as well as crop-focused solutions which integrate multiple technologies. R&D focuses on taking a holistic approach to help customers grow their specific crop using the best technology to address their needs, be it a single technology, a combination of technologies, or technologies and services.

An open and collaborative culture is essential to foster interaction and innovation, both within the R&D organization and across Syngenta, as well as with collaborators and partners. In 2014, a number of changes were initiated and made in R&D to simplify the organization with the goal of delivering an innovative pipeline more productively through improved ways of working and leveraging Syngenta's scale. Syngenta believes that R&D is now better placed to effectively and efficiently innovate across crops and regions, resulting in faster and more efficient development and registration of new products.

R&D has three principal units:

Research leverages the breadth of Syngenta's research expertise to innovate more productively;

Development comprises product-centric development units to drive pipeline delivery to meet grower and business needs; and

Platforms underpin the organization, including operations to drive effective implementation as well as the product safety & regulatory function to drive Syngenta's license to operate agenda.

Syngenta performs an extensive investigation of all safety aspects relating to its products. The human safety assessments address potential risks to both the users of the products and the consumers of food and feed, while in environmental safety Syngenta seeks assurance that the products will not adversely affect soil, water, air, flora or fauna.

To complement in-house expertise and bring in novel technologies, Syngenta actively seeks value-adding partnerships and collaborations to bring new offers to growers. It currently has over 400 R&D collaborations with universities, research institutes and commercial organizations around the world.

Syngenta is an R&D based company with total spending by its integrated business on research and development of \$1,376 million in 2014, \$1,320 million in 2013 and \$1,199 million in 2012.

Researching and developing crop protection products

R&D provides Syngenta with innovative new chemical solutions, biologicals and intellectual property with the potential to be combined with other technologies and create maximum value to growers and differentiation. New research areas are guided by the advancement of new technologies in partnership with the commercial crop teams based on customer need, technology, regulatory requirements and socio-political trends.

Syngenta has major research centers focused on identifying new active ingredients in Stein, Switzerland and Jealott's Hill, United Kingdom. Scientists work on the research and development of a portfolio of herbicides, fungicides, insecticides, nematocides and crop enhancing chemicals and biologicals, with broad applicability as foliar, soil and seed treatments for agriculture and Lawn & Garden customers.

Syngenta is continuously improving its research process. State-of-the-art synthetic chemistry and high-speed automated synthesis are used in concert to effectively prepare the quantity and quality of compounds for both high throughput and highly targeted biological screening. A crucial feature is the structured design approach to chemistry, which ensures that the chemical entities possess properties most likely to relate to the desired product profile, including potency, spectrum and safety parameters.

Once an active ingredient is ready for testing, the development team, supported by the global expertise of the trialing function, ensures that the work is efficiently and effectively completed to turn promising molecules into products that are safe to users and the environment, pass all registration requirements and meet customers' needs. Such development typically takes six to eight years. The active ingredient's efficacy and safety is assessed as early as possible in the development process and all data is compiled for registration and safe product use.

Syngenta tests compounds on target crops globally under different climatic conditions and in varying soils. In parallel, an industrial scale manufacturing process is identified and optimized, and appropriate formulations and packages are developed. In addition, R&D works to improve Syngenta's current chemical products by supporting the development

of new mixtures, formulations and programs that bring new effects and opportunities to growers. Refreshing the existing product range is key to continued success in the face of competition, even after patent expiry.

Researching and developing seeds products

R&D is dedicated to creating new varieties of major crops having improved quality and productivity. This includes improving tolerance to pests and other environmental stresses as well as quality characteristics such as nutritional composition, consumer appeal and shelf life. Scientists focus on advancing the performance, stability and quality of seed varieties, not only for Syngenta's eight strategic crops, but also for over 50 food and feed crops in total.

Syngenta's biotechnology activities primarily take place at Research Triangle Park, NC, USA, for both research and development of key native and genetically modified traits and where in 2013 a \$72 million unique new glasshouse facility, the Crop Lab, was opened. Activities at this site are supported by smaller laboratories around the world. In addition, Syngenta operates approximately 100 breeding and germplasm enhancement centers strategically located around the world.

Syngenta expects that end users such as livestock producers, grain processors, food processors and other partners in the food chain will continue to demand specific qualities in the crops they use as inputs. Syngenta has therefore built up and continues to develop an extensive germplasm library.

In addition to general research and development agreements with other companies and academic institutions around the world, Syngenta has entered into a number of targeted alliances with other enterprises in order to further broaden its germplasm and trait base with the goal of creating more valuable products.

Syngenta develops plants with desirable characteristics using both native traits breeding approaches, resulting in either conventional inbred lines or hybrids, and genetic engineering.

Conventional plant breeding involves crossing carefully chosen parent plants, then selecting the best plants from the resulting offspring to be grown on for further selection. Once the best lines have been selected, they are purified to create 'inbred' lines, in which every plant has the same characteristics, and the process of multiplying seeds begins.

For many crop varieties, including corn, rice, barley, sunflowers, sugar beet, oilseed rape and many vegetables, Syngenta produces hybrid seeds, which means that the seed supplied to the grower is the result of the first cross between selected parents; these seeds are unique in expressing 'hybrid vigor', which enables improved yield, performance stability and better quality.

For certain crops, Syngenta also develops transgenic plants where one or more genes of interest have been introduced to a plant via recombinant DNA technology instead of the plant acquiring them through conventional breeding.

Modern technologies such as marker-assisted selection, production of doubled haploids (genetically pure plant lines that offer a quick route to new gene combinations for specific, desirable improvements) for accelerated breeding and crop modeling allow breeders to develop new varieties much more rapidly and accurately than in the past. However this is still a lengthy process; today it can take five to seven years from first cross to market, and even longer if there is the need for a government approved market authorization.

Biofuels are an important market for corn and sugar cane growers. Syngenta is involved in research and development on crops that make biofuel production more efficient and sustainable. In particular, Syngenta supports current biofuels development to get to the next phase of efficient transformation of plant material into transportation fuel.

Intellectual Property

Syngenta protects its investments in R&D, manufacturing and marketing through patents, design rights, trademarks, trade secrets, plant variety protection certificates, plant breeders' rights and contractual language placed on packaging. The level and type of protection varies from country to country according to local laws and international agreements. Syngenta has one of the broadest patent and trademark portfolios in the industry and enforces its intellectual property rights, including through litigation if necessary.

In addition to patent protection for a specific active substance or for seeds (inbreds and varieties) and genomic-related products, patent protection may be obtained for processes of manufacture, formulations, assays, mixtures, and intermediates. These patent applications may be filed to cover continuing research throughout the life of a product and may remain in force after the expiry of a product's per se patents in order to provide ongoing protection. The territorial coverage of patent filings and the scope of protection obtained vary depending on the circumstances and the country concerned.

Patents in respect of plant-related inventions may cover (i) transgenic plants and seeds gene effects, (ii) genetic constructs and individual components thereof and enabling technology for producing transgenic plants and seeds, and (iii) new breeding technologies such as marker-assisted breeding and products obtained thereby. The territorial coverage of patent filings and the scope of protection obtained vary depending on the circumstances and the country concerned.

Trademark protection may be obtained to cover a trademark for a specific active substance or seed variety and there may be more than one trademark covering the same active substance or seed variety. Other trademarks may cover formulations, mixtures, intermediates and a variety of ancillary services. The trademarks may remain in force after the expiry of a product's patents in order to provide ongoing protection. The territorial cover of trademark filings and the scope of protection obtained vary depending on the circumstances and the country concerned.

Syngenta licenses certain of its intellectual property rights to third parties and also holds licenses from other parties relating to certain of Syngenta's products and processes. Syngenta respects the intellectual property rights of others.

Competitive Environment

Syngenta's key competitors are dedicated agribusinesses or large chemical companies headquartered in Western Europe and North America and comprise BASF, Bayer, Dow, DuPont and its Pioneer subsidiary, and Monsanto. Syngenta and these top companies account for about 65 percent of the worldwide market for crop protection and seeds products.

Companies in the crop protection business compete on the basis of strength and breadth of product range, product development and differentiation, geographical coverage, price and customer service. In many countries, generic producers of off-patent crop protection compounds are additional competitors to the research-based companies in the commodity segment of the market.

The main competitive factor in the seeds industry remains the quality of genetics and the increasing importance of traits. Historically, competition in the seeds industry has been fragmented, with small producers competing in local markets. With the emergence of biotechnology, the seeds industry has become research intensive. The majority of the transgenic products commercialized to date are traits that improve performance and farming efficiency in major world crops such as corn, soybean, cotton and canola (input traits). As a result, companies having access to a broad genetic range of germplasm as a platform for trait commercialization have a key competitive advantage. In addition to Monsanto, Pioneer, Bayer and Dow, other significant competitors in the seeds business are: Vilmorin, KWS, and

Takii.

In the future, Syngenta expects that increased emphasis will continue to be placed on developing products that provide benefits to food and feed processors, fuel production, retail trade and consumers (output traits). One future competitive advantage is expected to be the ability to develop partnerships to allow delivery of biotechnology traits to the target market sectors.

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Lawn and Garden

Lawn and Garden leverages Syngenta's agricultural technology into the adjacent markets of flowers, home and garden and turf, landscape and professional pest management. Syngenta Lawn and Garden is a global business and sells products within these markets, which largely are consumer-driven, in all regions.

Flowers, home and garden products include both flower genetics and pesticides and are sold into three market segments: flowers, where Syngenta supplies seeds, cuttings and young plants to distributors, growers and retailers serving the pot and bedding plant category; ornamental controls (pesticides for cut flower production, bedding plants and bulbs), where sales are made primarily through distributors and directly to some large growers; and home and garden pesticides for use by consumers, mostly sold in bulk to wholesale companies for repackaging and sale to retailers.

Syngenta Flowers, as an integral part of Flowers, home and garden, has a heritage dating back over 140 years. The combination of flowers genetic and chemical controls facilitates cross-category collaboration and innovation.

As the global leader in seeds and cuttings, Syngenta Flowers offers a wide range of pot and bedding plant genetics. Syngenta combines its deep experience in top quality genetics and ornamental controls to support distributors, growers, retailers and consumers as a complete partner. Syngenta is furthermore a world leader in chemical and biological crop protection solutions for a broad range of ornamentals in pot and bedding plants, bulbs and cut flowers.

Turf, landscape and professional pest management provides pesticides products in four markets: turf (primarily golf courses), sold through specialized distributors, dealers and professional applicators; pest management, sold primarily through distributors and directly to some large customers; vector control (control of disease spreading insects and pests), where sales are made to governments or NGOs, with some sales through distributors; and vegetation management (trees, forestry and aquatics), where the primary customers are distributors or local governments.

In the turf market specifically, Syngenta provides disease, insect and weed control and turf grass growth regulators to clients including professional golf superintendents, green keepers, sports turf managers and professional lawn care operators working on recreational sites and residential and commercial landscapes.

Key Marketed Products

Lawn and Garden offers a range of specialized products for use in the flower genetics, ornamentals, consumer lawn and garden and turf and landscape markets. A large number of these products include active ingredients that are also used in Syngenta's Integrated Business described above.

Flower genetics brands include GOLDFISCH®, GOLDSMITH SEEDS, YODER® and SYNGENTA FLOWERS. Products include a full range of flower seeds, cuttings and young plants which it sells to professional flower growers. Syngenta focuses on breeding a full range of innovative flower varieties, including popular bedding plants such as viola, begonia, New Guinea impatiens, pelargonium and petunia; pot plants, such as cyclamen and poinsettia; cuttings for, amongst others, the growing market of hanging baskets, such as impatiens and verbena; and a wide range of attractive perennials.

Flower ornamental, home and garden and turf and landscape brands include:

- Abamectin (VERTIMEC®) is a leading ornamental insecticide.

-

Azoxystrobin (HERITAGE®/ORTIVA®/AMISTAR®) is a leading fungicide for use on turf, primarily golf courses, and in ornamentals.

- Prodiamine (BARRICADE®) is a leading pre-emergence grass and broad-leaved weed herbicide in turf.

- **SUNJET® Flora** (isopyrazam and azoxystrobin) for foliar application and **PLENTRIX®** (azoxystrobin and mefenoxam) for soil drench are the first Lawn and Garden fungicide brands specifically for ornamentals.
- **Thiamethoxam (ACTARA®)** is an insecticide highly active at low use rates against a broad spectrum of soil and sucking insects.
 - **Trinexapac-Ethyl (PRIMO MAXX®)** is a herbicide on turf that prohibits vertical growth.

Syngenta also offers products for use in controlling insect pests.

- **Primiphos-methyl (ACTELLIC®)** is an insecticide used for indoor residual spray programs to control the spread of malaria and other vector-borne diseases. Recently re-launched as an encapsulated formulation for longer residual activity, **ACTELLIC® CS** has gained World Health Organization approval and is increasingly used to eradicate mosquitoes which are resistant to the pyrethroid insecticide class.
 - **Brodifacoum (KLERAT®)** is a rodenticide for consumer use in homes and gardens.
- **Chlorantraniliprole (ALTRISSET®/ACELEPRYN®)** is a new class of insecticide for the control of termites in building structures and also white grubs and other pests in turf.
- **Indoxacarb (ADVION®/ARILON®)** is an insecticide for application by professional pest control operators for the control of ants, cockroaches and other general insect pests.

Recently Launched Products

Syngenta introduces over 100 new and improved flower varieties and series every year. Some of the more unique introductions during the year were:

- **ARABESQUE® – F1 Penstemon hartwegii** – a high-performance bedding plant series offering the look of a perennial with the ease of an annual for premium programs.
 - **CALLIOPE®** – new color additions which strengthen this geranium series with superior garden performance.
- **DAMASK® – F1 Petunia multiflora** – genetically compact multiflora series bred for the high density pack and small pot segment.
- **FLORIFIC® – F1 Impatiens hawker** – this New Guinea impatiens from seed offers faster crop times and better quality shade loving plants for high-density production and season-long landscape satisfaction.
- **Grandalia – Landscape Dahlia series** in eight brilliant colors bred for superior mildew tolerance and garden performance in combination with good uniformity.
- **Sriracha – F1 Cuphea llavea** – a new class for the seeds market used in premium spring and summer extender / heat-lover programs.
 - **Starcluster – vegetative Penta Hybrids** – very large flowers and heat resistant.

Recently launched products for use in Ornamentals treatment are:

- BIOLINE® products – various predatory and beneficial insects supporting growers in North America to improve integrated production and in certification efforts.
- HICURE™ – amino acids – a biostimulant used in cut flowers for mitigating climatic stress and enabling the rose plant to build a higher number of stems.
 - NEMATHORIN® 150 EC – fosthiazate – controls soil nematodes in cut flower production.

Recently launched products for use in Turf, landscape and professional pest management are:

- **BRISKWAY®** – Fungicide (azoxystrobin and difenoconazole) – broad-spectrum fungicide for prevention and control of certain diseases in golf course turf grasses.
- **CARAVAN® G** – Insecticide and fungicide (azoxystrobin and thiamethoxam) – systemic control of both insect pests and diseases with one product applied to turf grasses on residential lawns, commercial grounds (office and shopping complexes, airports), parks, playgrounds, golf courses, and athletic fields.
- **ZYROX® Fly Bait** – granular fly control insecticide based on Cyantraniliprole which offers a new mode of action resistance management tool for controlling nuisance flies in urban, rural and commercial markets
- **REFERENCE™** – insecticide for professional turf applications. Based on Cyantraniliprole, REFERENCE™ helps golf course superintendents systemically control annual bluegrass weevil at all larval stages

Products in Late Stage Development

Syngenta Flowers has a rich pipeline of products under development, which extends beyond 2018 and involves projects covering all product lines.

Syngenta's pipeline of products under development that have potential application in Turf, landscape and professional pest management, Ornamentals and Home and garden also have application in its Integrated Business. For further information on this pipeline, see Products in Late Stage Development for Syngenta's Integrated Business above.

Production

Syngenta Flowers uses its own seed production facilities in Guatemala, Turkey and the Netherlands to produce, clean, pellet, coat and package seed. In addition, independent contract growers in Turkey, Indonesia and Chile are used to supplement capacity and capability.

Due to Syngenta's global presence, it can engage in seed production year-round with a goal of mitigating weather-related seed production risk. In addition, because its facilities are located in both the northern and southern hemispheres, Syngenta can shorten the time required to multiply seeds from breeding to commercial production. This enables it to produce marketable quantities more quickly than if it was dependent on only one growing season.

Syngenta Flowers sources vegetative cuttings from its own cutting production facilities in Kenya, Ethiopia, Guatemala and the USA, and from contract growers, notably in Mexico.

Syngenta's crop protection production process and facilities are leveraged to produce and source the range of Turf, landscape and professional pest management, Ornamentals and Home and garden chemical products marketed by Lawn and Garden. For a description of the manufacturing process for these products, see Production for Syngenta's Integrated Business above.

Marketing and Distribution

Syngenta Flowers seed and vegetative products are marketed throughout the world through well-known brands, some of which have been established for over 100 years. In 2008, the Syngenta Flowers brand was introduced as an umbrella brand representing the entirety of Syngenta's offer in flower seeds, cuttings and young plants. Syngenta Flowers uses the GOLDFISCH® brand and the GOLDSMITH® and YODER® brands as portfolio brands. Syngenta's

sales force markets the majority of Syngenta's brands, either to customers directly, in partnership with distributors, or through a network of dealers. In addition, Syngenta Flowers distributes and brokers its products and product forms through FLORIPRO SERVICES® in Europe. The product range of Flower seeds covers 200 seeds series in 70 classes, while the vegetative range covers 120 series in 81 crops.

Lawn and Garden has marketing organizations in all its major markets with dedicated sales forces that provide customer and technical service, product promotion and market support. In cases where the crop protection market is not segmented into professional turf, landscape and professional pest management, ornamental or home and garden markets, the Syngenta integrated business organization is used to market Lawn and Garden products to customers.

The Turf, landscape and professional pest management business of Syngenta operates a business-to-business model supplying chemical controls to professional customers. Products are sold to the end user through independent distributors and dealers, most of which also handle other manufacturers' products. Syngenta's products normally are sold through a two-step or three-step distribution chain as described in Marketing and Distribution for Syngenta's Integrated Business above.

Syngenta's marketing activities are directed towards distributors, consultants and growers. They consist of a broad range of advertising and promotional tools, such as meetings with growers and distributors, field demonstrations, advertisements in specialized publications, direct marketing activities, or information via the Internet.

Research and Development

Flowers genetics research and development is dedicated to creating new varieties of major flower genetics having improved quality and productivity, either alone or in combination with other technologies. Syngenta's research and innovation provide the grower and retail markets with a choice of new genetics, shapes and colors of continuously improved longevity, stress tolerance and drought and disease resistance. Syngenta has major Flowers research centers in Enkhuizen, Holland and Gilroy, California, USA, each of which is focused on identifying new or improved varieties of genetics with unique traits.

Research and development to provide Syngenta with innovative new chemical solutions and intellectual property for its Turf, landscape and professional pest management, Ornamentals, and Home and garden business is conducted at research centers used for crop protection product research and development in its Integrated Business. For further information, see Research and Development for Syngenta's Integrated Business above.

The total spent on research and development in Lawn and Garden was \$54 million in 2014, \$56 million in 2013 and \$58 million in 2012.

Intellectual Property

Syngenta Flowers maintains the ownership and controls the use of its seeds and genomic-related products and processes by means of intellectual property rights, including but not limited to the use of patents, trademarks, licenses, trade secrets, plant variety protection certificates and contractual language placed on packaging. The level of protection varies from country to country according to local laws. Syngenta Flowers licenses certain of its intellectual property rights to third parties and also holds licenses from other parties relating to certain of Syngenta's products and processes.

Syngenta's Turf, landscape and professional pest management, Ornamentals, and Home and garden products are derived from the same products produced for crop protection in its Integrated Business. For further information regarding how Syngenta protects its intellectual property related to these products, see Intellectual Property for Syngenta's Integrated Business above.

Competitive Environment

The main competitive factors in the flowers industry remain the quality of genetics and the increasing importance of unique traits to enhance growers' ability to produce as well as improving garden performance for consumers. Historically, and still to a large degree, flowers competition in the seeds industry has been fragmented, with small producers competing in local markets. The traditional grower market has evolved into a mass market of commodity products distinguished by low differentiation and overcapacity increasingly supplying a rapidly consolidating and competitive retail sector. The market opportunities are in increasing presence along the value chain towards retail and delivering to the consumer unique, higher quality plants with improved garden performance. At present, Syngenta Flowers' main competitors in the seeds business are Ball, Sakata, Fides and DnA Group.

The home and garden chemical controls market is impacted by the shift of business through mega retail channels and crowded shelf space. Syngenta's main competitors in this market include Bayer and regional private labels.

The key competitors in the turf, landscape and professional pest management markets are the leading agribusiness companies based in Western Europe and North America supplying crop protection chemicals which are generally specifically branded and tailored to these specialized markets. These companies compete primarily on the basis of product innovation and portfolio breadth. Additional competition comes from generic manufacturers in the off-patent segments. Increasingly, customer service, integrated programs and more holistic solution offers are being introduced to address broader unmet customer needs and further differentiate the major innovation companies from generics. Syngenta's main competitors in these markets are Bayer, BASF and Dow.

Government Regulations

The field-testing, production, import, marketing and use of Syngenta's products are subject to extensive regulation and numerous government approvals. Registration procedures apply in all major markets.

Products must obtain governmental regulatory approval prior to marketing. The regulatory framework for such products is designed to ensure the protection of the consumer, the grower and the environment. Examples of the regulatory bodies governing the science include the US Environmental Protection Agency, the US Department of Agriculture and the US Food and Drug Administration.

All biotechnology products are subject to intense regulatory scrutiny and Syngenta conducts extensive studies to ensure products are safe for both consumers and the environment. An extensive Syngenta network of regulatory experts around the world ensures continued dialogue and compliance with the authorities regarding regulatory dossier submissions, insect resistance management programs and participation in further development of the biotech regulatory framework.

Governmental regulatory authorities perform a variety of risk assessments on genetically modified ("GM") seed products to ensure the safety of the resulting plants and the food and feed derived from them. Syngenta must obtain regulatory approvals for both cultivation and for import of products thereof into key countries. Cultivation countries for Syngenta's GM seed currently include the US, Canada, Brazil, Argentina and the Philippines. Key import countries are defined based on the product and cultivation market and may include Japan, one of the largest importers of commodity crops. "Stacked" products developed through breeding to contain multiple GM traits are also subject to regulation in certain countries. Approvals in some countries are time limited and must be renewed on a periodic basis to ensure that each product adheres to current regulatory standards. Some countries also require safety monitoring and insect resistance management after product commercialization. Additionally, registration of new plant varieties, whether transgenic or not, is required in most countries, but not in the USA.

Government regulations, regulatory systems, and the politics that influence them vary widely among jurisdictions and change often. Obtaining necessary regulatory approvals is time consuming and costly, and data requirements for approvals continue to increase. There can be no guarantee of the timing or success in obtaining approvals.

Environment

Syngenta designed its environmental management program with the aim of ensuring that its products and their manufacture pose minimal risks to the environment and humans. The crop protection industry is subject to environmental risks in three main areas: manufacturing, distribution and use of product. Syngenta aims to minimize or eliminate environmental risks by using appropriate equipment, adopting best industry practice and providing grower training and education.

The entire chain of business activities, from research and development to end use, operates according to the principles of product stewardship. Syngenta is strongly committed to the responsible and ethical management of its products from invention through ultimate use. Syngenta employs environmental scientists around the world who study all aspects of a product's environmental behavior.

Specially designed transportation and storage containers are used for the distribution of hazardous products and efficient inventory control procedures minimize the creation of obsolete stocks.

Syngenta has developed a rigorous screening and development process in order to mitigate risks relating to the use of its products. All active substances and products must meet both Syngenta's internal standards and regulatory requirements.

Syngenta provides support to growers on a local level such as training in application techniques and assistance in calibrating spray equipment in order to promote safe handling of its products. Syngenta extends product stewardship long after sales in several ways, for example, by collecting and safely destroying outdated products, and providing returnable containers to reduce waste.

Crop protection products are subject to rigorous registration procedures, which are aimed at ensuring safe product usage in the field. In addition to complying with these regulatory requirements, Syngenta has adopted its own Health, Safety and Environment ("HSE") management system. This provides a clear framework of management processes applicable at all sites, whatever the regulatory requirements in the country in which the site is situated.

Syngenta maintains a register of sites to identify manufacturing and distribution sites and locations that may have been contaminated in the past. The register is the basis for the allocation of appropriate provisions and action programs regarding measures to be taken. A risk portfolio is prepared for each site and reviewed annually. The risk portfolio is also applied to third-party manufacturers in order to identify and exclude poorly performing companies.

See Notes 2 and 25 to Syngenta's consolidated financial statements in Item 18 for a further discussion of environmental matters.

Organizational Structure

The following are the significant legal entities in the Syngenta group of companies (the “Group”). In the context of the SIX Swiss Exchange Directive on Information relating to Corporate Governance, the disclosure criteria are as follows:

– Companies are disclosed if their sales exceed \$100 million or equivalent or if their total assets exceed 1 percent of total Group assets

– Companies with a financing function are all disclosed

None of the significant legal entities are listed. Please refer to Note 29 “Other new IFRSs and accounting policies” to the consolidated financial statements in Item 18 for the appropriate consolidation method applied to each type of entity.

Country	Municipality	Percentage owned by Syngenta	Local currency	Share capital in local currency	Function of company
Argentina					
Syngenta Agro S.A.	Buenos Aires	100%	ARS	1,759,409,877	Sales/Production
Australia					
Syngenta Australia Pty Limited	North Ryde	100%	AUD	83,942,909	Sales/Production/Development
Brazil					
Syngenta Proteção de Cultivos Ltda.	São Paulo	100%	BRL	2,522,624,609	Sales/Production/Research
Syngenta Seeds Ltda.	São Paulo	100%	BRL	438,017,043	Sales/Production/Development
Canada					
Syngenta Canada Inc.	Guelph	100%	CAD	–	Sales/Research
China					
Syngenta (China) Investment Company Limited	Shanghai	100%	USD	46,660,810	Holding/Sales
Colombia					
Syngenta S.A.	Bogotá, D.C.	100%	COP	58,134,293,300	Sales/Production/Research
France					
Syngenta France S.A.S.	Saint-Sauveur	100%	EUR	50,745,240	Sales/Production/Development
Germany					
Syngenta Agro GmbH	Maintal	100%	EUR	2,100,000	Sales
Syngenta Seeds GmbH	Bad Salzufen	100%	EUR	1,330,100	Sales/Production/Research
Hungary					
Syngenta Magyarország Kft	Budapest	100%	HUF	280,490,000	Sales/Production/Development
India					
Syngenta India Limited	Pune	96.3%	INR	159,308,320	Sales/Production
Indonesia					
PT Syngenta Indonesia	Jakarta	100%	IDR	58,122,874,000	Sales/Production/Development
Italy					
Syngenta Italia S.p.A.	Milano	100%	EUR	5,200,000	Sales/Production/Development
Japan					
Syngenta Japan K.K.	Tokyo	100%	JPY	–	Sales/Production/Research
South Korea					
Syngenta Korea Ltd.	Seoul	100%	KRW	127,882,000,000	Sales/Production/Development

Mexico						
Syngenta Agro, S.A. de C.V.	México City, D.F.	100%	MXN	157,580,000	Sales/Production/Development	
Netherlands						
Syngenta Seeds B.V.	Enkhuizen	100%	EUR	488,721	Holding/Sales/Production/Research	
Syngenta Finance N.V.	Enkhuizen	100%	EUR	45,000	Finance	
Syngenta Treasury N.V.	Enkhuizen	100%	EUR	90,001	Holding/Finance	
Panama						
Syngenta Crop Protection S.A.	Panama City	100%	USD	101,000	Sales/Distribution	
Paraguay						
Syngenta Paraguay S.A.	Asunción	100%	PYG	192,000,000,000	Sales/Production	
Poland						
Syngenta Polska Sp.z.o.o.	Warsaw	100%	PLN	22,264,000	Sales	
Russian Federation						
OOO Syngenta	Moscow	100%	RUB	895,619,000	Sales/Distribution	

Country	Municipality	Percentage owned by Syngenta	Local currency	Share capital in local currency	Function of company
Singapore					
Syngenta Asia Pacific Pte. Ltd.	Singapore	100%	SGD	1,588,023,595	Sales/Holding
Spain					
Syngenta España S.A.	Madrid	100%	EUR	7,544,828	Distribution/Development/Production
Switzerland					
Syngenta Supply AG	Basel	100%	CHF	250,000	Sales
Syngenta Crop Protection AG1	Basel	100%	CHF	257,000	Holding/Sales/Production/Research
Syngenta Agro AG	Dielsdorf	100%	CHF	2,100,000	Sales/Production/Research
Syngenta Finance AG1	Basel	100%	CHF	10,000,000	Finance
Syngenta Participations AG1	Basel	100%	CHF	25,000,020	Holding
Thailand					
Syngenta Crop Protection Limited	Bangkok	100%	THB	149,000,000	Holding/Research/Distribution/Production
Ukraine					
TOV Syngenta	Kiev	100%	UAH	2,009,240,000	Sales/Research
United Kingdom					
Syngenta Limited	Guildford	100%	GBP	85,000,000	Holding/Production/Research
Syngenta UK Limited	Fulbourn	100%	GBP	500	Sales/Research
USA					
Syngenta Crop Protection, LLC	Greensboro	100%	USD	100	Sales/Production/Research
Syngenta Seeds, Inc.	Minnetonka	100%	USD	—	Sales/Production/Research
Syngenta Corporation	Wilmington	100%	USD	100	Holding/Finance
Uruguay					
Syngenta Agro Uruguay S.A.	Montevideo	100%	UYU	178,566,200	Sales/Distribution
Vietnam					
Syngenta Vietnam Ltd.	Bien Hoa City	100%	USD	10,000,000	Sales/Production

1 Direct holding of Syngenta AG

Property, Plants and Equipment

Syngenta's principal executive offices are located in Basel, Switzerland. Syngenta's businesses operate through a number of offices, research facilities and production sites. The following is a summary of Syngenta's principal properties:

Locations	Freehold/ Leasehold	Approx. area (thou. sq. ft.)	Principal use
Rosental, Basel, Switzerland	Freehold	300	Headquarters, global functions
Monthey, Switzerland	Freehold	10,400	Production
Stein, Switzerland	Freehold	4,000	Research
Dielsdorf, Switzerland	Freehold	800	Administration, marketing, production
Kaisten, Switzerland	Freehold	1001	Production
Münchwil, Switzerland	Freehold	600	Research, production
Seneffe, Belgium	Freehold	2,500	Production
Ghent, Belgium	Leasehold	100	Administration, research
Aigues-Vives, France	Freehold	1,5002	Production
Nérac, France	Freehold	600	Production
St Pierre, France	Freehold	1,500	Production
Saint-Sauveur, France	Freehold	200	Research, production
Sarrians, France	Freehold	3,200	Research
Bad Salzflun, Germany	Leasehold	34,400	Research, production
Mezőtur, Hungary	Freehold	1,300	Production
Enkhuizen, The Netherlands	Freehold	3,500	Administration, research, marketing, production
Landskrona, Sweden	Freehold	8,700	Research, production, marketing
Jealott's Hill, Berkshire, UK	Freehold	28,300	Research
Huddersfield, West Yorkshire, UK	Freehold	10,800	Production
Grangemouth, Falkirk, UK	Freehold	900	Production
Greensboro, North Carolina, USA	Freehold	3,000	US headquarters, research
Minnetonka, Minnesota, USA	Freehold	100	Administration
St. Gabriel, Louisiana, USA	Freehold	54,700	Production
Greens Bayou, Texas, USA	Freehold	10,9003	Production
Research Triangle Park, North Carolina, USA	Freehold	3,400	Research
Gilroy, California, USA	Freehold	2,500	Production, research, marketing
Lone Tree, Iowa, USA	Freehold	1,300	Production
Omaha, Nebraska, USA	Freehold	1,800	Production
Phillips, Nebraska, USA	Freehold	2,6004	Production
Waterloo, Nebraska, USA	Freehold	1,7005	Production
Pasco, Washington, USA	Freehold	1,700	Production
Clinton, Illinois, USA	Freehold	1,400	Research
Stanton, Minnesota, USA	Freehold	18,000	Research
Slater, Iowa, USA	Freehold	13,700	Research
Woodland, California, USA	Freehold	6,400	Production, research
Venado Tuerto, Argentina	Freehold	1,000	Production
Formosa, Brazil	Freehold	2,200	Production
Itápolis, Brazil	Freehold	500	Production

Ituiutaba, Brazil	Freehold	2,200	Production
Matão, Brazil	Freehold	500	Production
Paulinia, Brazil	Freehold	6,800	Production
Uberlandia, Brazil	Freehold	27,000	Research
Amatitlan, Guatemala	Freehold	3,100	Production
Kapok, Guatemala	Freehold	2,000	Production
Nantong, China	Leasehold	1,900	Production
Beijing, China	Leasehold	300	Research
Goa, India	Freehold	8,700	Production, research
Iksan, South Korea	Freehold	900	Production
Koka, Ethiopia	Leasehold	9,700	Production
Pollen, Kenya	Leasehold	4,800	Production
Thika, Kenya	Leasehold	3,000	Production

1 Surface area of building/factory that Syngenta owns; land (143 thousand square feet) is owned by a third party

2 Only approximately 900 thousand square feet are currently used and developed

3 Only approximately 5,900 thousand square feet are currently used and developed

4 Only approximately 1,700 thousand square feet are currently used and developed

5 Only approximately 1,200 thousand square feet are currently used and developed

Please also see “Business Overview” above for a description of the products produced at the various properties listed above.

Syngenta started preliminary work in 2014 on a project to further expand capacity at its Monthey, Switzerland site to increase the production capacity of its major new fungicide by 900 metric tons per year by 2017 at an estimated cost of \$65 million.

In order to meet growing demand for corn in Brazil, an approximately \$80 million project commenced in 2013 at Syngenta’s Formosa site in Brazil to expand production capacity by approximately 30 percent. Spending on the project in 2014 was approximately \$30 million, bringing total spending to approximately \$70 million. The project is expected to be completed in 2015.

In 2013, Syngenta announced plans to invest approximately \$90 million by the end of 2018 on the expansion of its research and development operations on Syngenta’s existing research campus in Research Triangle Park, North Carolina, USA, including further capacity expansion, and upgraded laboratory and other facilities. Research at the expanded site will focus on traits that can better tolerate climate variability, combat plant stresses such as drought, and enhance crop productivity and plant performance. In addition to the current focus on corn and soybean, research will be expanded to incorporate other crops such as cereals, rice, vegetables and sugar cane. Spending on the project in 2014 was approximately \$40 million. Spending on the project in 2013 was less than \$10 million.

Syngenta is investing approximately \$90 million at its Nantong, China facility to increase production capacity of crop protection products by approximately 1,000 metric tons per year to meet increasing demand. The project is expected to be completed in 2015. Spending on the project in 2014 was approximately \$50 million, bringing total spend to approximately \$80 million.

To support long-term growth objectives, Syngenta is investing approximately \$50 million at its Stein, Switzerland research site to expand and upgrade its biological sciences facilities. The project is expected to be completed in 2015. Spending on the project in 2014 was approximately \$30 million. Spending on the project in 2013 was less than \$10 million.

Following completion in 2013 of the \$30 million expansion project at its Kaisten, Switzerland site, Syngenta is investing an additional approximately \$90 million at the site to increase production capacity of an intermediate to one of its major Selective herbicide products by an additional approximately 30 percent to meet increasing demand. The project is expected to be completed in 2015. Spending on the project in 2014 was approximately \$50 million.

Syngenta is refurbishing and modernizing its Basel headquarters under a program that will run over the period through 2015 and is estimated to cost approximately \$200 million, with approximately 70 percent spent as of December 31, 2014.

ITEM 4A — UNRESOLVED STAFF COMMENTS

None.

ITEM 5 — OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Introduction

The following discussion includes forward-looking statements subject to risks and uncertainty. See “Forward-looking statements” at the beginning of this document. This discussion also includes non-GAAP financial data in addition to GAAP results. See Appendix A to this section and Note 1 to the financial highlights in Item 3 for a reconciliation of this data and explanation of the reasons for presenting such data.

Constant exchange rates

Approximately 56 percent of Syngenta’s sales and 68 percent of Syngenta’s costs in 2014 were denominated in currencies other than US dollars. Therefore, Syngenta’s results for the period covered by the review were significantly impacted by movements in exchange rates. Sales in 2014 were 3 percent higher than 2013 on a reported basis, but were 5 percent higher when calculated at constant rates of exchange. The Company therefore provides analysis of results calculated at constant exchange rates (“CER”) and also actual results to allow an assessment of performance before and after taking account of currency fluctuations. To present CER information, current period results for entities reporting in currencies other than US dollars are converted into US dollars at the prior period’s exchange rates, rather than the exchange rates for this year. An example of this calculation is included in Appendix A of this section.

Overview

Syngenta is a world leading agribusiness operating in the crop protection, seeds and lawn and garden markets. Crop protection chemicals include herbicides, insecticides, fungicides and seed treatments to control weeds, insects and diseases in crops, and are essential inputs enabling growers around the world to improve agricultural productivity and food quality. In Seeds, Syngenta operates in the high value commercial sectors of field crops (including corn, oilseeds, cereals and sugar beet) and vegetables. The Lawn and Garden business provides professional growers and consumers with flowers, turf and landscape, and professional pest management products.

Syngenta’s results are affected, both positively and negatively, by, among other factors: general economic conditions; weather conditions, which can influence the demand for certain products over the course of a season and the quantity and cost of seeds supply; commodity crop prices; and exchange rate fluctuations. Government measures, such as subsidies or rules regulating the use of agricultural products, genetically modified seeds, or areas allowed to be planted with certain crops, also can have an impact on Syngenta’s industry. Syngenta’s results are also affected by the growing importance of biotechnology to agriculture and the use of genetically modified crops. In future years, climate change may have both positive and negative impacts on Syngenta’s results. Climate change may make growing certain crops more or less viable in different geographic areas, but is not likely to reduce overall demand for food and feed. Syngenta currently sells and is developing products to improve the water productivity of plants and increase tolerance to drought and heat. Legislation may be enacted in the future that limits carbon dioxide emissions in the manufacture of Syngenta’s products or increases the costs associated with such emissions. Syngenta works actively to make its production operations more energy efficient and to reduce the rate of carbon dioxide emissions per unit of sales revenue.

Syngenta operates globally to capitalize on its technology and marketing base. Syngenta’s largest market in 2014 was Europe, Africa and the Middle East, which represented approximately 32 percent of consolidated sales (2013: 30 percent) followed by Latin America at 29 percent (2013: 28 percent), North America at 25 percent (2013: 28 percent) and Asia Pacific at 14 percent (2013: 14 percent). Markets for agricultural products in Europe, Africa and the Middle East and North America are seasonal resulting in both sales and operating profit for Syngenta in these markets being weighted towards the first half of the calendar year, which largely reflects the northern hemisphere planting and growing cycle. Latin America has its main selling season in the second half of the year due to its location in the southern hemisphere.

Syngenta's most significant manufacturing and research and development sites are located in Switzerland, the United Kingdom ("UK"), the United States of America ("USA" or "US"), China and India. Syngenta has major research centers focused on identifying new active ingredients in Stein, Switzerland and Jealott's Hill, UK. Syngenta's primary center for agricultural genomics and biotechnology research is in the USA.

References in this document to market share estimates are based where possible on global agrochemical and biotechnology industry information provided by a third party or on information published by major competitors and are supplemented by Syngenta marketing staff estimates.

The consolidated financial statements in Item 18 are presented in US dollars, as this is the major currency in which revenues are denominated. However, significant, but differing proportions of Syngenta's revenues, costs, assets and liabilities are denominated in currencies other than US dollars. Approximately 16 percent of sales in 2014 were denominated in Euros, while a significant proportion of costs for research and development, administration, general overhead and manufacturing were denominated in Swiss francs and British pounds sterling (approximately 18 percent in total). Sales in Swiss francs and British pounds sterling together made up approximately 2 percent of total sales. Marketing and distribution costs are more closely linked to the currency split of the sales. As a result, operating profit in US dollars can be significantly affected by movements in exchange rates, in particular movements of the Swiss franc, British pound sterling and the Euro, relative to the US dollar, and the relative impact on operating profit may differ from that on sales. Sales in emerging markets are now over 50 percent of Syngenta's total sales. Where it is not commercially disadvantageous, Syngenta sets sales prices in these markets in US dollars, particularly in parts of Latin America and the CIS. However, in many emerging territories Syngenta sells in the local currency of the countries in the territory and as a result has a long exposure to multiple emerging market currencies. The effects of currency fluctuations within any one year have been reduced by risk management strategies such as hedging. For further information on these strategies please refer to Notes 27 and 29 of the consolidated financial statements in Item 18.

The consolidated financial statements in Item 18 are based upon Syngenta's accounting policies and, where necessary, the results of management estimations. Syngenta believes that the critical accounting policies and estimations underpinning the financial statements are in the areas of (i) royalty and license income, (ii) impairment, (iii) acquisition accounting, (iv) adjustments to revenue and trade receivables, (v) seeds inventory valuation and allowances, (vi) environmental provisions, (vii) defined benefit post-employment benefits, including pension asset ceiling, (viii) deferred tax assets, (ix) uncertain tax positions and (x) foreign currency translation of intercompany funding. These policies are described in more detail in Notes 2 and 29 to the consolidated financial statements in Item 18.

Summary of results

Net income in 2014 was 2 percent lower than 2013 as higher sales volumes and local currency sales prices were offset by the effects of weaker emerging market currency exchange rates and emerging market cost inflation; the favorable impact of an amendment to the defined benefit pension plan in the UK was offset by higher staff incentive costs compared with the low level in 2013.

Sales in 2014 were 3 percent higher, 5 percent higher at constant exchange rates, with 2 percent growth in sales volumes and an additional 3 percent from higher local currency sales prices. This growth was achieved despite the impact of deliberate reductions in sales volume of the low margin solo glyphosate product TOUCHDOWN®, which reduced sales by approximately \$150 million. First year sales of the new fungicide ELATUSTM in Brazil increased sales by over \$300 million. Local currency sales price increases were achieved in 2014 in both Crop Protection and Seeds products and in all regions.

Operating costs as a percentage of sales increased slightly in 2014 compared with 2013, but at constant exchange rates were approximately 0.5 percent lower. Costs in 2014 were net of gains of approximately \$170 million from amendments to defined benefit pension plans in the UK and the Netherlands; 2013 included a gain of \$41 million from a change to the Swiss pension fund and significantly lower staff incentive costs. Cost of goods sold in 2014 included approximately \$110 million higher fixed costs from lower capacity utilization largely in Crop Protection products; 2013 Cost of goods sold included approximately \$175 million higher costs largely due to the drought in the seed growing season in 2012, with a continuing impact in 2014 of approximately \$100 million, and approximately \$170 million of additional inventory provisions largely related to corn seed production in the United States in 2013. The charge to seeds inventory provisions in 2014 returned to more normal levels. Research and development costs were 4 percent higher than 2013, 5 percent at constant exchange rates. Research and development costs as a

percentage of sales were broadly in line with 2013 at 9.4 percent and except for the 2014 defined benefit pension gain impact would have been towards the upper end of the medium-term target of 9-10 percent of sales forecast in the 2013 report. Approximately \$50 million of the 2014 impact from defined benefit pension plan amendments relates to Research and development. Restructuring and impairment costs excluding those in Cost of goods sold were \$14 million higher as a result of the first year costs of the Accelerating Operational Leverage (“AOL”) program announced in February 2014. Excluding restructuring and impairment, combined Marketing and distribution expense and General and administrative were 5 percent higher, 9 percent at constant exchange rates; costs in 2013 included the full benefit of the amendment to the Swiss pension plan and lower staff incentive costs, while the impacts of the 2014 pension plan amendments were included largely in Cost of goods sold and Research and development. Exchange rate impacts, particularly those from sales in emerging market currencies, reduced operating income by approximately \$170 million, including gains on related hedges in 2014 compared with small losses in 2013.

Cash flow from operating activities increased \$717 million largely due to changes in net working capital, which decreased mainly as the result of a planned reduction in inventory levels compared with an increase in 2013. Cash flow used for investing activities in 2014 was \$43 million lower than in 2013, including lower additions to property, plant and equipment, and increased proceeds from disposals including the sale of a site in Turkey. Acquisitions in both years are described below. Cash flow used for financing activities was \$694 million lower than in 2013; while both years included bond repayments, in 2014 both Eurobond and domestic CHF bonds were issued; the higher net funds inflow from these bond activities more than offset the increased dividend payment. In the context of the continued strong balance sheet and confidence in future cash generation, subject to shareholder approval, the Company proposes to increase the dividend to CHF 11.00 per share from CHF 10.00 per share paid in 2014.

Integrated sales of Crop Protection and Seeds products increased by 3 percent, 6 percent at constant exchange rates. Integrated sales excluding sales of lower margin glyphosate products increased by 7 percent. Crop Protection product sales increased by 4 percent, 6 percent at constant exchange rates, with 3 percent higher sales volumes and an additional 3 percent from increased local currency sales prices. Seeds sales declined in 2014 by 2 percent, but at constant exchange rates were 2 percent higher as a 4 percent increase in local currency sales prices was offset only partially by a 2 percent decrease in sales volume. In late December, Chinese import approval for the AGRISURE VIPTERA® corn trait was secured. Acquisitions contributed \$48 million to Seeds sales in 2014 while the divestment of Dulcinea Farms in December 2013 resulted in a \$71 million decrease in 2014 Seeds sales compared with 2013.

Integrated sales of Crop Protection and Seeds products increased 8 percent in Europe, Africa and Middle East, 7 percent in Latin America and 5 percent in Asia Pacific. Sales in North America were 7 percent lower. Sales growth in Europe, Africa and Middle East was broad-based, with increases having occurred in all territories. Latin America sales grew strongly in Crop Protection, benefitting from the strong first year sales of the new fungicide ELATUS™. Sales growth in Asia Pacific occurred in both emerging and developed markets and was particularly strong in South Asia, China and Australasia. The sales decline in North America largely is due to the prolonged cold temperatures in the first half of the year, which delayed the start of the US season and reduced disease and insect pressure, as well as the deliberate reduction in sales of lower margin glyphosate. Emerging market sales growth continued to be strong across all regions and overall was 7 percent, 11 percent at constant exchange rates.

Lawn and Garden sales were flat compared with 2013 and at constant exchange rates grew by 1 percent from growth in emerging markets and a recovery in the golf market in North America and Japan, partially offset by the impact of product portfolio streamlining to improve profitability and continued challenging business conditions for flowers caused by a lack of consumer confidence in key developed markets.

Gross profit margin remained broadly flat at 46 percent, but at constant exchange rates margin was approximately 1 percentage point higher. Margins in 2014 benefited from the higher sales prices, cost savings from the integrated crop strategy program and part of the impact of the amendments to pension plans, but were adversely impacted by lower capacity utilization from a planned inventory reduction and adverse product mix; margins in 2013 included the higher seeds costs and inventory provisions noted above.

Marketing and distribution expense increased by 4 percent, 8 percent at constant exchange rates. Charges for doubtful receivables were approximately \$30 million higher in 2014, reflecting weaker grower liquidity and political uncertainties in parts of Latin America and the CIS. In addition, employee incentive costs were higher and there was cost inflation in some emerging markets, particularly in Latin America.

General and administrative includes restructuring and impairment, the components of which are described under the Restructuring and impairment heading within this section, and increased by 8 percent from 2013. General and administrative excluding restructuring and impairment was 7 percent higher, including foreign exchange hedging gains of \$15 million compared with losses of \$4 million in 2013. Excluding currency effects, General and administrative excluding restructuring and impairment increased by 10 percent due to higher employee incentive costs compared with the low level in 2013, a lower benefit from pension plan changes and increased litigation expense. Cost in 2014 included a \$22 million benefit recognized from changes to the UK and Netherlands pension plans; cost in 2013 included a \$41 million benefit from changes to the Swiss pension plan.

Restructuring and impairment expenses in 2014, excluding those reported in Cost of goods sold, increased by \$14 million over 2013. 2014 included \$63 million of costs from the AOL program announced in February 2014 as the first initiatives were progressed and implementation started. Final charges in 2014 for the operational efficiency programs announced in 2004 and 2007 were \$21 million less than in 2013. Other non-cash impairments were \$11 million less in 2014 than in 2013.

Income from associates and joint ventures decreased by \$41 million to \$7 million. 2013 included a favorable tax ruling and compensation received from an energy supplier to exit an uneconomic supply arrangement.

Financial expense, net was \$17 million higher than 2013, mainly due to increased funding and hedging costs relating to emerging market operations and higher bank charges from government transaction taxes in Argentina. The tax rate, excluding taxes related to restructuring and impairment, remained flat at 15 percent.

Together, these factors resulted in 2014 net income attributable to Syngenta AG shareholders and diluted earnings per share decreasing by 2 percent and 1 percent, respectively, compared with 2013.

Comparing 2013 with 2012, net income in 2013 was 11 percent lower than 2012 largely due to recognition of guaranteed minimum royalties for the 604 corn rootworm trait licensed to Pioneer Hi-Bred International Inc. (“Pioneer”), a subsidiary of DuPont, not repeated in 2013.

Sales in 2013 were 3 percent higher, 5 percent at constant exchange rates, with 3 percent growth in sales volumes and an additional 2 percent from higher local currency sales prices. Sales volume growth was reduced by 2 percent due to the inclusion in 2012 of the guaranteed minimum royalties for the MIR604 corn rootworm trait licensed to Pioneer, not repeated in 2013. Local currency sales price increases were achieved in both Crop Protection and Seeds products and in all regions. Gross profit margin declined by approximately 3.5 percentage points in 2013 due to the non-recurrence in 2013 of the royalty described above, a \$170 million seeds inventory provision largely related to high US corn yields having caused corn seed production there to exceed forecasted sales, and adverse product mix from strong growth in sales of relatively low margin glyphosate products. Marketing and distribution expenses decreased by 1 percent and were 1 percent higher at constant exchange rates, with some increase in charges for doubtful receivables offset by savings generated by the restructuring programs described below and reduced employee incentives. Research and development expense was 9 percent higher, 11 percent at constant exchange rates, and as a percentage of sales increased by 0.5 percent to 9.4 percent. General and administrative including restructuring and impairment decreased by 19 percent from 2012. Excluding restructuring and impairment, these costs decreased by 15 percent including foreign exchange hedging losses of \$4 million compared with \$61 million in 2012. Excluding currency effects, General and administrative excluding restructuring and impairment decreased by 6 percent from lower employee incentives, savings including those from the restructuring programs described below and an approximately \$41 million benefit from changes to the Swiss pension plan. Restructuring and impairment expenses excluding those reported in Cost of goods sold were \$79 million lower than 2012 mainly from the program to integrate the commercial operations of Crop Protection and Seeds having progressed into its third year and the operational efficiency program having been substantially completed. In addition, 2012 included losses on the sales of the Fafard and Syngenta Horticultural Services businesses totaling \$25 million. Financial expense, net was \$53 million higher than 2012, mainly due to increased hedging volumes in emerging markets and foreign exchange losses from higher volatility in emerging market currencies. The tax rate increased slightly to 15 percent and was approximately 1 percent higher excluding taxes related to restructuring and impairment and divestment gains and losses.

Cash flow from operating activities before change in net working capital decreased by \$120 million in 2013, with 2012 having included the recognition of the guaranteed minimum royalties for the corn rootworm trait mentioned above. Cash flow from operating activities in 2013 was sufficient to fund Syngenta’s investing activities including a further increase in 2013 in capital expenditures. Cash flow from investing activities was \$446 million lower than 2012, which included higher spending on business acquisitions.

Acquisitions, divestments and other significant transactions

2014

On April 4, 2014, Syngenta acquired 100% of the shares of Società Produttori Sementi S.p.A. (“PSB”) in exchange for cash. PSB is one of Italy’s oldest seed companies and a leader in durum wheat breeding and production. The primary reasons for the acquisition were to gain access to PSB’s durum wheat breeding expertise and its links to the food industry, which will be complemented by Syngenta’s cereals Research and Development and global presence.

On July 21, 2014, Syngenta acquired the German and Polish winter wheat and winter oilseed rape (“WOSR”) breeding and business operations of Lantmännen, the Swedish food, energy and agriculture group, in exchange for cash. The acquired business consists of 100% of the shares of Lantmännen SW Seed Hadmersleben GmbH, Lantmännen SW Seed GmbH, SW Winter Oilseed AB and certain sites in Germany. The primary reasons for the acquisition were to give Syngenta access to high-quality germplasm, a seeds pipeline and commercial varieties which complement Syngenta’s portfolio and will support the continued development of hybrid cereals for growers worldwide.

2013

In January and March 2013, Syngenta acquired the remaining equity interests in deVGen N.V. (“Devgen”) that it did not already own after its initial takeover offer was settled in December 2012.

In October 2013, Syngenta acquired 100 percent of the shares of MRI Seed Zambia Ltd. (“MRI Seed”) and MRI Agro Zambia Ltd. (“MRI Agro”) (collectively “MRI”) for \$88 million in cash. MRI is a leading developer, producer and distributor of white corn seed in Zambia. Syngenta believes that the white corn market has high growth potential, and the crop is critical to Africa’s future food security. MRI’s corn germplasm is among Africa’s most comprehensive and diverse, incorporating temperate, tropical and sub-tropical material. This unique portfolio will be developed to support expansion in high-growth East African markets and may be leveraged globally through Syngenta’s elite breeding programs. MRI Agro also distributes crop protection chemicals and other agricultural inputs in Zambia.

In December 2013, Syngenta divested its Dulcinea Farms business (“Dulcinea”) to Pacific Trellis Fruit LLC, a US-based international grower and marketer of fresh produce.

2012

In June 2012, Syngenta divested the Fafard peat unit of its Lawn and Garden business to Sun Gro Horticulture Canada Ltd.

In September 2012, Syngenta announced a takeover offer for Devgen, a company listed on the Euronext stock exchange. On December 12, 2012, it was announced that on closing of the initial acceptance period, shares and warrants representing 94.11 percent of Devgen's total issued share capital had been tendered in acceptance of the offer, which was consequently declared unconditional. At December 31, 2012, Syngenta had paid EUR 375 million (\$493 million) for the tendered shares and warrants. Devgen is a global leader in hybrid rice and RNAi technology. The acquisition enables Syngenta to combine its leading crop protection portfolio with Devgen's best-in-class rice hybrids and broad germplasm diversity. Devgen also brings proven expertise in RNAi-based insect control, for which the two companies signed a global license and research agreement to develop spray applications in May 2012.

In October 2012, Syngenta acquired from DuPont its professional products insecticide business, a leading supplier for the professional turf, ornamentals and home pest control markets, for a cash consideration of \$128 million, including related inventories. The acquisition expanded the range of products which Syngenta offers to golf course and lawn care professionals and to ornamental growers, and also strengthened its portfolio for the control of home pests. The acquisition included the pest control brands Advion® and Acelepryn® and other intellectual property, transfer of certain employees, and exclusive supply and licensing agreements through which Syngenta gained access to the related active ingredients and formulated products from DuPont.

In October 2012, Syngenta acquired an exclusive, worldwide commercial license to the TAEGRO® technology for agricultural applications, including the rights to all enhancements and future mixtures discovered by Syngenta, from Novozymes Biologicals Holdings A/S. TAEGRO® is a microbial bio fungicide of the strain *Bacillus subtilis* currently registered in the US and in process of being registered worldwide. *Bacillus subtilis* controls a broad spectrum of diseases in many crops and is particularly suitable in vegetable and specialty crops, where combination programs with conventional fungicides work well.

In November 2012, Syngenta acquired control of Pasteuria, a US-based biotechnology company. Syngenta now owns 100 percent of Pasteuria. Prior to taking control, Syngenta had held a 37 percent equity interest in Pasteuria indirectly through a venture capital fund which Syngenta consolidates in its financial statements. Since 2011, Syngenta and Pasteuria had been working in an exclusive global technology partnership to develop and commercialize biological products to control plant-parasitic nematodes, using the naturally occurring soil bacteria *Pasteuria* spp. The acquisition facilitates the introduction of key products to complement Syngenta's existing chemical nematicide range and to support integrated solutions across a broad variety of crops such as soybean, corn, cereals, sugarbeet and vegetables.

In November 2012, Syngenta divested its US Flowers distribution and brokerage business, Syngenta Horticultural Services ("SHS") to Griffin Greenhouse Supplies, Inc. ("Griffin"). Griffin also signed a long-term agreement to distribute and broker Syngenta Flowers genetics throughout the USA.

In November 2012, Syngenta acquired 100 percent of the shares of Sunfield Seeds Inc. ("Sunfield"), a US-based provider of sunflower seeds production and processing services, for cash consideration. The acquisition represents an important step in the implementation of Syngenta's sunflower strategy by strengthening supply chain capabilities to enable future growth.

Restructuring programs

In 2004, Syngenta announced the operational efficiency cost saving program to realize further cost savings after completion of the integration of the former Novartis and Zeneca businesses and in response to low underlying growth in the crop protection markets seen at the time. In 2007, Syngenta began a further phase of the operational efficiency restructuring program to drive cost savings to offset increased expenditures in research and technology, marketing and product development in the growth areas of seeds, professional products and emerging country markets, targeting savings in both cost of goods sold and other operating expenses. The programs are now substantially complete and final expenditures in 2014 related mainly to the rollout of standardized and outsourced human resource support services. Minor cash outflows are expected during 2015. Cash spent under the programs in 2014 and 2013 totaled \$26 million and \$42 million, respectively. Cumulative spending on the programs to the end of 2014 totaled \$1,053 million and non-cash charges totaled \$371 million, broadly in line with the projected \$1,050 million cash costs and \$380 million of non-cash charges indicated in the 2013 report.

In 2011, Syngenta announced a program to integrate global commercial operations for Crop Protection and Seeds thereby enabling operational synergies from the commercial integration, additional cost savings from procurement and supply chain efficiencies and the presentation of an integrated product offer to grower customers. It is estimated that cash costs of approximately \$400 million will be incurred to complete the program. During 2014, costs of \$61 million were charged under the program (2013: \$60 million). Cash spent was \$61 million (2013: \$75 million). Cumulative costs incurred for the program through December 31, 2014 total \$372 million and cumulative spending totals \$346 million.

On February 5, 2014, Syngenta announced a new restructuring program to drive further improvement in operating income margins and accelerate delivery of operational leverage as sales grow. The program targets an improvement in profitability as a percentage of sales over the period up to 2018 from a reduction in the ratios of marketing and distribution, research and development and general and administrative expenses to sales. The program includes plans to further improve efficiency in customer facing operations, research and development and production and to enable an improvement in the ratio of trade working capital to sales. The cash cost of the restructuring program is estimated at approximately \$900 million, including the costs of implementing new systems, but excluding related capital expenditures, and significant benefits are expected to be realized beginning in 2015. During 2014, cash costs of \$49 million were charged under the program and cash spent was \$43 million. No costs were incurred under the program in 2013.

Results of operations

2014 compared with 2013

Sales commentary

Syngenta's consolidated sales for 2014 were \$15,134 million, compared with \$14,688 million in 2013, a 3 percent increase year on year. At constant exchange rates sales grew by 5 percent. The analysis by segment is as follows:

(\$m, except change %)

Change
Local price

Segment	2014	2013	Volume %	%	CER %	Currency %	Actual %
Europe, Africa and Middle East	4,547	4,223	7	% 4	% 11	% -3	% 8
North America	3,582	3,848	-8	% 2	% -6	% -1	% -7
Latin America	4,279	3,991	7	% 2	% 9	% -2	% 7
Asia Pacific	2,033	1,935	4	% 6	% 10	% -5	% 5
Total integrated	14,441	13,997	3	% 3	% 6	% -3	% 3
Lawn and Garden	693	691	0	% 1	% 1	% -1	% 0
Group sales	15,134	14,688	2	% 3	% 5	% -2	% 3

Europe, Africa and Middle East

Sales increased by 8 percent, 11 percent at constant exchange rates as volume increased by 7 percent and local currency sales prices increased by 4 percent. Sales growth was broad-based, with increases in all territories. The CIS registered strong volume growth in both Crop Protection and Seeds, with a particularly strong fourth quarter. Sales price increases offset around half of the currency loss following the sharp depreciation of the Russian ruble and the Ukrainian hryvnia. The new SDHI fungicides contributed notably to growth in the region, with sales of SEGURIS® and VIBRANCE® both increasing by more than 75 percent. Sales growth was strong in the fourth quarter due to the expansion of the HYVIDO® hybrid barley solution, the consolidation of seeds acquisitions and from strong early demand for crop protection products for the 2015 growing season.

North America

Sales decreased by 7 percent, 6 percent at constant exchange rates as volume decreased by 8 percent and local currency sales prices increased by 2 percent. The sales decrease largely was due to the prolonged cold temperatures in the first half of the year, which delayed the start of the US season and reduced disease and insect pressure. In Canada, sales decreased as cereals acreage was lower and demand was further affected by flooding. Non-selective herbicide sales in the region decreased as a result of the deliberate reduction in sales of lower margin glyphosate. In seeds, soybean sales were higher due to increased acreage and increased bulk shipments under an early order program. Corn sales decreased due to reduced acreage. In late December, Chinese import approval for the AGRISURE VIPTERA® corn trait was secured.

Latin America

Sales increased by 7 percent, 9 percent at constant exchange rates as volume increased by 7 percent and local currency sales prices increased by 2 percent. Excluding glyphosate, sales at constant exchange rates increased by 15 percent. The sales growth occurred despite irregular rainfall, which caused some delays in planting and crop protection consumption. In Crop Protection, sales of the new fungicide ELATUS™ exceeded \$300 million following its launch in

Brazil, where there was also strong insecticide growth due to severe caterpillar pressure in soybean, corn and cotton. Sales of crop protection products for sugar cane decreased due to drought during the summer and to lower ethanol prices affecting the profitability of sugar cane mills. Corn seed sales increased slightly despite lower acreage. Soybean increased significantly due to the combination of increased planted area and a gain in market share.

Asia Pacific

Sales increased by 5 percent, 10 percent at constant exchange rates as volume increased by 4 percent, and local currency sales prices increased by 6 percent. Growth occurred in both emerging and developed markets and was particularly strong in South Asia, China and Australasia. Increased fungicides sales reflected further adoption of AMISTAR® technology in China and new launches in South Asia. Sales growth was double-digit for GRAMOXONE® due to tight supply, particularly in ASEAN, but after a strong first half, sales in China were significantly lower in the second half of the year as a government ban on liquid paraquat formulations took effect. Sales of vegetables increased driven by further adoption of MAXVEG™ protocols as well as sweet corn seed growth in China and South Asia. In rice, sales grew due to products from the Devgen acquisition and expansion in India.

Lawn and Garden: major brands ICON®, GOLDFISCH®, GOLDSMITH SEEDS, YODER®, SYNGENTA FLOWERS

Lawn and Garden sales were flat compared with prior year and increased by 1 percent at constant exchange rates due to increased local currency sales prices. Sales volume was flat as growth in emerging markets in Asia Pacific and Latin America was offset by challenging conditions in Flowers, particularly in Europe due to low consumer confidence in the key German and French markets and the impact of product portfolio streamlining to focus on high value chemistry and genetics. Turf and landscape sales increased with double digit growth in the fourth quarter, reflecting a recovery in the golf market that earlier in the year was affected by poor weather conditions in North America and Japan.

Sales by product line are set out below:

(\$m, except change
%)

Product line	2014	2013	Volume %	Local price		Change						
				%	%	CER %	%	Currency %	%	Actual %	%	
Selective herbicides	3,083	3,051	0	%	3	%	3	%	-2	%	1	%
Non-selective herbicides	1,445	1,545	-12	%	8	%	-4	%	-2	%	-6	%
Fungicides	3,518	3,035	16	%	1	%	17	%	-1	%	16	%
Insecticides	2,066	1,912	7	%	3	%	10	%	-2	%	8	%
Seedcare	1,115	1,228	-8	%	2	%	-6	%	-3	%	-9	%
Other crop protection	154	152	3	%	1	%	4	%	-3	%	1	%
Total Crop Protection	11,381	10,923	3	%	3	%	6	%	-2	%	4	%
Corn and soybean	1,665	1,654	1	%	3	%	4	%	-3	%	1	%
Diverse field crops	827	842	0	%	4	%	4	%	-6	%	-2	%
Vegetables	663	708	-10	%	5	%	-5	%	-1	%	-6	%
Total Seeds	3,155	3,204	-2	%	4	%	2	%	-4	%	-2	%
Elimination*	(95)	(130)	n/a		n/a		n/a		n/a		n/a	
Total integrated	14,441	13,997	3	%	3	%	6	%	-3	%	3	%
Lawn and Garden	693	691	0	%	1	%	1	%	-1	%	0	%
Group sales	15,134	14,688	2	%	3	%	5	%	-2	%	3	%

* Crop Protection sales to Seeds

Crop Protection

Selective herbicides: major brands AXIAL®, CALLISTO® family, DUAL MAGNUM®, BICEP® II MAGNUM, FLEX®, FUSILADE®MAX, TOPIK®

Sales increased by 1 percent, 3 percent at constant exchange rates as local currency sales prices were increased by 3 percent and volume was flat. Sales in Europe, Africa and the Middle East, particularly AXIAL® on cereals and BICEP® II MAGNUM on corn, benefited from increased weed pressure caused by the mild winter in the region during the first half of the year. In North America sales of DUAL MAGNUM® for corn increased with strong growth in the second half of the year after some pre-emergent sprays were missed in the first half due to the late season. Sales of FUSILADE®MAX and FLEX® on soybean performed well in the USA and in Argentina, where weed resistance to glyphosate is spreading.

Non-selective herbicides: major brands GRAMOXONE®, TOUCHDOWN®

Sales decreased by 6 percent, 4 percent at constant exchange rates as the impact of deliberate reductions in sales volume of the low margin solo glyphosate product TOUCHDOWN® more than offset an 8 percent local currency sales price increase across Syngenta's non-selective herbicide portfolio. The reduction in TOUCHDOWN® decreased sales by approximately \$150 million. Sales of GRAMOXONE® increased as strong demand and tight supply resulted in volume and price increases, primarily in ASEAN and Latin America.

Fungicides: major brands ALTO®, AMISTAR®, BRAVO®, ELATUS™, REVUS®, RIDOMIL GOLD®, SCORE®, SEGURIS®, TILT®, UNIX®

Sales increased by 16 percent, 17 percent at constant exchange rates as volume increased by 16 percent and local currency sales prices were increased by 1 percent. The main contribution to growth came from the new product ELATUS™, based on the active ingredient Solatenol™, which had strong first year sales in Brazil. Sales of SEGURIS®, the SDHI fungicide for cereals, grew strongly in Europe. Sales of AMISTAR® grew strongly in Europe but this was more than offset by lower sales in the Americas.

Insecticides: major brands ACTARA®, DURIVO®, FORCE®, KARATE®, PROCLAIM®, VERTIMEC®

Sales increased by 8 percent, 10 percent at constant exchange rates as volume increased by 7 percent and local currency sales prices were increased by 3 percent. Sales grew in all regions except North America, where sales decreased due to the late growing season and low pest pressure. Sales of DURIVO® exceeded \$400 million and grew significantly, particularly in Brazil due to strong pest pressure there in soybean, corn and cotton, including the spread of the helicoverpa caterpillar.

Seedcare: major brands AVICTA®, CRUISER®, DIVIDEND®, CELEST®/MAXIM®, VIBRANCE®

Sales decreased by 9 percent, 6 percent at constant exchange rates as volume decreased by 8 percent and local currency sales prices were increased by 2 percent. Lower Seedcare sales reflected reduced sales to other seed companies in the Americas, where reduced corn acreage and plentiful seed supply affected demand. Sales of CRUISER® also decreased due to the suspension of sales of neonicotinoids imposed in the European Union. Sales of VIBRANCE®, based on the SDHI fungicide sedaxane, continued to grow strongly with sales up by almost 50 percent.

Seeds

Corn and soybean: major brands AGRISURE®, GOLDEN HARVEST®, NK®

Sales increased by 1 percent, 4 percent at constant exchange rates as volume increased by 1 percent and local currency sales prices were increased by 3 percent. Sales volumes and local currency prices increased in Europe, Africa and Middle East led by the CIS. Sales in the Americas were flat, with both North and Latin America experiencing the shift from corn to soybean; soybean sales in Brazil benefited from a new business partner strategy. Sales of the AGRISURE VIPTERA® corn trait, where Chinese import approval was achieved at year end, remained steady at around 30 percent of US corn seed sales. In Brazil, VIPTERA™ is successfully addressing the pest spectrum and now accounts for around half the corn portfolio. The new proprietary corn rootworm trait DURACADE™ was planted for the first time in the USA under the “Right to Grow” program.

Diverse field crops: major brands NK® oilseeds, HILLESÖG® sugar beet

Sales decreased by 2 percent but increased by 4 percent at constant exchange rates due to increased local currency sales prices; sales volume was flat. Sunflower sales decreased due to reduced acreage in South East Europe, partially offset by volume and local currency price growth in the CIS. Growth in Cereals sales was driven by Central Europe and was increased in the fourth quarter by consolidation of acquisitions. Lower sugar beet volumes in the USA were partially offset by growth in the CIS. In Asia Pacific, sales of rice increased reflecting sales from the Devgen acquisition as well as expansion in India.

Vegetables: major brands ROGERS®, S&G®

Sales decreased by 6 percent, 5 percent at constant exchange rates as volume decreased by 10 percent and local currency sales prices were increased by 5 percent. The volume decrease is attributable to the divestment of Dulcinea; excluding this divestment, sales at constant exchange rates increased by 6 percent. Asia Pacific sales grew by double digits driven by sweet corn and sweet peppers in China and South Asia. Strong growth in the emerging markets of Africa and the Middle East continued with expanding melon and tomato sales. Sales increased in the developed markets in Europe due to local currency sales price increases. Excluding Dulcinea, sales in North America increased by 3 percent.

Operating income

Variances in the tables below reflect the profit impact of changes year on year. For example, an increase of sales or a decrease in costs is a positive variance and a decrease in sales or increase in costs is a negative variance.

Group Operating Income (\$m, except change %)	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment ¹		Change before restructuring and impairment ¹			
	2014	2013	2014	2013	2014	2013	Actual %	CER %		
Sales	15,134	14,688	–	–	15,134	14,688	3	%	5	%
Cost of goods sold	(8,192)	(7,986)	(13)	–	(8,179)	(7,986)	-2	%	-3	%
Gross profit	6,942	6,702	(13)	–	6,955	6,702	4	%	8	%
as a percentage of sales	46%	46%	–	–	46%	46%				
Marketing and distribution	(2,497)	(2,394)	–	–	(2,497)	(2,394)	-4	%	-8	%
Research and development	(1,430)	(1,376)	–	–	(1,430)	(1,376)	-4	%	-5	%
General and administrative	(910)	(846)	(193)	(179)	(717)	(667)	-7	%	-10	%
Operating income	2,105	2,086	(206)	(179)	2,311	2,265	2	%	9	%
as a percentage of sales	14%	14%			15%	15%				

Operating Income/(Loss)				
(\$m, except change %)	2014	2013	Change %	
Europe, Africa and Middle East	1,456	1,430	2	%
North America	901	1,047	-14	%
Latin America	1,069	1,015	5	%
Asia Pacific	560	534	5	%
Non-regional	(1,981)	(2,037)	3	%
Total integrated	2,005	1,989	1	%
Lawn and Garden	100	97	3	%
Group	2,105	2,086	1	%

The two tables above do not represent income statements prepared under IFRS. Please refer to the information reported in the consolidated financial statements in Item 18.

¹ Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description.

Overall Group operating income

Operating income increased by 1 percent to \$2,105 million as profit growth from higher sales volumes and local currency prices, and from lower Seeds inventory provision charges was largely offset by the impact of weaker emerging market currencies, adverse sales product mix and salary and other inflation, particularly in emerging markets. The ratio of operating income to sales was broadly flat.

Sales grew by 3 percent, 5 percent at constant exchange rates with sales volumes 2 percent higher from increases in all regions except North America, where sales decreased due to a delay to the start of the US planting season, reduced insect pressure and the deliberate reduction in sales of solo glyphosate. Overall local currency sales prices were 3 percent higher. Exchange rate movements reduced sales by 2 percent, particularly due to a weaker Brazilian real and currencies in Asia Pacific and Eastern Europe. Gross profit margin increased by 0.3 percentage points, but at constant exchange rates and excluding restructuring and impairment charges was 1.3 percentage points higher; local currency sales price increases, lower charges to inventory provisions following the exceptional \$170 million provision in 2013 and lower 2014 seeds production costs were partly offset by adverse product mix and higher production costs particularly in Crop Protection due to lower capacity utilization from the planned inventory reduction. Marketing and distribution costs increased by 4 percent, 8 percent at constant exchange rates, due to cost inflation, including the higher level of inflation in emerging markets, higher employee incentive costs compared with the low level in 2013, an approximately \$30 million increase to charges for doubtful receivables and an increase in distribution costs. Research and development expense increased by 4 percent, 5 percent at constant exchange rates, with targeted increases in expenditures partly offset by the gain from the amendments to defined benefit pension plans in the UK and the Netherlands. Research and development expense remained at 9.4 percent of sales.

General and administrative was 8 percent higher than 2013, 7 percent higher excluding restructuring and impairment. General and administrative is reported net of the result of currency hedging programs, which in 2014 was a net income of \$15 million compared with a net loss of \$4 million in 2013. At constant exchange rates, General and administrative excluding restructuring and impairment was 10 percent higher than 2013. Costs in 2014 included higher employee incentive costs than the low level in 2013 and were net of a \$22 million recorded gain on changes to the UK and Netherlands pension plans, while 2013 costs were net of a \$41 million gain on changes to the Swiss pension plan. Litigation expenses were also higher in 2014 due to an increased number of ongoing legal actions. Restructuring and impairment, including the portion recorded in Cost of goods sold, is described in Note 6 to the consolidated financial statements in Item 18 and increased by \$27 million in 2014 to \$206 million due to the first year of charges from the new Accelerating Operational Leverage plan announced in February 2014.

Excluding the impact of hedging, the adverse impact on sales of weaker emerging market currencies versus the US dollar in 2014 was only partly offset by the favorable impact on costs from these currencies and that of a weaker Euro and Swiss franc in the second half of the year. Taken together with the \$19 million favorable variance in the net hedging result from the hedging program for forecast foreign currency transactions (“EBITDA program”), the overall impact of exchange rate movements on operating income compared with 2013 was approximately an adverse \$170 million. The net adverse impact arising from the weaker Russian ruble and Ukrainian hryvnia was partly mitigated by higher local currency sales price increases, with an increasing use of US dollar pricing.

Operating income by segment

Europe, Africa and Middle East (\$m, except change %)	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment ¹		Change before restructuring and impairment ¹			
	2014	2013	2014	2013	2014	2013	Actual %	CER %		
Sales	4,547	4,223	–	–	4,547	4,223	8	%	11	%
Cost of goods sold	(2,180)	(1,958)	(13)	–	(2,167)	(1,958)	-11	%	-10	%
Gross profit	2,367	2,265	(13)	–	2,380	2,265	5	%	11	%
as a percentage of sales	52%	54%			52%	54%				
Marketing and distribution	(720)	(676)	–	–	(720)	(676)	-7	%	-9	%
General and administrative	(191)	(159)	(30)	(18)	(161)	(141)	-14	%	-16	%
Operating income	1,456	1,430	(43)	(18)	1,499	1,448	4	%	12	%
as a percentage of sales	32%	34%			33%	34%				

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements in Item 18.

1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description.

Reported sales in Europe, Africa and Middle East were 8 percent higher than in 2013, 11 percent at constant exchange rates, with 7 percent higher sales volumes and an additional 4 percent from increased local currency sales prices. See the Sales commentary section above for further information on sales in the region. Gross profit margin was 1.5 percentage points lower, 1.3 percentage points lower excluding restructuring and impairment. Restructuring and impairment in 2014 included in Cost of goods sold related to the acquisitions completed in the year. Excluding

restructuring and impairment, the lower gross profit as a percentage of sales was largely the result of adverse currency movements, particularly that on sales in weaker currencies in the CIS. At constant exchange rates, gross profit margin excluding restructuring and impairment was 0.2 percentage points above 2013, with the higher local currency sales prices partly offset by adverse product mix.

Marketing and distribution costs increased by 7 percent, 9 percent at constant exchange rates due to higher employee incentive costs linked to the strong regional sales performance and an increase in provisions for doubtful receivables due to weaker customer liquidity in parts of the region.

General and administrative was 20 percent higher including increased restructuring charges. Excluding restructuring and impairment, expenses were 14 percent higher and were 16 percent higher at constant exchange rates including increased amortization expense and lower government grants. Restructuring and impairment charges were \$43 million in 2014 compared with \$18 million in 2013 due to the introduction of the Accelerating Operational Leverage program and the reversal of inventory step-ups on acquisitions.

Operating income as a percentage of sales decreased by 2 percentage points to 32 percent. Excluding the impact of restructuring and impairment, operating income margin decreased by 1 percentage point to 33 percent due to the impacts of weaker currencies relative to the US dollar; otherwise operating income margin was broadly flat. Overall, currency movements compared with the US dollar reduced operating income excluding restructuring and impairment by an estimated \$114 million largely due to weaker currencies in Russia and the Ukraine.

North America (\$m, except change %)	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment ¹		Change before restructuring and impairment ¹			
	2014	2013	2014	2013	2014	2013	Actual %	CER %		
Sales	3,582	3,848	–	–	3,582	3,848	-7	%	-6	%
Cost of goods sold	(2,003)	(2,169)	–	–	(2,003)	(2,169)	8	%	8	%
Gross profit	1,579	1,679	–	–	1,579	1,679	-6	%	-4	%
as a percentage of sales	44%	44%			44%	44%				
Marketing and distribution	(564)	(544)	–	–	(564)	(544)	-4	%	-4	%
General and administrative	(114)	(88)	(22)	(27)	(92)	(61)	-51	%	-51	%
Operating income	901	1,047	(22)	(27)	923	1,074	-14	%	-11	%
as a percentage of sales	25%	27%			26%	28%				

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements in Item 18.

1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description.

Reported sales declined by 7 percent, 6 percent at constant exchange rates, due to 8 percent lower sales volumes partially offset by 2 percent higher local currency sales prices. See the Sales commentary section above for further information on sales in the region. Gross profit margin increased by 0.5 percentage points from lower inventory provisions following the exceptional charge in 2013 and reduced Seeds production costs, partly offset by adverse product mix.

Marketing and distribution costs were 4 percent higher due to higher distribution costs and some increase in employee incentives from the low level in 2013.

General and administrative excluding restructuring and impairment increased by \$31 million mainly due to increased litigation defense costs and a decrease in compensation received from granting access by others to Syngenta product registration data.

Restructuring and impairment costs in 2014 included \$12 million for initiatives under the Accelerating Operational Leverage program to restructure marketing and commercial operations and to optimize production capacity. Other cash costs were due to closure of activities that were not divested with the Dulcinea business and to final charges under previous restructuring programs. Restructuring and impairment charges in 2013 included final charges of \$11 million for amortization of reacquired rights related to the Greenleaf Genetics LLC acquisition in 2010, and \$6 million impairment of a trademark which was phased out in 2013.

Operating income as a percentage of sales decreased by 2 percentage points as a result of higher distribution costs on a lower sales volume and litigation expenses.

Latin America (\$m, except change %)	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment ¹		Change before restructuring and impairment ¹			
	2014	2013	2014	2013	2014	2013	Actual %		CER %	
Sales	4,279	3,991	–	–	4,279	3,991	7	%	9	%
Cost of goods sold	(2,492)	(2,290)	–	–	(2,492)	(2,290)	-9	%	-14	%
Gross profit	1,787	1,701	–	–	1,787	1,701	5	%	3	%
as a percentage of sales	42%	43%			42%	43%				
Marketing and distribution	(615)	(594)	–	–	(615)	(594)	-4	%	-14	%
General and administrative	(103)	(92)	(26)	(5)	(77)	(87)	11	%	11	%
Operating income	1,069	1,015	(26)	(5)	1,095	1,020	7	%	-2	%
as a percentage of sales	25%	25%			26%	26%				

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements in Item 18.

1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description.

Sales increased by 7 percent, 9 percent at constant exchange rates with 7 percent from higher volumes and an additional 2 percent from increased prices. See the Sales commentary section above for further information on sales in the region. Gross profit margin was 1 percentage point lower at 42 percent mainly due to adverse mix in Crop Protection products as the result of higher initial cost of goods in ELATUS™ and lower margins in Seeds. With a significant proportion of sales priced in US dollars, gross profit margin at constant exchange rates is approximately 2 percentage points lower than last year, not benefiting from the weaker Brazilian exchange rate impact on cost of goods sold.

Marketing and distribution costs were 4 percent higher than 2013, up 14 percent at constant exchange rates due to relatively high local cost inflation, particularly in Argentina, higher charges to provisions for doubtful receivables due to a deteriorating macroeconomic situation in parts of the region, an increase in employee incentives from the low level in 2013 and launch costs for ELATUS™; together these more than offset savings from restructuring the commercial organisation in Argentina.

General and administrative excluding restructuring and impairment was \$10 million, 11 percent, lower than 2013 due to cost savings following completion of a system project and progress in outsourcing certain back office activities.

Restructuring and impairment costs increased by \$21 million to \$26 million in 2014. 2014 included non-cash impairments of \$14 million for the write-down of machinery in Brazil due to significant changes in production processes and \$9 million for initiatives to drive efficiencies in local commercial operations under the Accelerating Operational Leverage program. Restructuring and impairment charges in 2013 related to the implementation of standard systems and processes to centralize and partly outsource back office activities.

Operating income increased by \$54 million, but was \$75 million higher excluding restructuring and impairment. Operating income as a percentage of sales declined by 0.5 percentage points. Excluding restructuring and impairment,

operating income as a percentage of sales was flat, but was approximately 3 percentage points lower at constant exchange rates due to the lower gross profit margin and increased Marketing and distribution costs. The Brazilian real and Argentine peso weakened during 2014. As a significant portion of sales in these countries are priced in US dollars, whereas expenses and part of cost of goods sold are in local currencies, operating income increased by approximately \$95 million as a result of the weaker currencies, including the adverse impact the weaker currencies had on those sales where US dollar pricing is not possible.

Asia Pacific (\$m, except change %)	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment ¹		Change before restructuring and impairment ¹			
	2014	2013	2014	2013	2014	2013	Actual %		CER %	
Sales	2,033	1,935	–	–	2,033	1,935	5	%	10	%
Cost of goods sold	(1,107)	(1,041)	–	–	(1,107)	(1,041)	-6	%	-9	%
Gross profit	926	894	–	–	926	894	4	%	10	%
as a percentage of sales	46%	46%			46%	46%				
Marketing and distribution	(314)	(300)	–	–	(314)	(300)	-5	%	-8	%
General and administrative	(52)	(60)	(4)	(6)	(48)	(54)	11	%	10	%
Operating income	560	534	(4)	(6)	564	540	5	%	13	%
as a percentage of sales	28%	28%			28%	28%				

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements in Item 18.

1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description.

Sales increased by 5 percent and were 10 percent higher at constant exchange rates due to 4 percent higher sales volumes and 6 percent higher local currency sales prices. See the Sales commentary section above for further information regarding sales in the region. Gross profit margin declined by 0.6 percentage points, but was broadly flat at constant exchange rates as an increase in production costs in Crop Protection offset the benefits of the higher local currency sales prices.

Marketing and distribution costs were 5 percent higher, 8 percent at constant exchange rates, partly from increased employee incentives in line with regional business performance.

General and administrative excluding restructuring and impairment decreased by 11 percent, 10 percent at constant exchange rates due to the settlement of an insurance claim in 2014, while 2013 included provision for a product liability case.

Restructuring and impairment charges in 2014 decreased from 2013 due mainly to lower costs from the integration of Devgen, acquired in 2012.

Operating income margin remained at 28 percent in 2014. Operating income margin excluding restructuring and impairment was also flat, but was 1 percentage point higher at constant exchange rates with expense growth constrained below sales growth.

Non-regional

Income and expense transactions in the integrated business have been attributed to the geographic regions based on the market destination to which they relate, rather than on the region in which they originated. Some costs of the integrated organization do not relate to a geographic destination and are reported as non-regional. These include global marketing teams, research and development and corporate headquarter functions. In addition, regional gross

profit performance is based on standard product costs, with variances from the standard reported as non-regional in order to align the reported results with organizational responsibility. Non-regional also includes results of centrally managed currency and commodity hedging programs.

Non-regional costs decreased by \$56 million, or 3 percent from 2013, to \$1,981 million largely due to a decrease in cost of goods sold of \$123 million reflecting more favorable production cost variances in the Seeds business compared with 2013. Research and development expense increased by 4 percent, 6 percent at constant exchange rates, to \$1,376 million. Increased spending on research and development was in line with Syngenta's medium-term plan of expenditure in the upper end of the 9-10 percent of sales range; in 2014 the increase was offset by the impact of \$49 million of gains from pension plan amendments included in Research and development. Global marketing expense increased by \$6 million. General and administrative is reported including hedging gains of \$13 million, compared with losses of \$16 million in 2013. Excluding the net hedging result and restructuring and impairment, General and administrative increased by \$39 million to \$320 million mainly due to increased employee incentives and higher pension expenses, partly offset by favorable currency impacts on underlying expenditures. In 2013, \$41 million of benefit for the amendment of the Swiss pension plan was included in Non-regional, General and administrative, compared with \$22 million of benefit in 2014 from the amendments to the UK and Netherlands pension plans. Restructuring and impairment charges within non-regional decreased by \$5 million to \$96 million as the first year of costs from the Accelerating Operational Leverage program announced in early 2014 were more than offset by decreased impairment charges. Details of restructuring and impairment for 2014 and 2013 are shown below.

Lawn and Garden (\$m, except change %)	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment ¹		Change before restructuring and impairment ¹			
	2014	2013	2014	2013	2014	2013	Actual %	CER %		
Sales	693	691	–	–	693	691	0	%	1	%
Cost of goods sold	(318)	(313)	–	–	(318)	(313)	-2	%	-1	%
Gross profit	375	378	–	–	375	378	-1	%	1	%
as a percentage of sales	54%	55%			54%	55%				
Marketing and distribution	(174)	(176)	–	–	(174)	(176)	1	%	0	%
Research and development	(54)	(56)	–	–	(54)	(56)	4	%	4	%
General and administrative	(47)	(49)	(15)	(22)	(32)	(27)	-16	%	12	%
Operating income	100	97	(15)	(22)	115	119	-3	%	9	%
as a percentage of sales	14%	14%			17%	17%				

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements in Item 18.

1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description.

Lawn and Garden sales remained at 2013 levels, with a 1 percent increase in local currency sales prices offset by a 1 percent currency impact. See the Sales commentary section above for further information on sales in the segment. Gross profit margin decreased by 0.6 percentage points but was flat at constant exchange rates.

Marketing and distribution costs were 1 percent lower, flat at constant exchange rates and were tightly constrained in the context of the low revenue growth.

General and administrative is reported net of an \$8 million hedging gain under the EBITDA hedging program compared with \$15 million in 2013. General and administrative excluding restructuring and impairment and hedging gains was \$40 million in 2014 compared with \$42 million in 2013.

Restructuring costs in 2014 decreased by \$7 million compared with 2013. 2013 included cash costs and the write-down of inventories following a major product range rationalization as well as \$4 million of closing adjustments to the fair value of the consideration of 2012 divestments. Restructuring costs in 2014 are due to continuing restructuring of the Flowers business, including initiatives to improve efficiency as part of the Accelerating Operational Leverage program.

Operating income as a percentage of sales was flat at 14 percent, 17 percent excluding restructuring and impairment.

Defined Benefit Pensions

Defined benefit pension expense was a credit of \$36 million in 2014 compared with a charge of \$95 million in 2013. The main reason for the credit was the \$143 million gain on amendment of the UK pension plan, partly offset by an increase in current service cost driven by the impact of lower discount rates. 2013 pension expense included a \$41 million gain on amendment of the Swiss pension plan. Syngenta expects 2015 defined benefit pension expense to be approximately \$165 million, with the increase compared with 2014 resulting from the non-recurrence of the plan amendment and settlement gains reported in 2014 and 2013 and a further increase in current service cost, attributable to the continued reductions in discount rates for all significant plans.

Syngenta contributions to defined benefit pension plans were \$185 million in 2014 compared with \$131 million in 2013, principally because Syngenta paid a \$25 million additional lump sum contribution resulting from the 2013 Swiss plan amendment at the beginning of 2014, and because the first quarter of 2013 included the final benefits from prior years' accelerated contribution payments to the UK plan. No accelerated contributions were made in either 2014 or 2013. In 2015, Syngenta expects contributions to defined benefit pension plans to be approximately \$175 million, as the non-recurrence of the \$25 million Swiss contribution is largely offset by the planned resumption of contributions to the US plan, which were \$nil in 2014 and 2013.

Restructuring and impairment

Restructuring and impairment charges for the years ended December 31, 2014 and 2013, broken down into the main restructuring initiatives, consist of the following:

(\$m)	2014	2013
Accelerating operational leverage programs:		
Cash costs	49	-
Non-cash impairment costs	14	-
Integrated crop strategy programs:		
Cash costs	61	60
Operational efficiency programs:		
Cash costs	18	33
Non-cash impairment costs	-	6
Acquisition and related integration costs:		
Cash costs	27	30
Non-cash items		
Reversal of inventory step-ups	13	-
Reacquired rights	-	11
Divestment losses	-	4
Other non-cash restructuring and impairment:		
Non-current asset impairment	24	35
Total restructuring and impairment ¹	206	179

¹ \$13 million (2013: \$nil) is included within Cost of goods sold and \$193 million (2013: \$179 million) as Restructuring.

Restructuring represents the effect on reported performance of initiating and enabling business changes that are considered major and that, in the opinion of management, will have a material effect on the nature and focus of Syngenta's operations, and therefore require separate disclosure to provide a more thorough understanding of business performance. Restructuring includes the incremental costs of closing, restructuring or relocating existing operations, and gains or losses from related asset disposals. Restructuring also includes the effects of completing and integrating significant business combinations and divestments, including related transaction costs, gains and losses. Recurring costs of normal business operations and routine asset disposal gains and losses are excluded.

Impairment includes impairment losses associated with major restructuring as well as impairment losses and reversals of impairment losses resulting from major changes in the markets in which a reported segment operates.

The incidence of these business changes may be periodic and the effect on reported performance of initiating them will vary from period to period. Because each such business change is different in nature and scope, there will be little continuity in the detailed composition and size of the reported amounts which affect performance in successive periods. Separate disclosure of these amounts facilitates the understanding of performance including and excluding items affecting comparability. Syngenta's definition of restructuring and impairment may not be comparable to similarly titled line items in financial statements of other companies.

2014

Accelerating operational leverage programs

In February 2014, Syngenta announced a restructuring program to drive further improvements in operating income margins and accelerate delivery of operational leverage as sales grow. 2014 cash costs of \$49 million include \$14 million for initiatives to restructure marketing and commercial operations, \$13 million for projects to drive efficiencies in territory commercial operations, particularly in Latin America, \$11 million to rationalize logistical operations and optimize production capacity, \$5 million for Research and Development productivity projects, and \$6 million for project management. Non-cash charges consist of \$1 million for the impairment of a site, which is closing, and \$13 million for inventory write-downs due to a significant rationalization of the Vegetables product range.

Integrated crop strategy programs

Cash costs of \$61 million include \$24 million of charges for the transfer of certain system and process management activities to a new internal service center in India, including severance and pension costs of \$11 million, \$25 million for the development and rollout of processes and training programs for marketing the integrated Crop Protection and Seeds product offers and related commercial reorganization, \$4 million for information system projects, \$4 million to restructure the integrated Research and Development function, \$2 million to restructure the Human Resource organization and \$2 million for legal entity rationalization projects.

Operational efficiency programs

The operational efficiency restructuring programs announced in 2004 and 2007 are substantially complete. The final expenditures of \$18 million in 2014 largely relate to the rollout of standardized and outsourced human resource support services.

Acquisition and related integration costs

Cash costs of \$27 million include \$21 million incurred to integrate previous acquisitions, mainly Devgen, MRI, PSB, and the German and Polish winter wheat and oilseed rape breeding and business operations of Lantmännen. A further \$6 million consists of transaction costs, including those related to uncompleted transactions. Reversal of inventory step-up relates to the MRI and PSB acquisitions. The inventory acquired with these businesses was valued at its fair value less costs to sell, which was higher than its production cost, hence the reversal of this adjustment on the sale of this inventory increased cost of goods sold.

Other non-cash restructuring

Other non-cash restructuring consists of \$20 million of fixed asset impairments, including \$14 million for plant & machinery in Brazil and Canada due to significant changes in production processes and \$6 million for development costs of major plant expansion projects that were subsequently aborted, and \$4 million for the impairment of loan notes related to strategic venture capital investments.

2013

Integrated crop strategy programs

Cash costs of \$60 million included \$27 million of charges for consultancy and advisory services, re-training of employees and project management, \$17 million for information system infrastructure projects, \$8 million for legal

entity merger projects to combine former Seeds and Crop Protection legal entities, \$6 million to restructure the Research and Development function and \$2 million for on-going integration of marketing and sales operations, mainly in Europe.

Operational efficiency programs

Operational efficiency cash costs of \$33 million included \$18 million related to the completion of the projects to standardize and consolidate global back office operations, \$9 million for restructuring projects in the Flowers business and \$6 million for various projects including restructuring at the corporate headquarters and outsourcing of human resources support. Non-cash impairment costs consisted of exceptional inventory write-downs made in connection with a restructuring of the Flowers product range to simplify the business and eliminate unprofitable varieties.

Acquisition and related integration costs

Cash costs of \$30 million included \$23 million to integrate previous acquisitions, mainly Devgen, Sunfield and Pasteuria, and \$7 million of transaction charges, including those related to uncompleted transactions.

As part of the Greenleaf acquisition in 2010, Syngenta reacquired exclusive licensing rights that it had previously granted to Greenleaf. In accordance with IFRS, the reacquired rights have been recognized as an intangible asset and were being amortized over the remaining term of the original license contract, 3 years.

Divestment losses related to the 2013 divestment of the Dulcinea vegetables business and the sale of an unused site in North America, as well as closing adjustments to the fair value of the consideration on the 2012 divestments of the Syngenta Horticultural Services business and the Fafard peat unit.

Other non-cash restructuring

Other non-current asset impairments included \$12 million for the impairment of a financial asset and \$23 million of intangible asset impairments. Intangible asset impairments included \$16 million to impair product rights acquired with the Devgen acquisition, which will not be used in Syngenta and for which no buyer was found, \$6 million for the impairment of a trademark, phased out during 2013, and another small impairment.

Financial expense, net

Financial expense, net increased to \$217 million in 2014 from \$200 million in 2013. Net currency losses in 2014 of \$139 million were \$5 million higher than 2013 and reflected higher costs of hedging due to currency volatility in Ukraine, Russia and Argentina as well as in other emerging markets. Other financial expenses were \$13 million higher than 2013 mainly due to higher bank transaction taxes in Argentina. Net interest expense of \$43 million in 2014 was similar to 2013.

Taxes

The Swiss statutory tax rate applicable to Syngenta remained flat for 2014 at 22 percent. Syngenta's effective tax rate in 2014 was 14 percent, 1 percent lower than the 15 percent effective tax rate for 2013. Income taxed at different rates reduced the effective tax rate by 4 percent in 2014 (7 percent in 2013), with a lower weighting of income subject to a lower tax rate, including in Switzerland where certain intellectual property income is subject to tax at a reduced rate. Tax deductions for amortization and impairments not recognized for IFRS reduced the tax rate by 3 percent (1 percent in 2013) due to the impairment of the shares held by group companies in a subsidiary resulting from a decrease in the value of the subsidiary as determined under local GAAP. Non-recognition of deferred tax assets increased the tax rate by 3 percent (1 percent in 2013) mainly due to deferred tax assets in parts of Latin America and the CIS where the criteria for recognizing deferred tax assets are not met because of local currency weakness and weak economic conditions.

The tax rate on restructuring and impairment was 18 percent in 2014, compared with 22 percent for 2013 due to the different mix of gains and losses included in the net charge over the period and the varying tax treatments applied in different countries. Future rates applicable to restructuring and impairment will be dependent on the nature and size of the charges and may vary from year to year.

Net income for the period and other supplementary income data

Net income attributable to Syngenta shareholders in 2014 was \$1,619 million, 2 percent lower than the 2013 amount of \$1,644 million with, at constant exchange rates, higher sales and slightly improved gross profit margins offset by the adverse impact of emerging market exchange rates and increased restructuring and impairment charges; the aggregate gain recognized on changes to the UK and Netherlands pension plans in 2014 was broadly matched by the gain from an amendment to the Swiss pension plan in 2013 plus higher employee incentive costs in 2014 than the low level in 2013.

After related taxation, restructuring and impairment charges in 2014 were \$168 million compared with \$141 million in 2013 due to costs related to the new restructuring program announced in early 2014 to drive further improvement in operating income margins and accelerate delivery of operational leverage as sales grow.

Results of operations

2013 compared with 2012

Sales commentary

Syngenta's consolidated sales for 2013 were \$14,688 million, compared with \$14,202 million in 2012, a 3 percent increase year on year. At constant exchange rates sales grew by 5 percent. The analysis by segment is as follows:

(\$m, except change %)											Change	
Segment	2013	2012	Volume %	Local price					Currency %	Actual %		
				%			CER %					
Europe, Africa and Middle East	4,223	3,974	5	%	2	%	7	%	-1	%	6	%
North America	3,848	3,931	-3	%	1	%	-2	%	0	%	-2	%
Latin America	3,991	3,713	6	%	4	%	10	%	-3	%	7	%
Asia Pacific	1,935	1,827	10	%	1	%	11	%	-5	%	6	%
Total integrated	13,997	13,445	4	%	2	%	6	%	-2	%	4	%
Lawn and Garden	691	757	-8	%	1	%	-7	%	-2	%	-9	%
Group sales	14,688	14,202	3	%	2	%	5	%	-2	%	3	%

Europe, Africa and Middle East

Sales increased by 6 percent, 7 percent at constant exchange rates as volume increased by 5 percent and local currency sales prices increased by 2 percent. A strong first quarter was followed by a cold spring, which reduced the number of crop protection applications. In France, sales increased due to particularly strong Selective herbicides growth and also growth in Fungicides and cereals seeds, which more than offset lower Insecticides and Seed care sales. The intensification of agriculture in the CIS combined with Syngenta's strong market position there, notably in sunflower, led to strong growth with all product lines experiencing year on year growth. Sales in the emerging markets of South East Europe also grew strongly with broad-based growth across the portfolio and the introduction of new offers. Sales increased in both Iberia and Italy reflecting their recovery from the drought and some relief from the economic constraints experienced in 2012.

North America

Sales decreased by 2 percent mainly due to the non-recurrence in 2013 of royalty income of \$256 million recognized in 2012 for the 604 corn rootworm trait. Excluding the impact of these royalties, sales grew 5 percent despite a delayed planting season caused by cold weather. Sales of Crop Protection products grew by 7 percent led by Seed care, reflecting a successful launch of VIBRANCE® on cereals, canola and soybean. Selective herbicides volume grew, augmented by increased concern over glyphosate-resistant weeds. Wet conditions in parts of the USA resulted in reduced insect pressure and, consequently, lower Insecticide sales. Seeds sales were 18 percent lower due to the lower royalties and to disrupted supply conditions in corn seed for the 2013 North American planting season following the drought in the seed production season in 2012, but in the second half of the year were more than 10 percent higher than the comparable 2012 period.

Latin America

Sales increased by 7 percent, 10 percent at constant exchange rates as volume increased by 6 percent and local currency sales prices increased by 4 percent. Growth was driven largely by Brazil, where a resilient soybean price in

2013 and the depreciation of the Brazilian real underpinned grower profitability. An expansion of herbicide tolerant crops and a shortage of glyphosate supply from competitors led to strong growth in sales of the non-selective herbicide TOUCHDOWN®. Sales growth in Insecticides, notably DURIVO®, and in Seed care, notably CRUISER® and CELEST®, more than offset decreased sales of Fungicides, where lower sales reflected a delayed registration of Syngenta's new ELATUS™ fungicide in Brazil, which was launched in 2014. Crop Protection sales in sugar cane experienced strong growth despite a difficult environment in the ethanol market. In Seeds, Soybean sales grew significantly with the launch of Syngenta's first variety for the largest maturity group segment in Brazil. Corn seed sales were lower in Brazil due to reduced planted acreage. In Latin America South, Seeds growth was driven primarily by Corn, with sales benefiting from both new trait combinations and the leveraging of the combined field force. Sales in Venezuela were reduced due to credit risk concerns.

Asia Pacific

Sales increased by 6 percent, 11 percent at constant exchange rates as volume increased by 10 percent, particularly strong in ASEAN, South Asia and China and local currency sales prices increased by 1 percent. Volume growth was led by fungicide and corn seed sales in emerging markets. In Crop Protection products, growth was led by further adoption of Fungicides in emerging markets and higher sales of Herbicides and Seed care. China experienced broad-based growth, notably from increased sales of the fungicide AMISTAR® following its new launch on rice. In ASEAN countries, rice sales benefited from continued grower adoption of technology and GROMORE™ protocols. In Seeds, sales growth was led by Corn and Rice. In South Asia strong demand for corn, vegetables and cereals was augmented by an early monsoon season. Sales of Rice more than doubled mainly reflecting the acquisition of Devgen as well as the continued adoption of the TEGRA® program. The developed markets of the region experienced moderate sales growth.

Lawn and Garden: major brands ICON®, GOLDFISCH®, GOLDSMITH SEEDS, YODER®, SYNGENTA FLOWERS

Lawn and Garden sales were 9 percent lower than 2012, 7 percent at constant exchange rates, due to the full year impact of businesses divested in 2012. Excluding the impact of acquisitions and divestments, sales increased by 5 percent at constant exchange rates, driven by a strong performance in Turf, landscape and professional pest management.

Sales by product line are set out below:

(\$m, except change %)

(\$m, except change %)					Change							
Product line	2013	2012	Volume %	Local price		CER %		Currency %		Actual %		
				%	%	%	%	%	%			
Selective herbicides	3,051	2,939	3	%	2	%	5	%	-1	%	4	%
Non-selective herbicides	1,545	1,246	11	%	15	%	26	%	-2	%	24	%
Fungicides	3,035	3,044	2	%	-1	%	1	%	-1	%	0	%
Insecticides	1,912	1,841	7	%	0	%	7	%	-3	%	4	%
Seed care	1,228	1,107	13	%	-1	%	12	%	-1	%	11	%
Other crop protection	152	141	6	%	3	%	9	%	-1	%	8	%
Total Crop Protection	10,923	10,318	6	%	2	%	8	%	-2	%	6	%
Corn and soybean	1,654	1,836	-11	%	3	%	-8	%	-2	%	-10	%
Diverse field crops	842	719	14	%	4	%	18	%	-1	%	17	%
Vegetables	708	682	1	%	4	%	5	%	-1	%	4	%
Total Seeds	3,204	3,237	-2	%	3	%	1	%	-2	%	-1	%
Elimination*	(130)	(110)	n/a		n/a		n/a		n/a		n/a	
Total integrated	13,997	13,445	4	%	2	%	6	%	-2	%	4	%
Lawn and Garden	691	757	-8	%	1	%	-7	%	-2	%	-9	%
Group sales	14,688	14,202	3	%	2	%	5	%	-2	%	3	%

* Crop Protection sales to Seeds

Crop Protection

Selective herbicides: major brands AXIAL®, CALLISTO® family, DUAL MAGNUM®, BICEP® II MAGNUM, FUSILADE®MAX, TOPIK®

Sales increased by 4 percent, 5 percent at constant exchange rates as volume increased by 3 percent and local currency sales prices were increased by 2 percent. Corn herbicides grew strongly led by CALLISTO® in the USA, with increased usage as part of weed resistance management offers, and by AXIAL® for cereals, which continued to expand in Europe, particularly in France, and maintained positive momentum in North America. Sales of BICEP® II MAGNUM also grew strongly in the CIS and France.

Non-selective herbicides: major brands GRAMOXONE®, TOUCHDOWN®

Sales increased by 24 percent, 26 percent at constant exchange rates as volume increased by 11 percent and local currency sales prices were increased by 15 percent. Growth was driven mainly by TOUCHDOWN® where strong demand and shortage of supply, particularly in Brazil, helped drive significant volume and price gains. Sales of GRAMOXONE® were also higher with increased demand leading to double digit growth in Asia Pacific and Brazil.

Fungicides: major brands ALTO®, AMISTAR®, BRAVO®, ELATUS™, REVUS®, RIDOMIL GOLD®, SCORE®, SEGURIS®, TILT®, UNIX®

Sales were flat year on year, but increased by 1 percent at constant exchange rates as a 2 percent volume increase was partially offset by a 1 percent decrease in local currency sales prices. The main contribution to growth came from SEGURIS®, a new SDHI fungicide for cereals, for which sales almost tripled. Sales of AMISTAR® Technology declined slightly overall, with lower sales particularly in Latin America, but grew by more than 20 percent in Asia Pacific, with a new launch on rice in China and rapid adoption in the ASEAN countries, and in Canada in the potato and cereals market. Sales in Brazil were held back by the delay of the registration for ELATUS™ into 2014.

Insecticides: major brands ACTARA®, DURIVO®, FORCE®, KARATE®, PROCLAIM®, VERTIMEC®

Sales increased by 4 percent, 7 percent at constant exchange rates due to volume growth; local currency sales prices were flat year on year. The largest contributor to growth was the new product DURIVO®, which grew in all regions and overall by over 40 percent. Growth was strongest in Latin America, where growth accelerated in the fourth quarter with continued technology adoption and high insect pressure in Brazil; sales also grew in Asia Pacific. Sales of ACTARA® were lower, but flat at constant exchange rates, as low insect pressure in the USA resulted in reduced sales volume there.

Seedcare: major brands AVICTA®, CRUISER®, DIVIDEND®, CELEST®/MAXIM®, VIBRANCE®

Sales increased by 11 percent, 12 percent at constant exchange rates as volume increased by 13 percent and local currency sales prices decreased by 1 percent. Growth was led by VIBRANCE®, based on the SDHI fungicide sedaxane, which was successfully launched on several crops globally, with the most significant contributions coming from Canada and the USA. Sales of CRUISER® increased as continued strong growth in demand in Latin America and Asia Pacific more than offset a decline in Europe due to the EU suspension in December 2013 of neonicotinoid registrations.

Seeds

Corn and soybean: major brands AGRISURE®, GOLDEN HARVEST®, NK®

Sales decreased by 10 percent, 8 percent at constant exchange rates as volume decreased by 11 percent and local currency sales prices were increased by 3 percent. The decrease was due to the non-recurrence in 2013 of the \$256 million milestone royalties earned in 2012 described above. Excluding the impact of these royalties, sales at constant exchange rates grew by seven percent. Sales in the USA were also affected by constrained supply following an exceptional drought in 2012. In corn, non-GM hybrids drove growth in ASEAN, where sales were up by over 40 percent, and in the CIS, and further acceptance of Syngenta's leading traits in Latin America led to higher sales there. In soybean, lower US sales were offset by a strong increase in Brazil, with acreage expansion and the introduction of Syngenta's first variety for the largest maturity group segment in Brazil.

Diverse field crops: major brands NK® oilseeds, HILLESÖG® sugar beet

Sales increased by 17 percent, 18 percent at constant exchange rates as volume increased by 14 percent and local currency sales prices were increased by 4 percent. Growth was led by sunflower in the CIS and South East Europe and reflected strong market recognition for Syngenta's hybrids as well as favorable spring crop conditions. Sales of sugar beet were lower due to a reduction in overall area planted. Rice sales in Asia Pacific more than doubled mainly reflecting the acquisition of Devgen, as well as the continued adoption of the TEGRA® program.

Vegetables: major brands ROGERS®, S&G®

Sales increased by 4 percent, 5 percent at constant exchange rates as volume increased by 1 percent and local currency sales prices were increased by 4 percent. A gradual improvement in developed markets was accompanied by rapid growth in the emerging markets of Africa Middle East and in Latin America, where demand for Syngenta's broccoli and tomato seeds was particularly high.

Operating income

Variances in the tables below reflect the profit impact of changes year on year. For example, an increase of sales or a decrease in costs is a positive variance and a decrease in sales or increase in costs is a negative variance.

Group Operating Income (\$m, except change %)	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment ¹		Change before restructuring and impairment ¹			
	2013	2012	2013	2012	2013	2012	Actual %		CER%	
Sales	14,688	14,202	–	–	14,688	14,202	3	%	5	%
Cost of goods sold	(7,986)	(7,223)	–	(7)	(7,986)	(7,216)	-11	%	-13	%
Gross profit	6,702	6,979	–	(7)	6,702	6,986	-4	%	-3	%
as a percentage of sales	46%	49%	–		46%	49%				
Marketing and distribution	(2,394)	(2,423)	–	–	(2,394)	(2,423)	1	%	-1	%
Research and development	(1,376)	(1,257)	–	–	(1,376)	(1,257)	-9	%	-11	%
General and administrative	(846)	(1,043)	(179)	(258)	(667)	(785)	15	%	6	%
Operating income	2,086	2,256	(179)	(265)	2,265	2,521	-10	%	-12	%
as a percentage of sales	14%	16%			15%	18%				

Operating Income/(Loss) (\$m, except change %)			
	2013	2012	Change %
Europe, Africa and Middle East	1,430	1,275	12 %
North America	1,047	1,337	-22 %
Latin America	1,015	970	5 %
Asia Pacific	534	493	8 %
Non-regional	(2,037)	(1,858)	-10 %
Total integrated	1,989	2,217	-10 %
Lawn and Garden	97	39	148 %
Group	2,086	2,256	-8 %

The two tables above do not represent income statements prepared under IFRS. Please refer to the information reported in the consolidated financial statements in Item 18.

1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description.

Overall Group operating income

Operating income declined by 8 percent to \$2,086 million due to the recording in 2012 of \$256 million guaranteed minimum royalty income for the 604 corn rootworm trait noted above, which was not repeated in 2013. Otherwise, sales growth and lower restructuring charges were offset by higher cost of goods sold, particularly in Seeds products, and research and development costs. The ratio of operating income to sales decreased by 1.7 percentage points due to a lower gross profit margin; the non-recurring 604 corn rootworm trait royalty income increased gross profit margin in 2012 by 0.9 percentage points.

Sales grew by 3 percent, 5 percent at constant exchange rates with sales volumes 3 percent higher from increases in all regions except North America, where sales decreased due to the non-recurring royalty income in 2012 described above; Lawn and Garden sales were lower due to the 2012 business divestments. Overall local currency sales prices were 2 percent higher. The 2012 royalty income reduced reported volume growth by 2 percent and the 2012 divestments by 1 percent. Exchange rate movements reduced sales by 2 percent, particularly due to a weaker Brazilian real and currencies in Asia Pacific and Eastern Europe. Gross profit margin decreased by 3.5 percentage points, with local currency sales price increases offset by the impact of the above mentioned royalties, an exceptional \$170 million inventory provision largely related to North America corn seeds, \$175 million increased seeds production costs and adverse product mix. Marketing and distribution costs decreased by 1 percent, but were 1 percent higher at constant exchange rates, with increased expenditures to support sales growth in Latin America, increased charges for doubtful receivables and emerging market cost inflation offset by savings delivered under the restructuring programs and lower employee incentive costs. Research and development expense increased by 9 percent, 11 percent at constant exchange rates, with increased expenditures on biological assessment and biotechnology. Research and development expense was 9.4 percent of sales. General and administrative was 19 percent lower than 2012, 15 percent excluding restructuring and impairment. General and administrative is reported net of the result of currency hedging programs, which in 2013 was a net loss of \$4 million compared with a net loss of \$61 million in 2012. At constant exchange rates, General and administrative excluding restructuring and impairment was 6 percent below 2012. Costs in 2013 included lower staff incentives and were net of a gain recognized following changes to the Swiss pension plan; costs in 2012 included an \$80 million charge for the settlement of the Holiday Shores / City of Greenville litigation offset by an actuarial gain following changes to US post-retirement healthcare provisions of approximately \$50 million and a gain related to the Pasteuria acquisition described in Note 3 to the consolidated financial statements in Item 18. Restructuring and impairment, including the portion recorded in Cost of goods sold, decreased by \$86 million in 2013 to \$179 million, with lower restructuring charges on both the Operational Efficiency and Integrated Crop Strategy programs and lower divestment losses.

Excluding the impact of hedging, the adverse impact on sales of a weaker Brazilian real and currencies in Asia Pacific and Eastern Europe versus the US dollar in 2013 was broadly offset by the impact on costs. Taken together with the \$57 million favorable variance in the net hedging result from Syngenta's EBITDA program, the overall impact of exchange rate movements on operating income compared with 2012 was a favorable \$55 million.

Operating income by segment

Europe, Africa and
Middle East

Total as reported under IFRS