SYNGENTA AG
Form 20-F
February 16, 2017

As filed with the Securities and Exchange Commission on February 16, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

o **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE**

SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2016

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE**

SECURITIES EXCHANGE ACT OF 1934

OR

o **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)

Schwarzwaldallee 215, 4058 Basel, Switzerland

(Address of principal executive offices)

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Syngenta International AG

P.O. Box

CH-4002 Basel, Switzerland

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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.
92,578,149 Common shares, nominal value CHF 0.10 each

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

x Yes o 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.

o Yes x 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.

x Yes o 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).

o Yes o 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 x **Accelerated filer** o **Non-accelerated filer** o

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

U.S. GAAP o	**International Financial Reporting Standards as issued by the International Accounting Standards Board** x	**Other** o

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).

o Yes x 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 AstraZeneca 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 risks associated with the proposal by China National Chemical Corporation (“ChemChina”) to acquire Syngenta;

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- 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 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 the vote in the UK to exit the European Union;
- 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

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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 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, Lantmännen SW Seed Hadmersleben GmbH, Lantmännen SW Seeds GmbH and SW Winter Oilseed AB from July 21, 2014 and Land.db Enterprises Inc. from October 15, 2015. For further information about 2015 and 2014 acquisitions, see Note 3 to the consolidated financial statements in Item 18.

Financial highlights

	Year ended December 31,				
($m, except where otherwise stated)	2016	2015	2014	2013	2012
Amounts in accordance with IFRS					
Income statement data:					
Sales	12,790	13,411	15,134	14,688	14,202
Cost of goods sold	(6,507)	(7,042)	(8,192)	(7,986)	(7,223)
Gross profit	6,283	6,369	6,942	6,702	6,979
Operating expenses	(4,636)	(4,528)	(4,837)	(4,616)	(4,723)
Operating income	1,647	1,841	2,105	2,086	2,256
Income before taxes	1,361	1,592	1,895	1,934	2,116
Net income	1,181	1,344	1,622	1,649	1,850
Net income attributable to Syngenta AG shareholders	1,178	1,339	1,619	1,644	1,847
Number of shares – basic	92,020,494	91,908,128	91,674,127	91,952,222	91,644,190
Number of shares – diluted	92,092,649	92,206,535	92,007,089	92,459,306	92,132,922
Basic earnings per share ($)	12.80	14.57	17.66	17.88	20.16
Diluted earnings per share ($)	12.79	14.52	17.60	17.78	20.05
Cash dividends paid:					
Swiss franc (“CHF”) per share	11.00	11.00	10.00	9.50	8.00
$ per share equivalent	11.32	11.73	11.25	10.01	8.82
Cash flow data:					
Cash flow from operating activities	1,807	1,190	1,931	1,214	1,359
Cash flow used for investing activities	(521)	(462)	(729)	(772)	(1,218)
Cash flow used for financing activities	(1,134)	(1,188)	(420)	(1,114)	(232)
Capital expenditure on tangible fixed assets	(425)	(453)	(600)	(625)	(508)
Balance sheet data:					
Current assets less current liabilities	5,089	5,537	4,858	3,990	4,537
Total assets	19,068	18,977	19,929	20,216	19,438
Total non-current liabilities	(4,830)	(4,896)	(4,317)	(3,356)	(4,226)
Total liabilities	(11,097)	(10,557)	(11,024)	(10,712)	(10,653)
Share capital	(6)	(6)	(6)	(6)	(6)
Total shareholders’ equity	(7,950)	(8,401)	(8,889)	(9,491)	(8,774)
Other supplementary income data:					
Diluted earnings per share from continuing operations, excluding restructuring and impairment ($)[1]	17.03	17.78	19.42	19.30	22.03

All activities were in respect of continuing operations.

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Note

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 analyzing and preparing for potential industry consolidation transactions, including costs associated with the ChemChina Tender Offer, as well as 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 2016, 2015 and 2014 are analyzed in Note 6 to the consolidated financial statements in Item 18. In 2016, Diluted earnings per share from continuing operations, excluding restructuring and impairment also excludes the incremental effect of applying cash-settled share based payment accounting due to the share plan amendments related to the ChemChina Tender Offer described in Note 3 to the consolidated financial statements in Item 18.

Restructuring for 2013 and 2012 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 2012 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.

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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 speed in discovering, developing and protecting new technologies and bringing related products to market is a significant competitive advantage and research undertaken by competitors may lead to the launch of competing or improved products. Failure to predict and respond effectively to this competition could cause the Company’s existing, new or candidate products to become less competitive, adversely affecting sales.

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.

Legislation encouraging or discouraging the planting of specific crops can also harm Syngenta’s sales. For example, concern and claims that increased use of glyphosate-based herbicides or biotechnology traits increases the potential for the development of glyphosate-resistant weeds or pests resistant to Syngenta’s traits could result in restrictions on the use of glyphosate-based herbicides or seeds containing Syngenta’s traits or otherwise reduce Syngenta’s sales.

In addition, Syngenta's regulatory compliance could be affected by the detection of low level presence of biotechnology traits in conventional seed or products produced from such seed. Furthermore, the detection of biotechnology traits or crop protection residue level exceedances in the country of cultivation or import may affect Syngenta's ability to supply product, could affect exports of products produced or result in crop destruction or product recalls.

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.

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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, most notably customers and suppliers in Brazil and other parts of Latin America, which are experiencing 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. See also "Syngenta will likely incur additional debt in connection with the ChemChina Tender Offer".

Significant declines in asset prices, discount rates 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 participates in an industry that is highly competitive and undergoing consolidation, which could increase competitive pressures

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, certain products are coming off patent and are thus available to generic manufacturers for production and commercialization. As a result, Syngenta anticipates that it will continue to face significant competitive challenges.

The agribusiness industry has a long history of consolidation, and further consolidation is ongoing and is likely to occur, such as the proposed acquisition of Monsanto Co by Bayer AG and the proposed merger of El du Pont de Nemours & Co and The Dow Chemical Co, which may intensify competition for Syngenta. Syngenta's competitive position could suffer to the extent it is not able to expand its own resources either through consolidations, acquisitions, joint ventures or partnerships. For information on a proposal by ChemChina to acquire 100 percent of the ordinary shares of Syngenta AG through a tender offer to shareholders, see History and Development of the Company in Item 4 and Note 3 to the consolidated financial statements in Item 18. In the future, Syngenta may not be able to find suitable companies to combine with, assets to purchase or joint venture or partnership opportunities to pursue. Even if Syngenta is able to identify desirable opportunities, it may not be able to enter into transactions on economically acceptable terms. If Syngenta does not successfully participate in continuing industry consolidation, its ability to compete successfully could be adversely affected and result in the loss of customers or an uncompetitive cost structure, which could adversely affect its sales and profitability.

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 or, in exceptional cases, longer. 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. Please see Notes 2, 19 and 25 to the consolidated financial statements in Item 18 for further information about Syngenta's environmental provisions and the assumptions used to measure the liabilities.

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 ensure that unauthorized parties do not obtain access to and use such property.

In some countries the enforcement of intellectual property rights could become more challenging. In the area of plant related inventions some governments have signaled considerations to weaken intellectual property rights and related value capture systems. These developments could adversely affect Syngenta’s income from genetic technology and seeds.

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.

In addition, because of the rapid pace of technological change, the confidentiality of patent applications in some jurisdictions and/or the uncertainty in predicting the outcome of complex proceedings relating to ownership or protection scope of patents relating to certain emerging technologies, competitors may be issued patents unexpected by Syngenta. These patents could reduce the value of Syngenta’s commercial or pipeline products or, to the extent they cover key technologies on which Syngenta has unknowingly relied, require that Syngenta seek to obtain licenses or cease using the technology, no matter how valuable to our business. Syngenta cannot assure it would be able to obtain such a license on acceptable terms.

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, or may impact Syngenta’s ability to attract and retain key talent. 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 China National Chemical Corporation tender offer and related matters could cause disruptions to Syngenta's business or business relationships, or otherwise have an adverse impact on it

On February 2, 2016, Syngenta entered into a definitive agreement (the "Transaction Agreement") with ChemChina and China National Agrochemical Corporation, pursuant to which ChemChina agreed to cause a newly-incorporated company that is directly or indirectly controlled by ChemChina (the "Offeror") to submit a tender offer for all publicly held ordinary shares of Syngenta and American Depositary Shares ("ADSs") of Syngenta issued by the Bank of New York Mellon as depositary (the "ChemChina Tender Offer"). Under the terms of the Transaction Agreement, which was unanimously approved by Syngenta's Board of Directors, the Offeror will offer the shareholders of Syngenta $465 per ordinary share, to be paid in cash, plus allow a special dividend of CHF 5 to be paid by Syngenta once the ChemChina Tender Offer is unconditional and prior to its first settlement. For more details on the ChemChina Tender Offer, see Item 4. Information on the Company—History and Development of the Company—Investments and Divestments, Item 5. Operating and Financial Review and Prospects—Trend and Outlook—ChemChina Tender Offer, and Note 3 to the consolidated financial statements in Item 18. The Transaction Agreement, the ChemChina Tender Offer, and related matters could cause disruptions to Syngenta's business or business relationships, or otherwise have an adverse impact on it.

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For example:

- The attention of Syngenta's management may be directed to ChemChina Tender Offer-related considerations and may be diverted from day-to-day operations of Syngenta's business.

- Syngenta's employees or potential employees may experience uncertainty about their future roles with Syngenta, which might adversely affect Syngenta's ability to retain and hire key personnel and other employees.

- Customers, suppliers or other parties with which Syngenta maintains business relationships may seek alternative relationships with third parties or seek to alter their business relationship with Syngenta.

- Syngenta has incurred, and will likely continue to incur, costs, expenses and fees for professional services and other transaction-related costs.

- Syngenta may be subject to legal or regulatory proceedings in connection with the ChemChina Tender Offer. Following the announcement of merger proposals, securities class action litigation is often brought against a company and its board of directors. Similar lawsuits may be filed against Syngenta related to the ChemChina Tender Offer and, if successful, could prevent the ChemChina Tender Offer from being completed within the expected timeframe or at all.

- Syngenta may experience a downgrade in its credit ratings as a result of the ChemChina Tender Offer, and any such downgrade could limit its ability to access or increase its costs of accessing funds in the debt and capital markets.

- Regulatory authorities who are still considering the ChemChina Tender Offer may impose conditions which require Syngenta to divest as yet unspecified parts of its existing business, including property, plant and equipment, inventories and product rights recognized as assets in the consolidated balance sheet at December 31, 2016. The proceeds that Syngenta can obtain from the disposal of any such items may not be sufficient to cover the full future value of the divested business to Syngenta or the carrying amount of the associated assets. This could lead to Syngenta reporting reduced sales in future periods and to recognition of additional asset impairments or divestment losses in future periods. Also, in prior years, Syngenta entered into certain agreements which give the respective counterparties early termination rights on a change of control of Syngenta. Syngenta has recognized payments made under certain of these agreements as intangible assets. Exercise of termination rights on change of control could also result in Syngenta reporting reduced sales, additional asset impairments or amortization expense in future periods. While Syngenta does not currently expect the amounts associated either with regulatory mandated divestments or counterparty termination to have a material impact on its results of operations or financial position, it cannot reasonably determine the assets impacted (if any) or estimate the amounts of such expenses and losses until it is informed of the decisions of the regulatory authorities or its counterparties, respectively.

Syngenta can provide no assurance that the ChemChina Tender Offer will be consummated or consummated in the timeframe or manner currently anticipated

There are a number of conditions to the ChemChina Tender Offer. In particular, the offer is contingent upon acceptance by shareholders and holders of ADSs owning in aggregate 67 percent of Syngenta's issued shares (including shares represented by ADSs) and the fulfilment of all necessary regulatory approvals, and Syngenta cannot provide assurance that either will occur. If the ChemChina Tender Offer is not completed, the price of Syngenta's ordinary shares may change to the extent that the current market price of Syngenta's ordinary shares may reflect an assumption that the ChemChina Tender Offer will be consummated. Pending the closing of the ChemChina Tender Offer, the Transaction Agreement also restricts Syngenta from engaging in certain actions without ChemChina's consent, which could prevent Syngenta from pursuing opportunities that may arise prior to the closing of the ChemChina Tender Offer. Any delay in closing or a failure to close could have a negative impact on Syngenta's business and stock price as well as its relationships with its customers, vendors or employees, as well as a negative impact on Syngenta's market position and ability to pursue alternative strategic transactions and/or its ability to implement alternative business plans, particularly in light of currently on-going industry consolidation and business combinations. See "Syngenta participates in an industry that is highly competitive and undergoing consolidation, which could increase competitive pressures".

In addition, if the ChemChina Tender Offer is not successful or does not become unconditional under certain circumstances, including, among others, for a reason attributable to (i) a material breach by Syngenta of the Transaction Agreement, (ii) the withdrawal or modification by Syngenta's Board of Directors of its recommendation for the ChemChina Tender Offer contemplated in the Transaction Agreement, (iii) the entry by Syngenta into, or the recommendation by its Board of, an alternative transaction or (iv) the public announcement of an alternative transaction prior to the termination of the Transaction Agreement and Syngenta entering into a definitive agreement relating to such alternative transaction within 12 months of such termination and such alternative transaction being consummated, Syngenta may be required to pay a termination fee of $848 million. Additionally or alternatively, Syngenta may incur significant legal fees if a claim to payment of such termination fee is made which Syngenta in its reasonable judgment considers to be without merit and disputes, resulting in the claim being litigated and Syngenta requiring to defend its position in the litigation. Syngenta may be unable to recover those legal fees from the claimant regardless of whether or not Syngenta prevails in the litigation.

Syngenta will likely incur additional debt in connection with the ChemChina Tender Offer

In connection with the ChemChina Tender Offer, Syngenta will likely incur additional indebtedness as part of ChemChina's financing of the acquisition, although the amount may be limited as described under "Item 5. Operating and Financial Review and Prospects—Trend and Outlook—ChemChina Tender Offer." Syngenta's ability to pay or to refinance such indebtedness will depend upon its future operating performance, which will be affected by general economic, financial, competitive, legislative, regulatory, business and other factors beyond its control. See "Item 5. Operating and Financial Review and Prospects—Liquidity and capital resources." A higher amount of indebtedness may impair Syngenta's ability to obtain additional financing and pursue business opportunities, weaken Syngenta's short- and long-term credit ratings, increase Syngenta's vulnerability to general economic and industry conditions and place it at a competitive disadvantage to competitors who are not as highly leveraged.

In addition, certain of Syngenta's existing debt could be subject to repayment upon a change of control. If Syngenta is unable to refinance any such debt obligations, it could be in default under the terms of the agreements governing such indebtedness, and the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest. For further details of the impact a change of control could have on Syngenta's financial debt see Note 3 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 2016, which included subjecting the assumptions used in the testing to a sensitivity analysis, Syngenta recorded impairments of intangible assets totaling $65 million. Otherwise, Syngenta has concluded that no material intangible assets are impaired at December 31, 2016. 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.

Adverse outcomes in legal proceedings could subject Syngenta to substantial damages and adversely affect Syngenta's results of operations and profitability

From time to time, Syngenta has been involved in lawsuits concerning intellectual property, biotechnology, torts, contracts, antitrust allegations and other matters, as well as governmental inquiries and investigations. Pending and future lawsuits and governmental inquiries and investigations may have outcomes that may be significant to Syngenta's results of operations in the period recognized or limit Syngenta's ability to engage in its business activities.

In addition, 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. Syngenta has recorded reserves for potential liabilities where it believes the liability to be probable and reasonably estimable. However, actual costs may be materially different from this estimate. The degree to which Syngenta may ultimately be responsible for the particular matters reflected in the reserve is uncertain. While a global insurance program is in place, a substantial product liability, personal injury claim or other legal proceeding 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 frequently attempt to influence and in some cases litigate against 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 changes 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 and/or unstable political environments. 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.

Hedging, even where possible at an economic cost, is generally only able to delay the impact of currency exchange rate fluctuations or commodity price changes.

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 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 23 percent of Syngenta's purchases in 2016 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, facilities and fleet management, telecommunications and finance transaction processing. Although 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, 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.

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 Iran and 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.

The vote in the UK to exit the European Union could adversely affect Syngenta

Sales in the UK are not a significant percentage of total Syngenta sales, but Syngenta houses large research and manufacturing sites in the UK and accordingly has a large exposure to the British pound sterling. On June 23, 2016, voters in the UK voted in favor of exiting the European Union in a national referendum, following which the British pound sterling depreciated against most major currencies. At this time, Syngenta is not able to predict the impact that this vote will have on the economy in Europe, including in the UK, or on the British pound sterling or other European exchange rates. Weakening of economic conditions or economic uncertainties tend to harm Syngenta's business, and if such conditions emerge in the UK or in the rest of Europe, they may have a material adverse effect on Syngenta's results of operations, financial position and cash flows from the Europe, Africa and Middle East region.

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, Cost of goods sold 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 following the release of OECD catalogue of recommended actions under the BEPS initiative (Base Erosion and Profit Shifting) are expected to increasingly require companies to provide greater transparency on the allocation 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. Also, the Swiss Federal government had proposed changes to align Swiss corporate taxation with international recommendations but voters in Switzerland voted against those proposals in a national referendum on February 12, 2017. As a result, uncertainty will continue about the future level of Swiss corporate income taxes that may apply to Syngenta until revised proposals are put forward and gain acceptance. 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. Like most major corporations, Syngenta is the target of cyber-attacks from time to time. To date, Syngenta has not experienced any material financial impact, changes in the competitive environment or business operations that it attributes to these attacks.

Although Syngenta’s management does not believe that Syngenta has experienced any material losses to date related to security breaches, including cybersecurity incidents, there can be no assurance that it will not suffer such losses in the future. Syngenta actively manages the risks within its control that could lead to business disruptions and security breaches. As these threats continue to evolve, particularly around cybersecurity, Syngenta may be required to expend significant resources to enhance its control environment, processes, practices and other protective measures. Despite these efforts, such events and 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 American Depositary Shares (“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, including the ChemChina Tender Offer and related matters, 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 AstraZeneca 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, 2016, 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, 2016, 2015 and 2014 is included in Item 5 and in Note 3 to the consolidated financial statements in Item 18.

As of March 23, 2016, CNAC Saturn (NL) B.V. (“the Offeror”), a subsidiary of China National Chemical Corporation, a state-owned enterprise of the People’s Republic of China, launched public tender offers in Switzerland and in the United States to acquire all the publicly held Ordinary Shares and, in the U.S. offer, also all American Depositary Shares (ADSs) of Syngenta AG (“the ChemChina Tender Offer”) for $465 per Ordinary Share in cash. Syngenta and its Board of Directors have agreed to support the ChemChina Tender Offer. ChemChina has announced that, as of 5:00 p.m., New York City time, on December 16, 2016, approximately 19,222,302 Syngenta AG Ordinary Shares (including those represented by ADSs) had been validly tendered in, and not withdrawn from, the ChemChina Tender Offer. The Main Offer Period has been extended until March 2, 2017, with further extension likely to follow until all offer conditions are fulfilled. At such time, the Offeror will extend the ChemChina Tender Offer for the last time by a period of up to 20 trading days. The ChemChina Tender Offer is conditional among other things on acceptance by shareholders owning 67 percent of Syngenta AG issued shares and on regulatory approval by the competent merger control and other authorities. For more details on the ChemChina Tender Offer, see Note 3 to the consolidated financial statements in Item 18.

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 Crop Protection and Seeds businesses; 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 Crop Protection and Seeds businesses and for each of the four geographic segments therein;

- sales by product line for the Crop Protection and Seeds businesses; 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 more uniform throughout the 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.

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Regional Business

Based on the combined strength of its Crop Protection and Seeds businesses, Syngenta regards itself as well positioned to address the increasingly complex challenges facing farmers, including through the development of integrated offers on a crop basis. The Crop Protection and Seeds businesses are structured into 18 territories grouped under the four geographic regions (Europe, Africa and Middle East, North America, Latin America and Asia Pacific). Under this regional business, Syngenta is developing an expanded product pipeline and increasing its reach into new markets with new products, solutions and local go-to-market strategies for the key global crops.

Description of Products

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 treatment products are fungicides, insecticides and nematicides applied to the seed and 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 biocontrol solutions.

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. Over 75 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 5,000 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.

Integrated Offers

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 and help them manage associated risks to their own business. 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, growing protocols and, in some cases, mitigate against the effects of weather and changes in commodity prices or foreign currency exchange rates.

Key Marketed Products and Services

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, 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 grass weeds. Clodinafop is marketed in all regions.

- ***Fluazifop-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. Fluazifop-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.

- ***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 North America, Latin America, Asia Pacific, Africa and the Middle East.

<u>Fungicides</u>

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, difenoconazole 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 isopyrazam, 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 to control leaf spots diseases and on grapes and vegetables to control botrytis. Cyprodinil is marketed in all regions.

- ***Difenoconazole*** (SCORE®, ARMURE®, TASPA®) 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. Difenoconazole is marketed in all regions.

- ***Fluazinam***[2] (SHIRLAN®) is a fungicide for control of potato blight. Fluazinam is marketed in Europe, Africa and Middle East, North America and Latin America.

- ***Isopyrazam*** (BONTIMA®, SEGURIS®, REFLECT®) is a 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. Isopyrazam is marketed in Europe, Africa and Middle East, Latin America and Asia Pacific.

[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.

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- ***Mandipropamid*** (REVUS®) is currently registered in almost 100 countries and is used on fruits and vegetables to combat late blight and downy mildew. Mandipropamid is marketed in all regions.

- ***MEFENOXAM***™ (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.

- ***Propiconazole***[3] (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 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.

- ***SOLATENOL***™ (ELATUS®, APROVIA™) belongs to the carboxamide chemistry with SDHI mode of action and is combined with AMISTAR® Technology 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. It was also launched in Argentina in 2015 on peanuts. First sales in the USA and France occurred in the 2016 season and sales are expected to start in other key European markets in the 2017 season.

- ***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.

<u>Insecticides</u>

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 in soybean, rice, vegetables, corn, fruits and cotton. 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.

[3] 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.

- ***Lambda-cyhalothrin*** (KARATE®/ICON®) is one of the world's most potent pyrethroids and is used on a wide range of crops to control chewing and sucking insects. 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 Europe, 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. It has been developed for 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 regions[4].

- ***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.

Seed Treatment

Syngenta Seedcare is a global leader in the seed treatment market and differentiates itself by providing comprehensive offers consisting of products, application and services to its customers: seed companies; the distribution channel; and growers.

The use of Syngenta seed treatment 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, the first 30 days after planting. Syngenta's broad range of fungicides, insecticides, nematicides and abiotic stress management seed treatments allows it to provide a modern portfolio of safe and highly effective products. As seeds increase in value, seed protection becomes more important as growers are seeking to obtain one viable plant from each seed.

- ***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.

- ***Difenoconazole*** (DIVIDEND®) is active against a broad range of diseases including bunts, smut and damping-off on cereals and oilseed rape. 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. Difenoconazole 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***™ (APRON® XL) is used for the control of seed and soil-borne diseases caused by fungi such as pythium, phytophtora 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.

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- ***Pasteuria spp*** (CLARIVA®) 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. CLARIVA® is currently registered for sale and use in the USA for soybeans and sugar beet.

- ***Sedaxane*** (VIBRANCE®) is a 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 in a broad range of crops including cereals, soybean, oilseed rape, corn, rice, sugar beet, sunflower, cotton and potatoes. Sedaxane received broad registration in 2014 and 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 regions[4].

In addition to its leading product portfolio, Seedcare delivers comprehensive technical and application support services to its customers through its network of 12 Seedcare Institutes, located in key markets around the world, which enables quality seed treatment application onto seeds.

Seeds

<u>Field crops</u>

- ***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. 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.

- ***Corn*** (GOLDEN HARVEST®, NK®, SPS®, 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. In approved markets, many of Syngenta’s elite hybrids are offered as stacked trait versions that include AGRISURE VIPTERA®, and AGRISURE DURACADE®, which provide built-in insect protection against corn borers and corn rootworms and tolerance to glyphosate herbicide. Syngenta also offers seeds with AGRISURE ARTESIAN® technology, which improves the corn plant’s water use efficiency. Competitive hybrids developed through marker assisted breeding, are sold for silage and grain markets. Different hybrids of corn seeds are marketed in all regions.

- ENOGEN® is a ***corn*** seed technology incorporating a corn amylase trait that 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.

- ***Oilseeds*** (SYNGENTA®, NK®, SPS®) include sunflower and oilseed rape. Syngenta sunflower seed hybrids are bred for high yield as well as heat stress tolerance, disease resistance, broomrape tolerance, 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. Sunflower seeds are sold primarily in Russia, Ukraine, Southeast Europe and Argentina while the major markets for oilseed rape are Europe and Canada. Syngenta entered the canola seeds business in Canada in the 2013/2014 growing season and currently is marketing four high yielding hybrids with herbicide tolerance provided by the Genuity® Roundup Ready®[5] trait. This new hybrid barterseed portfolio is being commercialized as part of an integrated cross-crop solution across the whole farm targeting canola, cereals and pulses.

[4] The 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 annual sales of Syngenta's thiamethoxam products in European Union markets at the time use of the product was suspended were less than $100 million. 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, which is on-going. 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.

- ***Rice*** (FRONTLINE®) In 2012, Syngenta acquired Devgen, which significantly broadened its rice portfolio with the addition of the FRONTLINE® brand. Under Rice Seeds global brand FRONTLINE®, new hybrids are introduced 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 tolerance, 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®, HILLESHÖG®, 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®[5] herbicide tolerance trait feature high sugar content and resistance to multiple diseases 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 with an assortment of more than 20 species and more than 2000 varieties, 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, commercial fresh market growers and the entire value chain. Different varieties of vegetable seeds are marketed in all regions.

Integrated Offer

- ***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.

- ***GROMORE™*** is a holistic crop protection and agronomy protocol with a targeted go-to-market approach that provides guidance to smallholder 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 planting 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.

[5] 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.

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- ***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 reimbursed for part of the cost of the program if the yield from reference fields of HYVIDO® is not higher by a specified amount than the yield from conventional fields.

Recently Launched Products and Services *(last 3 years)*

Crop Protection

Fungicides

- ***ADEPIDYN***™ (MIRAVIS™) is a new broad spectrum fungicide belonging to the carboxamide chemistry with SDHI mode of action. It delivers a step change in efficacy against leaf spots and excellent control of powdery mildew across multiple crops. In addition ADEPIDYN™ is highly active on difficult to control diseases such as Botrytis, Sclerotinia, Corynespora and Fusarium Head Blight, which cause severe damage on key crops. Products containing ADEPIDYN™ are being developed for canola, cereals, corn, soybean, specialty crops, vegetables and Lawn and Garden across the globe. ADEPIDYN™ was registered in Argentina in 2016 and will be expanded worldwide in the years to come.

- ***Oxathiapiprolin***[6] (ORONDIS™) is a piperidinyl thiazole isoxazoline class of fungicides. ORONDIS™ is a step change fungicide for oomycete control in vegetables and specialty crops providing effective long lasting field performance, protection of new growth in plants and consistent disease control. ORONDIS™ premixes with various active ingredients will be sold worldwide within one global brand family that contains suffixes for differentiation of the mixtures. ORONDIS™ received registration from the US Environmental Protection Agency in 2015 and was launched in 2016 in Canada and the US.

- In addition, Syngenta has recently introduced a range of ***biologicals*** into its portfolio in different countries including the brands QUANTIS™, ISABION™, TAEGRO®[7], SAKALIA®, TIMOREX®[8] GOLD and REMEDIER®[9].

Selective herbicides

- ***Bicyclopyrone*** (ACURON™) is the leading residual corn herbicide which provides broad spectrum broadleaf and annual grass weeds control. Bicyclopyrone was developed to complement mesotrione. When combined with atrazine and S-metolachlor in ACURON™, which was launched in the US corn market in 2015, it delivers multi-targeted control of the most problematic broadleaf and grass weeds with built-in resistance management technology with four active ingredients and three modes of action.

Insecticides

- ***Cyantraniliprole mixtures*** (MINECTO®) Syngenta acquired from DuPont the exclusive right to use cyantraniliprole in mixtures with Syngenta insect control products. Cyantraniliprole is a 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. MINECTO® is currently marketed in several countries in North America, Latin America and Asia Pacific.

[6] Oxathiapiprolin is licensed from Dupont

[7] TAEGRO® is licensed from, and is a registered trademark of Novozymes A/S.

[8] TIMOREX® 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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Seed treatment

- ***Cyantraniliprole*** (FORTENZA®/FORTENZA® DUO) Syngenta acquired from DuPont in 2008 the rights to access cyantraniliprole, a second generation diamide, for use in different agricultural fields. This new seed treatment insecticide delivers best-in-class early season insect protection both above and below ground. It acts both as a chemical and insect resistance management tool and will be available for a wide range of crops including corn, soybeans, oilseed rape, sunflower and rice. FORTENZA®/FORTENZA® DUO were granted registration in several countries including Canada and Argentina in 2013, China in 2014, Mexico and Turkey in 2015 and Brazil in 2016. Future seed treatment registrations are planned for other Latin American countries, Asian countries, Europe and Africa. FORTENZA®/FORTENZA® DUO have been commercially launched in Argentina, Brazil, Canada, China, Mexico and Turkey.

- ***EPIVIO***™ is Syngenta seed treatment's Abiotic Stress Management brand family. During 2016, EPIVIO™ VIGOR was launched in Brazil on soybean, and EPIVIO™ C was launched on corn in China.

- ***Sulfoxaflor*** (RASCENDO™, VISIVIO™) is an insecticide for which Syngenta obtained rights for seed treatment use from Dow Agrosciences. VISIVIO™, which contains sulfoxaflor and other active ingredients, is a new seed treatment solution that provides canola growers enhanced early-season protection against both striped and crucifer flea beetle feeding and seed- and soil-borne diseases. VISIVIO™ was registered and launched in Canada in 2016 for use in canola.

- ***Oxathiapiprolin***[6] (PLENARIS™) is a piperidinyl thiazole isoxazoline class of fungicides. PLENARIS™ offers a new mode of action for downy mildew control by seed treatment in crops like sunflower, tropical corn, oilseed rape, field peas and beans and vegetables. It is an effective resistance management tool e.g. for solely by seed treatment controlled downy mildew in sunflower. PLENARIS™ will be registered globally in all crops attacked by downy mildew species and where seed treatment is the most effective technology for prevention. PLENARIS™ received registration from the US Environmental Protection Agency in late 2016 and will be launched for the 2017/18 treatment and planting season in US.

Seeds

Field crops

- Through Syngenta's enhanced corn breeding and trait conversion capabilities, 69 new ***corn*** hybrids were launched in the branded North American portfolio in 2016. 46 of the 69 new hybrids in North America will be sold in the EZ-Refuge® format, combining grower convenience and compliance with insect resistance management guidelines.

- In ***corn***, ARTESIAN™ technology continues to expand across North America and Europe, Africa and Middle East. In 2016, 14 new ARTESIAN™ hybrids were launched in North America, while ARTESIAN™ sales in Europe, Africa and

Middle East more than doubled since 2014.

- In ***corn***, since 2015, Syngenta has been selling genetically modified hybrids in Vietnam, consisting of GM technology that includes herbicide and insect resistance.

- In ***corn***, AGRISURE VIPTERA® stacked trait hybrids continue to expand in North America, Brazil, Argentina and Colombia. In North America, 18 new AGRISURE VIPTERA® hybrids were launched in 2016.

- 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.

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- Syngenta continues to deliver a strong portfolio of ***soybean***, launching 31 new varieties in North America and Latin America in 2016, having improved diverse genetics bringing new levels of resistance to key diseases.

Vegetables

In Vegetables, Syngenta continues to launch new and attractive consumer products in all regions. Some examples of recently launched products include:

- In ***sweet corn***, GSS1453 variety with enhanced disease resistance packaged with high yield potential and deep kernels for high recovery, launched in North America and Europe, Africa and Middle East. GSS41490 is one of the new introductions in the tropical Brazil segment with significantly improved taste and flavor. Milky Way, Remedy, Protector and Thunder are varieties in temperate and tropical segments in North and Latin America, which include the Syngenta Attribute-II GM technology with excellent insect control.

- In ***beans***, a step change in yield was realized with the introduction of Huntington in North America. Combined with the new introduction of Pismo a new standard was set for the 5-sieve processing segment.

- In ***tomato***: TREDICY, cherry on the vine tomato for the Italian market combining excellent agronomic performances with improved taste and deep red color; CORVETTE, for fall cycle in Turkey with very good adaptation to high temperature, early and high yield focusing on short cycle; TAI2048, for wet season in India, stronger virus resistance keeping quality and transportability for higher yield; DIONISO, a Tomato Beef Indeterminate for protected segment with a strong package of resistances; SAHARIANA, a Tomato Saladette variety with XL's fruit sizes and resistances that makes this variety the right product for the high radiation and dry environment conditions of northern México.

- In ***pepper***: KABUKI sweet red blocky pepper, dedicated for winter cycle production in Spain, Almeria area, offering uniform fruit quality, high tolerance to fruits cracking and high yield potential; LAURENTIA sweet yellow blocky pepper for winter cycle production in the Spain, Almeria area offering excellent fruit color, unique to the market.

- In ***broccoli***, MONRELLO, a new entry for southern Europe for the Mediterranean area for late autumn and winter production with high yield potential and head firmness.

- In ***cauliflower***, GOHAN for the processing industry in Poland, Belgium and Australia for its good plant vigor, high processing yield and head firmness.

- In ***lettuce,*** babyleaf Izabita, a red Batavia type and one of several new entries in this segment; and Julian, a new butterhead for central Europe with the complete Bremia resistance pack.

- In ***cucumber***, HASTAG in pickling Partheno protected in northern Latin America, performing both for fresh and processing markets and MAXWELL in Beith Alpha for protected production in Africa and the Middle East.

- In ***watermelon***, CRISP DELIGHT, a variety designed specifically for the fresh cut market that offers a firmer, crisper texture and reduced liquid loss after cutting, which leads to a longer shelf life at the grocery store. In large fruit size, seedless, EXCURSION, and SWEET DAWN in the USA and Mexico.

- In ***melon***, MASSIMO, ARTORIUS and AVALONIA in Europe which offer growers excellent high yield with a broad-spectrum disease resistance.

- In ***squash***, PATMOS and AMORGOS in Europe, both cylindrical dark green varieties with a higher broad-spectrum disease resistance.

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Integrated Offers

- ***INTEGRARE***™ is Syngenta's High Yield Soybean solution tailored for Brazilian growers to unlock the full yield potential of their crop and increase the confidence on their return on investment. It is a complete offer combining a best in class portfolio (seeds, Seedcare, crop protection chemicals) and customized protocols together with agronomic (e.g. plant nutrition advice) and financial services (e.g. risk management).

- ***Fruit Quality Contract*** enhances growers' market access while reducing complexity and risk through a tailored Crop Protection program with cashback assurance. It enables growers to comply with export 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.

- ***Ethanol Grain Quality Solution*** is a production system that improves corn quality delivered to ethanol plants, resulting in higher ethanol output.

Products and Services in Late Stage Development

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:

<u>Field crops</u>

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- In ***barley***, next generation spring malting barley with improved enzyme characteristics and new winter barley hybrids combining high yield with improved production characteristics. Syngenta's first hybrid malting barley variety has started the registration process.

- 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 Latin America the development of a full proprietary portfolio with herbicide tolerance and insect control 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.

- ***Sunflower*** with high stable yields, integrating broomrape, herbicide and disease resistance.

- Healthy oil varieties of ***high oleic sunflower*** 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. In addition, Syngenta is developing a hybrid wheat technology and portfolio, capitalizing on best-in-class breeding expertise and conventional germplasm, some leading commercial positions in conventional wheat in North America and Europe, Africa and Middle East, and prior experience in hybrid barley.

<u>Vegetables</u>

- 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 protected production 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 that improve the quality of fresh fruit for the food industry.

- Vegetable research and development to advance convenience and diversification traits for consumers.

Integrated Offers

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

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PLENE® – In 2014, Syngenta announced plans to broaden and scale up its PLENE® platform of integrated sugar cane solutions. The PLENE® platform will have in the future two products: PLENE® PB for high quality nurseries and gap filling, and PLENE® Emerald for commercial planting. Through an exclusive licensing agreement with New Energy Farms, Syngenta will access an innovative planting system for sugar cane in Brazil: CEEDS™[10] (Crop Expansion Encapsulation and Drilling System). The CEEDS™ technology under development will deliver PLENE® Emerald. Activities in 2017 and 2018 will focus on field trials, research and development and production capacity development with pre-launch expected by the 2018/2019 season and commercial sales beginning in the 2019/2020 season.

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.

[10] CEEDS™ is a trademark of New Energy Farms Limited

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. As part of the Good Growth Plan initiated in 2014, Syngenta targets reaching 20 million smallholder farmers and helping them increase their productivity by 50 percent, while preserving the long-term potential of their land. This is being done with the help of organizations such as USAID to enable access to technology and capacity building for smallholder farming in developing countries. 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 “Regional 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 in some countries, including Brazil and Argentina, Syngenta sells via barter. In Brazil and Argentina, 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 generally does not take ownership or delivery of the crops and retains only insignificant commodity price risk in barter transactions. Syngenta also directly barters 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 16 percent of Syngenta’s sales in Brazil and 50 percent of sales in Argentina 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. Approximately 19 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 implementing 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 and China. Syngenta announced in December 2015 its intention to divest its active ingredient plant in Goa, India and the divestment was completed in June 2016. 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, South Korea, the United Kingdom, the United States and Switzerland. The formulation, fill and packaging operations in Switzerland will be closed in the early part of 2017. Both the aforementioned site closures are part of the Accelerating Operational Leverage restructuring program, described further in Item 5.

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 31 percent of Crop Protection sales in 2016.

Approximately 28 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.

Approximately 10 percent of Syngenta’s raw material purchases for Crop Protection products are readily available base chemicals that are subject to commodity chemical price volatility. Approximately another 7 percent of raw material purchases for crop protection products have an indirect exposure to commodity oil price volatility.

Approximately 15 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; approximately 6 percent, 3 percent and 28 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 growing season. The largest facilities are located in Argentina, Brazil, France, Hungary, India, Morocco, Spain, Denmark, Thailand, the United States and the Netherlands.

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. During 2014, 2015 and 2016, a number of changes were 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 well 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, excluding the Lawn and Garden business, on research and development of $1,247 million in 2016, $1,310 million in 2015 and $1,376 million in 2014.

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.

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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, nematicides and crop enhancing chemicals and biologicals, with broad applicability as foliar, soil and seed treatments for agriculture and Lawn and 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.

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. 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, sunflower, 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 companies in 2016 accounted 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.

Lawn and Garden

Lawn and Garden leverages Syngenta’s agricultural chemical technologies into the adjacent markets of (i) consumer home and garden, (ii) turf, landscape and professional pest management and (iii) ornamental flower growers, where it is also a major supplier of flower seeds, cuttings and young plants.

Lawn and Garden is a global business active in all major regions and sales are made primarily via distributors through to its professional customer base.

Consumer home and garden products are primarily based on Syngenta’s fungicide, herbicide and insecticide range and mostly sold in bulk to wholesale companies for repackaging and sale to retailers.

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.

Ornamental flowers provides growers of ornamentals and pot and bedding plants, bulbs and cut flowers with a range of chemical and biological crop protection solutions. In addition, it supplies seeds, cuttings and young plants to distributors, growers and retailers serving the pot and bedding plant markets. Syngenta’s flowers business (Syngenta Flowers) has a heritage dating back over 140 years and is active in all major regions. As the global leader in seeds and cuttings, Syngenta Flowers offers a wide range of pot and bedding plant genetics.

Focusing on the pot and bedding plant markets, Syngenta Flowers engages in breeding, producing and distributing flower seeds, cuttings and young plants. It has customers in over 80 countries with key markets comprising the US, Germany, France, UK, Netherlands and Japan. Sales are made primarily via distributors and brokers in North America and through distributors and directly to growers in Europe.

Key Marketed Products

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

Ornamental controls, consumer 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.
- ***BRISKWAY®*** – Fungicide (azoxystrobin and difenoconazole) – broad-spectrum fungicide for prevention and control of certain diseases in golf course turf grasses.
- ***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[1] – controls soil nematodes in cut flower production.
- ***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.

Professional pest management products for use in controlling insect and rodent pests include.

- ***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 both professional applicators and consumer use in homes and gardens.

- ***Chlorantraniliprole*** (ALTRISET®/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.

[11] Fosthiazate is licensed from ISK Biosciences Corporation.

Flower genetics brands include GOLDFISCH®, GOLDSMITH® SEEDS, YODER® and SYNGENTA® FLOWERS. Products include a full range of flower seeds, cuttings and young plants which Syngenta 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.

Recently Launched Products *(last three years)*

Recently launched products for use in ornamentals controls are:

- ***MAINSPRING®*** – cyantraniliprole – a broad spectrum insecticide to control a wide range of ornamental pests.
- ***MURAL™*** – solatenol and azoxystrobin – for treatment of powdery mildew disease.

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

- ***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.
- ***FERENCE®*** – insecticide for professional turf applications. Based on cyantraniliprole, FERENCE® helps golf course superintendents systemically control annual bluegrass weevil at all larval stages.
- ***VELISTA®*** – novel penthiopyrad SDHI class fungicide providing protection against a wide range of fungal diseases on turf grasses.
- ***HERITAGE® ACTION*** – azoystrobin and acibenzolar-s-methyl - providing both broad spectrum protection against fungi and plant health benefits.
- ***APPEAR®*** – potassium phospite - systemic pigmented fungicide for the control of diseases caused by pythium and other pathogens on golf courses.

In Flowers, Syngenta introduces over 100 new and improved varieties and series every year. Some of the more unique introductions during the last three years were:

- ***BIG KISS***™ – F1 Seed Gazania - series with uniquely super-sized flowers up to 12 cm diameter.

- ***CARTWHEEL***® Strawberry Twist – F1 Seed Gerbera - first double flowered bi-color Gerbera from seed which achieved the Fleurostar Award 2014.

- ***CALIENTE***® – vegetative Pelargonium - color additions which strengthen this interspecific geranium series with superior garden performance

- ***SANGUNA***® – vegetative Petunia – early and continuous flowering.

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Products in Late Stage Development

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 Regional Business. For further information on this pipeline, see Products in Late Stage Development for Syngenta's Regional Business above.

Syngenta Flowers has a rich pipeline of products under development, which extends beyond 2020 and involves projects covering all product lines.

Production

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 Regional Business above.

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 and Indonesia 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.

Marketing and Distribution

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 regional 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 Regional Business above.

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. The Syngenta Flowers brand is 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.

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

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 Regional Business. For further information, see Research and Development for Syngenta's Regional Business above.

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 Andijk, Netherlands and Gilroy, California, USA, each of which is focused on identifying new or improved varieties of genetics with unique traits.

The total spent on research and development in Lawn and Garden was $52 million in 2016, $52 million in 2015 and $54 million in 2014.

Intellectual Property

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

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.

Competitive Environment

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.

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 and Sakata and in the vegetative business are Dummen Orange and Florensis.

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 some of the regulatory bodies governing Syngenta's products 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 compliance and continued dialogue with the authorities regarding regulatory submissions, insect resistance management programs and participation in further development of the biotech regulatory framework.

Governmental regulatory authorities perform 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 obtains regulatory approvals for both cultivation and for import of products thereof into key importing countries that have functioning regulatory systems. Cultivation countries for Syngenta's GM seed currently include the US, Canada, Brazil, Argentina, Vietnam, Paraguay, Uruguay and the Philippines. Key import countries are defined based on the product and cultivation market. "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, 19 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"). The disclosure criteria are as follows:

– Companies directly owned by Syngenta AG

– Companies indirectly owned by Syngenta AG with annual sales in excess of $100 million or equivalent or total assets in excess of one percent of total Group assets

– Companies with a financing function

None of the significant legal entities are listed. Please refer to Note 29 in the consolidated financial statements in Item 18 for the appropriate consolidation method applied to each type of entity.

Country	Municipality	Capital and voting rights owned by Syngenta[1]	Local currency	Share capital in local currency	Function of company
Argentina					
Syngenta Agro S.A.	Buenos Aires	100%	ARS	2,801,002,218	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
Canada					
Syngenta Canada Inc.	Guelph	100%	CAD	–	Sales/Research
China					
Syngenta (China) Investment Company Limited	Shanghai	100%	USD	46,660,810	Holding/Sales
France					
Syngenta France S.A.S.	Saint-Sauveur	100%	EUR	50,745,240	Sales/Production/Development
Syngenta Holding France SA[2]	Guyancourt	100%	EUR	99,965,085	Holding/Finance
Germany					
	Maintal	100%	EUR	2,100,000	Sales

Syngenta Agro GmbH					
Hungary					
Syngenta Hungary Kft.	Budapest	100%	HUF	280,490,000	Sales/Production/Development
India					
Syngenta India Limited	Pune	96%	INR	164,718,540	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
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
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	Capital and voting rights owned by Syngenta[1]	Local currency	Share capital in local currency	Function of company
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 AG[2]	Basel	100%	CHF	257,000	Holding/Sales/Production/Research
Syngenta Crop Protection Monthey SA[2]	Monthey	100%	CHF	70,000,000	Production
Syngenta Agro AG	Dielsdorf	100%	CHF	2,100,000	Sales/Production/Research
Syngenta Agroservices Asia AG[2]	Basel	100%	CHF	650,000	Distribution/Consulting
Syngenta Finance AG[2]	Basel	100%	CHF	10,000,000	Finance
Syngenta International AG[2]	Basel	100%	CHF	100,000	Management Services
Syngenta Participations AG[2]	Basel	100%	CHF	25,000,020	Holding
Syngenta South Asia AG[2]	Basel	100%	CHF	9,000,000	Holding/Finance
Ukraine					
TOV Syngenta	Kiev	100%	UAH	3,540,391,580	Sales/Research
United Kingdom					
Syngenta Limited	Bracknell	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, LLC	Minnetonka	100%	USD	–	Sales/Production/Research
Syngenta Corporation	Wilmington	100%	USD	100	Holding/Finance
GreenLeaf Genetics LLC	Minnetonka	100%	USD	–	For Liquidation
Vietnam					
Syngenta Vietnam Ltd.	Bien Hoa City	100%	USD	45,000,000	Sales/Production

1 The capital and voting rights in 2016 have not changed compared with 2015

2 Direct holding of Syngenta AG

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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	200	Administration, marketing, production
Kaisten, Switzerland	Freehold	100[1]	Production
Münchwilen, Switzerland	Freehold	600	Research, production
Seneffe, Belgium	Freehold	2,500	Production
Ghent, Belgium	Leasehold	100	Administration, research
Aigues-Vives, France	Freehold	1,500[2]	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 Salzuflen, Germany	Leasehold	34,400	Research, production
Mezotur, 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	10,900[3]	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	2,600[4]	Production
Waterloo, Nebraska, USA	Freehold	1,700[5]	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, research
Nantong, China	Leasehold	1,900	Production
Beijing, China	Leasehold	300	Research
Goa, India	Freehold	70	Research
Iksan, South Korea	Freehold	900	Production
Koka, Ethiopia	Leasehold	9,700	Production
Pollen, Kenya	Freehold	4,800	Production
Thika, Kenya	Freehold	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.

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 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 2016 was approximately $7 million and cumulative spending totals approximately $95 million.

In 2014, Syngenta started work at its Monthey, Switzerland site to increase the production capacity of SDHI fungicides by 900 metric tons per year by 2017 at an estimated cost of $65 million. Spending on the project in 2016 was approximately $22 million and cumulative spending totals approximately $64 million.

In 2016, Syngenta completed the project to invest an additional approximately $100 million at its Kaisten, Switzerland 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. Spending on the project in 2016 was approximately $21 million and cumulative spending totals approximately $87 million.

Syngenta is refurbishing and modernizing its Basel headquarters under a program that will run over the period through 2017 and is estimated to cost approximately $200 million, with approximately 90 percent spent as of December 31, 2016.

In 2015, Syngenta announced plans to invest $20 million at its Seedcare Institute facility located in Stanton, Minnesota, USA to expand existing infrastructure to meet long-term business objectives. Spending on the project during 2016 was approximately $15 million and cumulative spending totals approximately $20 million.

In 2016, Syngenta announced plans to invest approximately $20 million at its Enkhuizen site located in The Netherlands, to expand the existing research and production facilities to meet long-term business objectives. Spending on the project will commence in 2017.

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 for a reconciliation of this data and explanation of the reasons for presenting such data.

Constant exchange rates

Approximately 48 percent of Syngenta’s sales and 65 percent of Syngenta’s costs in 2016 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 2016 were 5 percent lower than 2015 on a reported basis, but were 2 percent lower 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 2016 was Europe, Africa and the Middle East, which represented approximately 31 percent of consolidated sales (2015: 31 percent) followed by North America at 28 percent (2015: 27 percent), Latin America at 26 percent (2015: 27 percent) and Asia Pacific at 15 percent (2015: 15 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. Asia Pacific sales and operating profit are more uniform throughout the year.

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 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 2016 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 19 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, Euro and Brazilian real, relative to the US dollar, and the relative impact on operating profit may differ from that on sales. Sales in emerging markets are 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 and the aforementioned US dollar sales pricing. For further information on these strategies please refer to Note 27 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) classification of assets and liabilities to be divested, (iv) share based payment, (v) foreign currency translation, (vi) adjustments to revenue and trade receivables, (vii) deferred tax assets (viii) uncertain tax positions (ix) seeds inventory valuation and allowances, (x) environmental provisions and (xi) defined benefit post-employment benefits. 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 2016 was 12 percent lower than 2015 as cost savings from the ongoing restructuring and local currency sales price increases were more than offset by the inclusion in 2015 of the favorable impact of a change in selling terms in Brazil that brought forward the recognition of sales and $200 million royalty income from the signing of a trait license agreement with KWS and Limagrain, together with the impact of generally weaker currencies relative to the US dollar and increased charges to restructuring and impairment.

Sales in 2016 were 5 percent lower, 2 percent at constant exchange rates, with a 4 percent reduction in sales volumes offset by 2 percent higher local currency sales prices, driven by increases to offset declines in emerging market currencies. The adverse impact on sales of generally weaker currencies relative to the US dollar was approximately $0.3 billion. The lower sales volume reflected the inclusion in 2015 of the favorable impact of a change in selling terms in Brazil that brought forward the recognition of sales and $200 million royalty income from the signing of a trait license agreement with KWS and Limagrain together with the final year of deliberate reduction in sales of low margin solo glyphosate and a stop on sales into Venezuela due to non-payment. Excluding these factors, sales volumes were marginally higher in a market that continued to be challenging. Local currency sales price increases included price increases in Russia and the Ukraine, significantly offsetting currency weakness in those countries, partially offset by lower prices in solo glyphosate, which reflected lower purchase prices for the active ingredient; otherwise, local currency sales prices overall increased by approximately 2 percent, with increases particularly in Brazil to mitigate exchange rate weakness seen in 2015.

Operating costs as a percentage of sales increased by 0.8 percentage points in 2016. Excluding restructuring costs and the incremental share based payment costs associated with the ChemChina Tender Offer, described below, operating costs as a percentage of sales were flat in 2016 compared with 2015 and were 0.7 percentage points lower at constant exchange rates. Restructuring and impairment costs, combined with the incremental effect of applying cash-settled share based payment accounting due to share plan amendments related to the ChemChina Tender Offer, were $89 million higher than in 2015 due to the costs associated with the ChemChina Tender Offer and increased impairments of non-current assets. Currency exchange rate impacts from the general strength of the US dollar reduced operating income by approximately $153 million, including losses on related hedges in 2016 compared to gains in 2015, with a further negative impact from the significantly weaker Russian ruble and Ukrainian hryvnia that was offset significantly by increased local currency sales prices; excluding these price increases, the net adverse impact of currency movements on operating income, including hedging, was approximately $45 million adverse.

Cash flow from operating activities was $617 million higher due to a continued decrease in inventories and a lower build in trade receivables in Brazil than in 2015. Income before taxes, adjusted for the reversal of non-cash items was $134 million lower than 2015, reflecting the lower level of income before taxes. Taxes paid were lower following the settlement in 2015 of several outstanding tax years for an entity in Switzerland, and cash paid against restructuring provisions decreased due to a lower level of severance and pension charges under the Accelerating Operational Leverage (“AOL”) program. Cash flow used for investing activities in 2016 was $59 million higher than in 2015, with the purchases of $53 million of marketable securities and lower proceeds from the disposal of non-current assets more than offsetting a $57 million increase in proceeds from business divestments. Cash flow used for financing activities was $54 million lower than in 2015 due to a lower dividend payment when translated into US dollars; no bonds were repaid in 2016, and in 2015 bond repayments were broadly matched by a new bond issue. Subject to the ChemChina Tender Offer to acquire Syngenta shares becoming unconditional, Syngenta will pay a special dividend of CHF 5.00 per share immediately before the first settlement of the ChemChina Tender Offer. No regular dividend is proposed.

Regional sales of Crop Protection and Seeds products were 5 percent lower, 2 percent lower at constant exchange rates. As noted above, 2015 Seeds sales included $200 million royalty income from the license agreement with KWS and Limagrain, while Crop Protection sales included $239 million additional sales related to the change in sales terms in Brazil, which brought forward the sales recognition to the point of delivery to distributors. Crop Protection product sales were 4 percent lower, 2 percent at constant exchange rates, with 4 percent lower sales volumes from the 2015 Brazil revenue recognition change noted above, the impact of adverse weather conditions in parts of Western Europe in the second quarter of the year and of a stop in sales to Venezuela due to overdue receivables, partly offset by increased sales volumes in Russia, the Ukraine and India. Local currency sales prices were 2 percent higher, with price increases particularly in Russia, the Ukraine and Brazil to offset currency weakness in 2015 and 2016 more than offsetting a further decline in glyphosate sales prices as product costs reduced. Seeds sales declined in 2016 by 6 percent, 3 percent at constant exchange rates as a 1 percent increase in local currency sales prices, with local currency price increases in Russia and the Ukraine but reduced prices in the US, was more than offset by a 4 percent decrease in sales volume, where growth in sunflower sales in Russia and the Ukraine and corn seed sales in Latin America was more than offset by the aforementioned 2015 royalty.

Sales of Crop Protection and Seeds products were 2 percent lower in Europe, Africa and Middle East, but were 5 percent higher at constant exchange rates. Sales in Russia and the Ukraine benefited from both significant local currency price increases to offset currency declines and sales volume growth and in US dollar terms were more than 10 percent higher than 2015; excluding these countries, sales in the region were lower at constant exchange rates due to the adverse weather conditions seen in Western Europe. Sales in North America were 6 percent lower, 6 percent at constant exchange rates, with 5 percent lower sales volumes and sales prices 1 percent lower. The $145 million income from the KWS and Limagrain license increased 2015 volumes by 4 percent; otherwise, growth in sales of new products, particularly ACURON™ and SOLATENOL™ was offset by the deliberate reduction in glyphosate volumes and weaker sales of Seedcare and soybean seeds. Latin America sales were 9 percent lower, 9 percent at constant exchange rates. 2015 revenue in the region included $55 million from the KWS and Limagrain agreement and an additional $239 million from the change in sales terms noted above, which together increased reported sales volumes by 8 percent; sales volumes otherwise reflected continued difficult market conditions and a stop in sales to Venezuela, with some offset from a strong performance in Seeds. Sales in Asia Pacific were flat, but 2 percent higher at constant exchange rates, with flat local currency sales prices and a 2 percent increase in sales volumes driven by growth in India and a strong second half recovery from El Niño in the Association of Southeast Asian Nations (ASEAN).

Lawn and Garden sales were 2 percent above the 2015 level, 4 percent higher at constant exchange rates with growth driven by increased vector control sales.

Gross profit margin increased by 1.6 percentage points, 1.7 percentage points excluding restructuring and impairment. The license agreement signed with KWS and Limagrain increased 2015 gross profit margin by 0.8 percentage points; excluding this, gross profit margin was approximately 2.5 percentage points higher, with improved margins in both Crop Protection and Seeds products, but particularly Crop Protection as a result of higher sales prices and lower product costs from savings under the AOL program and lower oil related costs.

Marketing and distribution expenses decreased by 4 percent; expenses excluding restructuring and impairment decreased by 5 percent, 2 percent at constant exchange rates, with savings under the AOL restructuring program and reduced charges for doubtful receivables in Eastern Europe and Brazil.

Research and development expense decreased by 5 percent, 2 percent at constant exchange rates, due to cost savings and productivity improvements delivered under the AOL restructuring program.

General and administrative, including restructuring and impairment, the components of which are described under the Restructuring and impairment heading within this section, increased by $264 million compared with 2015. General and administrative excluding restructuring and impairment was 38 percent higher, including foreign exchange hedging losses of $73 million compared with gains of $21 million in 2015. Excluding currency effects, General and administrative excluding restructuring and impairment was 30 percent higher. General and administrative costs in global support functions, including Business Services, are charged out to the segments and to the global Research and development and Production and Supply operations in US dollars at amounts fixed at the start of the year. As a result of general currency weakness relative to the US dollar, an excess recharge was recorded in 2015 compared to gross costs incurred, which was not repeated in 2016. 2015 also included higher gains on the disposal of non-current assets, in particular land in Switzerland, than were recorded in 2016 and litigation expenses in 2016 increased from the level of 2015, particularly in the US.

Restructuring and impairment expenses in 2016, including the $70 million incremental effect of applying cash-settled share based payment accounting due to the share plan amendments related to the ChemChina Tender Offer described below, increased by $89 million over 2015. The AOL program, announced in February 2014, continued to progress, with charges of $223 million in 2016 compared with $240 million in 2015. Charges in 2016 increased due to transaction costs associated with the ChemChina Tender Offer, as well as incremental share based payments as noted above, and an increased level of impairment of non-current assets in 2016.

Financial expense, net was $35 million higher than 2015 mainly due to increased exposures in emerging markets, particularly in Latin America and some currency losses where hedging is not available. The tax rate, excluding taxes related to restructuring and impairment, reduced by 2 percentage points to 15 percent, partly from the settlement of a tax case in India with a more favorable outcome than anticipated.

Together, these factors resulted in 2016 net income attributable to Syngenta AG shareholders and diluted earnings per share decreasing by 12 percent, compared with 2015.

Net income in 2015 was 17 percent lower than 2014 as cost savings from the ongoing restructuring and local currency sales price increases were more than offset by the impacts of generally weaker currencies relative to the US dollar, increased charges to restructuring and impairment and the favorable impact in 2014 of amendments to the defined benefit pension plans in the UK and the Netherlands.

Sales in 2015 were 11 percent lower, but 1 percent higher at constant exchange rates, with 2 percent lower sales volumes offset by 3 percent higher local currency sales prices, driven by increases to offset declines in emerging market currencies. The adverse impact on sales of generally weaker currencies relative to the US dollar was approximately $1.8 billion. The lower sales volume reflected a deliberate reduction in sales of low margin glyphosate, weaker seeds volumes in Russia and the Ukraine after the sales price increases to offset the impact of currency weakness and generally challenging markets, partly offset by the favorable impact of the change in selling terms in Brazil that brought forward the recognition of sales and the royalty income from the trait license agreement with KWS and Limagrain. Local currency sales price increases included price increases in Russia and the Ukraine, offsetting currency weakness in those countries, partially offset by lower prices in solo glyphosate, which reflected lower purchase prices for the active ingredient; otherwise, local currency sales prices overall were broadly flat.

Operating costs as a percentage of sales increased slightly in 2015 compared with 2014, but excluding restructuring and impairment were approximately 1.4 percentage points lower. Operating costs in 2015 were reduced by approximately $1.2 billion due to weaker currency exchange rates relative to the US dollar, and also reflected savings under the ongoing restructuring programs and benefits from the lower oil price, which together more than offset cost inflation. In addition, operating costs compared with prior year were impacted by an increase in charges to provisions for doubtful receivables and the gains of approximately $170 million recorded in 2014 from amendments to defined benefit pension plans in the UK and the Netherlands. Restructuring and impairment costs excluding those in Cost of goods sold were $195 million higher as the AOL program announced in February 2014 gained momentum in 2015; increased charges also reflected advisor costs associated with industry consolidation transactions and the impairment of assets related to a seeds crop, where expectations of future operating profitability had declined. Currency exchange rate impacts from the general strength of the US dollar reduced operating income by approximately $571 million, including higher gains on related hedges in 2015 than 2014, with a significant negative impact from the significantly weaker Russian ruble and Ukrainian hryvnia that was offset by increased local currency sales prices; excluding these currencies, the net adverse impact on operating income, including hedging, was approximately $100 million.

Cash flow from operating activities was $741 million lower than 2014 including an increased build-up of trade receivables in Latin America due largely to delayed collections in Brazil; inflows from reduced inventories were lower following the significant reduction in the inventory to sales ratio in 2014. Income before taxes, adjusted for the reversal of non-cash items was $92 million higher than 2014, including a higher add-back for charges to provisions. Taxes paid were higher following the settlement of outstanding tax years for an entity in Switzerland, and cash paid for restructuring costs increased as the AOL program progressed. Cash flow used for investing activities in 2015 was $267 million lower than in 2014, including a $147 million reduction in additions to property, plant and equipment; net cash spent on acquisitions and disposals was also lower. Cash flow used for financing activities was $768 million higher than in 2014; both years included bond repayments, but in 2015 bond repayments were broadly matched by a new bond issue, while in 2014 Eurobond and domestic CHF bonds were issued at a higher level than that of bonds repaid in the year.

Acquisitions, divestments and other significant transactions

2016

On March 15, 2016, Syngenta divested Syngenta Bioline Ltd. (“Bioline”), its beneficial insect breeding business. On June 1, 2016, Syngenta divested its manufacturing operations in Goa, India to Deccan Fine Chemicals India Private Ltd. Neither transaction had individually material proceeds nor led to a material gain or loss.

As of March 23, 2016, CNAC Saturn (NL) B.V. (“the Offeror”), a subsidiary of China National Chemical Corporation (ChemChina), a state-owned enterprise of the People’s Republic of China, launched public tender offers in Switzerland and in the United States to acquire all the publicly held Ordinary Shares and, in the U.S. offer, also all American Depositary Shares (ADSs) of Syngenta AG (“the ChemChina Tender Offer”) for $465 per Ordinary Share in cash. Syngenta and its Board of Directors have agreed to support the ChemChina Tender Offer. The Main Offer Period has been extended until March 2, 2017, with further extension likely to follow until all offer conditions are fulfilled. At such time, the Offeror will extend the ChemChina Tender Offer for the last time by a period of up to 20 trading days. The ChemChina Tender Offer is conditional among other things on acceptance by shareholders owning 67 percent of Syngenta AG issued shares and on regulatory approval by the competent merger control and other authorities. For detailed discussion of the ChemChina Tender Offer, see Note 3 to the consolidated financial statements in Item 18.

2015

On October 15, 2015, Syngenta acquired 100 percent of the shares of Land.db Enterprises Inc. in exchange for cash, including contingent consideration. The primary reason for the acquisition was to gain exclusive control of the AgriEdge Excelsior® farm management software program, which integrates products, services, risk management and technology for growers.

2014

In April 2014, Syngenta acquired 100 percent 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.

In July 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 percent 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.

Restructuring programs

In February 2014, Syngenta announced a restructuring program, the AOL program to drive further improvement in operating income margins and accelerate delivery of operational leverage. 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 cost of goods sold, 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 began to be realized in 2015 and 2016. During 2016, cash costs of $214 million were charged under the program (2015: $228 million) and cash spent was $229 million (2015: $168 million). Non-cash charges of $9 million were incurred to write down assets whose values were reduced by programs improving production and supply and research and development efficiencies (2015: asset impairments of $33 million and a pension curtailment gain of $21 million relating to employees impacted by restructuring). Cumulative costs incurred for the program through December 31, 2016 total $491 million and cumulative spending totals $440 million.

The program announced in 2011 to integrate global commercial operations for Crop Protection and Seeds is substantially complete. The program has enabled 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. During 2016, costs of $1 million were charged under the program relating to the completion of projects initiated before the end of 2015 (2015: $27 million) and cash spent was $4 million (2015: $29 million). Cumulative costs incurred for the program through December 31, 2016 total $400 million, in line with the $400 million of cash costs estimated in the 2015 report, and cumulative spending totals $379 million.

The operational efficiency cost saving programs announced in 2004 and 2007 are now complete. Cash spent under the programs in 2016 and 2015 totaled $3 million and $7 million, respectively. Cumulative spending on the programs to the end of 2016 totals $1,063 million and non-cash charges total $371 million, broadly in line with the projected $1,050 million cash costs and $380 million of non-cash charges previously indicated.

Results of operations

2016 compared with 2015

Sales commentary

Syngenta's consolidated sales for 2016 were $12,790 million, compared with $13,411 million in 2015, a 5 percent decrease year on year. At constant exchange rates sales decreased by 2 percent. The analysis by segment is as follows:

($m, except change %)			Change				
Segment	2016	2015	Volume %	Local price %	CER %	Currency %	Actual %
Europe, Africa and Middle East	3,793	3,884	+1	+4	+5	-7	-2
North America	3,202	3,410	-5	-1	-6	-	-6
Latin America	3,293	3,632	-13	+4	-9	-	-9
Asia Pacific	1,839	1,837	+2	-	+2	-2	-
Total regional	12,127	12,763	-4	+2	-2	-3	-5
Lawn and Garden	663	648	+4	-	+4	-2	+2
Group sales	12,790	13,411	-4	+2	-2	-3	-5

Europe, Africa and Middle East

Sales decreased by 2 percent, but increased 5 percent at constant exchange rates with volume and local currency price increases of 1 percent and 4 percent respectively. Full year sales growth was achieved despite exceptionally difficult weather conditions affecting north-west Europe in the second quarter. The main growth driver was an excellent performance in the CIS, with an expansion of strong market positions in both crop protection and seeds. Volumes increased in both Russia and Ukraine, with further price increases implemented to offset the impact of currency depreciation. In the fourth quarter, Ukraine made a major contribution with an early start to the season and sales recovered strongly in Africa and Middle East in the final quarter as drought conditions eased.

North America

Sales in North America declined by 6 percent with volume decreases of 5 percent and local currency price declines of 1 percent. Crop protection sales were unchanged despite challenging grower economics and the deliberate reduction in glyphosate. A total of 16 new products were introduced, including the launch of the fungicides TRIVAPRO™ and ORONDIS™. In the corn herbicide market, ACURON™ continued to win recognition for its control of resistant weeds, and full year sales exceeded $200 million. Seeds sales were lower, largely due to the non-recurrence of the corn trait royalty.

Latin America

Sales decreased by 9 percent, also at constant exchange rates. Reported volumes declined by 13 percent, but local currency prices increased by 4 percent. Excluding the impact of the change in sales terms, sales were 3 percent lower. While sales were curtailed in Venezuela, business improved significantly in Argentina as the new government implemented reforms to support agriculture. In Brazil, conditions improved in the Cerrados in the second half but worsened in other growing areas as dry weather moved south. Insecticides sales continue to be constrained by a high level of channel inventories and by soybean trait adoption. Corn seed sales progressed strongly, underpinned by the success of the VIPTERA™ trait.

Asia Pacific

Sales in Asia Pacific were flat year on year with volume increases of 2 percent offset by currency impacts. El Niño receded towards the end of the second quarter and the business recovered strongly in the second half. Channel inventory in ASEAN was reduced, contributing to a rebound in demand, particularly for fungicides and insecticides. Sales in South Asia also saw a strong second half, benefiting from new launches in crop protection and expansion of vegetables and corn seeds.

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

Sales increased by 2 percent with volume increases of 4 percent partially offset by currency impacts. At constant exchange rates, sales increased by 4 percent. Sales growth was driven by high demand for vector controls, including ACTELLIC CS, a longer-lasting, more effective product to prevent the spread of malaria. Growth in turf was mainly driven by golf course sales in North America.

Sales by product line are set out below:

($m, except change %)			Change				
Product line	2016	2015	Volume %	Local price %	CER %	Currency %	Actual %
Selective herbicides	2,853	2,894	-1	+3	+2	-3	-1
Non-selective herbicides	773	913	-5	-8	-13	-2	-15
Fungicides	3,157	3,357	-8	+4	-4	-2	-6
Insecticides	1,643	1,705	-4	+2	-2	-2	-4
Seedcare	1,003	994	+3	+2	+5	-4	+1
Other crop protection	142	142	+1	-1	-	-	-
Total Crop Protection	9,571	10,005	-4	+2	-2	-2	-4
Corn and soybean	1,375	1,564	-10	-1	-11	-1	-12
Diverse field crops	666	658	+9	+2	+11	-10	+1
Vegetables	616	616	-1	+4	+3	-3	-
Total Seeds	2,657	2,838	-4	+1	-3	-3	-6
Elimination*	(101)	(80)	n/a	n/a	n/a	n/a	n/a
Total regional	12,127	12,763	-4	+2	-2	-3	-5
Lawn and Garden	663	648	+4	-	+4	-2	+2
Group sales	12,790	13,411	-4	+2	-2	-3	-5

*Crop Protection sales to Seeds

Crop Protection

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

Sales decreased by 1 percent, but increased by 2 percent at constant exchange rates with a volume decline of 1 percent offset by local currency price increases of 3 percent. Sales growth was driven by EAME and North America. In Europe, AXIAL® continued its success on cereals and CALLISTO® expanded on corn in Africa and the CIS. In North America the main growth driver was the continued adoption by US growers of the novel corn herbicide ACURON™, combining three modes of action and four active ingredients.

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

Sales decreased by 15 percent, 13 percent at constant exchange rates. Volumes declined by 5 percent and local currency prices decreased by 8 percent. Performance reflected the deliberate reduction in solo glyphosate, now complete, undertaken in order to improve profitability. At the same time glyphosate prices continue to decline. Sales of GRAMOXONE® were also lower, with volumes in the first half affected by dry weather in ASEAN, and some price pressure from generics in North America.

Fungicides: major brands ALTO®, AMISTAR®, BONTIMA®, BRAVO®, ELATUS®, MIRAVIS™ (based on ADEPIDYN™), MODDUS®, REVUS®, RIDOMIL GOLD ®, SCORE®, SEGURIS®, UNIX®

Fungicide sales decreased by 6 percent, 4 percent at constant exchange rates. Volume declines of 8 percent were partially offset by local currency price increases of 4 percent. North America saw good growth as new products ORONDIS™ and TRIVAPRO™ (based on SOLATENOL™) gained momentum. EAME sales were higher at constant exchange rates despite a difficult first half, when wet weather resulted in missed sprays; the second half saw a strong recovery, with late season demand in cereals and good demand on specialty crops. Innovation continued to expand the portfolio with the launch in the fourth quarter of ELATUS® PLUS in France and MIRAVIS™ Duo (based on ADEPIDYN™) in Argentina.

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

Sales fell by 4 percent and were 2 percent lower at constant exchange rates with volumes declining by 4 percent and local currency prices 2 percent higher. Insecticides saw growth across the northern hemisphere, with particularly good performances by ACTARA®, DURIVO® and KARATE®. In Brazil, sales were affected by low insect pressure and soybean trait penetration, with channel inventories remaining high. Sales in Asia Pacific, which were affected by drought in the first half of the year, rebounded strongly in the second half.

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

Seedcare sales were 1 percent higher, 5 percent higher at constant exchange rates. Volumes grew by 3 percent and local currency prices were 2 percent higher. CRUISER® showed good growth in a number of European markets despite limitations on its use for certain crops. Sales in Canada staged a strong recovery, led by the fungicide VIBRANCE®, which was more than offset in North America by lower treatment intensity and higher inventory in the USA.

Seeds

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

Sales declined by 12 percent and were down 11 percent at constant exchange rates. Volumes were 10 percent lower and local currency prices were 1 percent lower. Sales in the fourth quarter were affected by the non-recurrence of the $200 million corn trait royalty received from KWS/Limagrain in the fourth quarter of 2015. This revenue was recorded in North America ($145 million) and Latin America ($55 million). Full year branded corn seed sales were slightly higher in the USA but lower in Europe due to reduced acreage. In Latin America there was strong underlying growth in both Brazil and Argentina supported by the adoption of VIPTERA™ trait technology. Soybean sales were lower in a competitive environment.

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

Sales increased by 1 percent and were 11 percent higher at constant exchange rates with volumes increasing by 9 percent and local currency prices 2 percent. Sunflower sales grew strongly in Russia and Ukraine. In addition to increased acreage, growers continue to adopt superior genetics with a proven track record on the field. Sugar beet sales also increased.

Vegetables: major brands ROGERS™, S&G®

Vegetables sales were flat year on year, but 3 percent higher at constant exchange rates with local currency price increases of 4 percent partially offset by a volume decline of 1 percent. Demand was strong in Latin America, notably in Brazil and Mexico, as favorable currency rates improved growers' profitability in export markets. South Asia sales also performed well in crops such as cabbage, cauliflower and okra. Price increases were achieved in all regions, reflecting the ability to capture value from a high quality portfolio of hybrids.

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	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2016	2015	Actual %	CER%	2016	2015	2016	2015	Actual %	CER%
Sales	12,790	13,411	-5%	-2%	-	-	12,790	13,411	-5%	-2%
Cost of goods sold	(6,507)	(7,042)	8%	6%	(6)	-	(6,501)	(7,042)	8%	6%
Gross profit	6,283	6,369	-1%	2%	(6)	-	6,289	6,369	-1%	2%
as a percentage of sales	49%	48%					49%	48%		
Marketing and distribution	(2,117)	(2,210)	4%	1%	(26)	-	(2,091)	(2,210)	5%	2%
Research and development	(1,299)	(1,362)	5%	1%	(8)	-	(1,291)	(1,362)	5%	2%
General and administrative	(1,220)	(956)	-28%	-24%	(437)	(388)	(783)	(568)	-38%	-30%
Operating income	1,647	1,841	-11%	-3%	(477)	(388)	2,124	2,229	-5%	2%
as a percentage of sales	13%	14%					17%	17%		

Operating Income/(Loss)

($m, except change %)	2016	2015	Change %
Europe, Africa and Middle East	1,204	1,155	4%
North America	793	973	-18%
Latin America	933	890	5%
Asia Pacific	508	484	5%
Unallocated	(1,908)	(1,781)	-7%
Total regional	1,530	1,721	-11%
Lawn and Garden	117	120	-2%
Group	1,647	1,841	-11%

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 decreased by 11 percent to $1,647 million as the inclusion in 2015 of $200 million of license income received from KWS and Limagrain and the impact of the change in sales terms in Brazil, together with the adverse impact of generally weaker currencies versus the US dollar and increased charges to Restructuring more than offset cost savings and local currency sales price increases. Overall, weaker currencies reduced operating income by approximately $153 million, including a significant adverse impact from the Russian ruble and Ukrainian hryvnia. The ruble and hryvnia currency impact was significantly offset by local currency sales price increases in Russia and the Ukraine. Excluding these currencies in the CIS, the adverse impact on operating income of exchange rate movements, including the net hedging result from the hedging program for forecast foreign currency transactions ("EBITDA hedging program"), is estimated at approximately $45 million. Excluding restructuring and impairment, the ratio of operating income to sales was broadly flat.

Sales declined by 5 percent, 2 percent at constant exchange rates with sales volumes 4 percent lower; license income received from KWS and Limagrain and the impact of the change in selling terms in Brazil in 2015 increased reported 2015 volumes by 3 percent. Volumes were reduced in 2016 by the stop in sales to Venezuela due to delayed payment from the previous season and the final year of deliberate reduction in sales of low margin solo glyphosate, which together reduced sales volumes by 1 percent. Overall local currency sales prices were 2 percent higher, driven by price increases in Russia and the Ukraine to significantly offset currency weakness in those countries and after absorbing lower prices for solo glyphosate; prices otherwise were approximately 1 percent higher, with price increases in Brazil to mitigate the currency weakness in 2015. Exchange rate movements reduced sales by $344 million, or 3 percent. Gross profit margin increased by 1.6 percentage points, 1.7 percentage points excluding restructuring and impairment. The license agreement signed with KWS and Limagrain increased 2015 gross profit margin by 0.8 percentage points; excluding this, gross profit margin was approximately 2.5 percentage points higher, with higher margins in both Crop Protection and Seeds products, but particularly Crop Protection as a result of higher sales prices and lower product costs from savings under the AOL program and lower oil related costs.

Marketing and distribution costs were 4 percent lower; costs were 5 percent lower excluding restructuring and impairment, 2 percent at constant exchange rates, with lower charges for doubtful receivables, particularly in Eastern Europe and Brazil, and marketing and distribution cost savings from restructuring activities. Research and development expense decreased by 5 percent and excluding restructuring and impairment was 2 percent lower at constant exchange rates with cost savings and productivity increases from ongoing AOL restructuring. Research and development expense remained broadly flat as a percentage of sales.

General and administrative including restructuring and impairment was 28 percent higher than 2015, 38 percent higher excluding restructuring and impairment. General and administrative is reported net of the result of currency hedging programs, which in 2016 was a net expense of $73 million compared with a net income of $21 million in 2015. At constant exchange rates, taking into account both variances in underlying costs and the change in the net hedging result from year to year, General and administrative excluding restructuring and impairment was 30 percent higher than 2015. General and administrative costs in global support functions, including Business Services, are charged out to the segments and to the global Research and Development and Production and Supply operations in US dollars at amounts fixed at the start of the year and are then reported in Cost of goods sold, Research and development expense and Marketing, sales and distribution expense; as a result, the impact of currency movements on reported General and administrative is calculated based on the gross expenditure before these recharges. As a result of general currency weakness relative to the US dollar, an excess recharge was recorded in 2015 compared to gross costs incurred, which was not repeated in 2016. 2015 also included higher gains on the disposal of non-current assets, in particular land in Switzerland, than were recorded in 2016 and litigation expenses in 2016 increased from the level of 2015, particularly in the US.

Restructuring and impairment, together with the incremental effect of applying cash-settled share based payment accounting due to the share plan amendments related to the ChemChina Tender Offer, is described in the Restructuring and impairment section in this Operating and Financial Review and increased by $89 million in 2016 to $477 million due to the advisory and share based payment costs related to the ChemChina Tender Offer and increased impairments of non-current assets.

Operating income by segment

Europe, Africa and Middle East	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2016	2015	Actual %	CER%	2016	2015	2016	2015	Actual %	CER%
Sales	3,793	3,884	-2%	5%	-	-	3,793	3,884	-2%	5%
Cost of goods sold	(1,801)	(1,889)	5%	2%	-	-	(1,801)	(1,889)	5%	2%
Gross profit	1,992	1,995	-	11%	-	-	1,992	1,995	-	11%
as a percentage of sales	53%	51%					53%	51%		
Marketing and distribution	(554)	(586)	6%	2%	(9)	-	(545)	(586)	7%	4%

General and administrative	(234)	(254)	8%	5%	(98)	(128)	(136)	(126)	-8%	-10%
Operating income	1,204	1,155	4%	21%	(107)	(128)	1,311	1,283	2%	17%
as a percentage of sales	32%	30%					35%	33%		

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 2 percent below 2015, but had been reduced by approximately 7 percent due to generally weaker exchange rates relative to the US dollar, particularly the Russian ruble and Ukrainian hryvnia. At constant exchange rates, sales were 5 percent above 2015, with local currency price increases of 4 percent, principally in the CIS to compensate the currency weakness, and 1 percent higher sales volumes. See the Sales commentary section above for further information on sales in the region.

Gross profit margin was 1.1 percentage points higher, 2.9 percentage points at constant exchange rates. The local currency price increases in Russia and the Ukraine offset the adverse impact of exchange rate weakness and together with product cost savings drove an improved gross profit margin.

Marketing and distribution costs, excluding restructuring and impairment, were 7 percent lower, 4 percent at constant exchange rates, with lower charges for doubtful receivables in Eastern Europe and cost savings realized under the AOL restructuring program.

General and administrative was 8 percent lower including decreased restructuring charges. Excluding restructuring and impairment, General and administrative was 8 percent higher, 10 percent at constant exchange rates due to a gain recorded in 2015 on the disposal of land in Switzerland.

Restructuring and impairment charges were $107 million in 2016 compared with $128 million in 2015. Charges in 2016 include $100 million related to progressing the AOL restructuring program, including restructuring the marketing organization, the relocation of certain support activities to lower cost countries and associated tangible asset write-downs, $9 million of share-based payment charges related to the ChemChina Tender Offer and $7 million for integration projects, including costs related to the divestment of the Bioline beneficial insects breeding business. The gain from the divestment is also reported in restructuring and impairment. Charges in 2015 include $107 million related to progressing the AOL restructuring program, and $7 million for the integration of acquisitions completed in previous years.

Operating income as a percentage of sales was 2 percentage points higher in 2016, approximately 4 percentage points higher at constant exchange rates excluding restructuring and impairment, driven by the improved gross profit margin.

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North America	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2016	2015	Actual %	CER%	2016	2015	2016	2015	Actual %	CER%
Sales	3,202	3,410	-6%	-6%	-	-	3,202	3,410	-6%	-6%
Cost of goods sold	(1,720)	(1,779)	3%	3%	(2)	-	(1,718)	(1,779)	3%	3%
Gross profit	1,482	1,631	-9%	-8%	(2)	-	1,484	1,631	-9%	-8%
as a percentage of sales	46%	48%					46%	48%		
Marketing and distribution	(528)	(537)	2%	1%	(8)	-	(520)	(537)	3%	3%
General and administrative	(161)	(121)	-33%	-34%	(58)	(37)	(103)	(84)	-23%	-23%
Operating income	793	973	-18%	-17%	(68)	(37)	861	1,010	-15%	-14%
as a percentage of sales	25%	29%					27%	30%		

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 decreased by 6 percent, 6 percent at constant exchange rates, with sales volumes 5 percent lower and 1 percent lower local currency sales prices. See the Sales commentary section above for further information on sales in the region. Sales in 2015 included $145 million from the license agreement with KWS and Limagrain, which increased the gross profit margin by approximately 2.3 percentage points; excluding this, gross profit margin was approximately 0.8 percentage points higher in 2016, approximately 1.3 percentage points at constant exchange rates, with higher margins in Crop Protection, partly due to the further reduction in sales volumes of lower margin solo glyphosate sales and improved margins in Corn Seeds.

Marketing and distribution costs excluding restructuring and impairment were 3 percent lower, 3 percent at constant exchange rates, with savings from restructuring within both the marketing and distribution functions.

General and administrative excluding restructuring and impairment was 23 percent higher than 2015, 23 percent at constant exchange rates, due to increased litigation expenses in 2016, a settlement gain in 2015 relating to the US defined benefit pension plan and the realization of insurance proceeds relating to claims made in prior years, where recovery had not previously been assumed.

Restructuring and impairment costs were $31 million higher than 2015 and in 2016 included $26 million from AOL projects, $13 million of share based payment charges related to the ChemChina Tender Offer and $25 million of impairments related to two sites now classified as held-for-sale. Charges in 2015 included $23 million under the AOL program, including a minor impairment related to the closure of a seeds plant in the US, and $7 million of impairment of exclusive distribution rights where an agreement was terminated.

Operating income as a percentage of sales decreased by 4 percentage points, 3 percentage points excluding restructuring and impairment largely from the favorable impact in 2015 of the $145 million license income from the agreement with KWS and Limagrain and increased litigation expenses in 2016.

Latin America	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2016	2015	Actual %	CER%	2016	2015	2016	2015	Actual %	CER%
Sales	3,293	3,632	-9%	-9%	-	-	3,293	3,632	-9%	-9%
Cost of goods sold	(1,766)	(2,118)	17%	14%	(1)	-	(1,765)	(2,118)	17%	14%
Gross profit	1,527	1,514	1%	-3%	(1)	-	1,528	1,514	1%	-3%
as a percentage of sales	46%	42%					46%	42%		
Marketing and distribution	(492)	(557)	12%	4%	(4)	-	(488)	(557)	12%	5%
General and administrative	(102)	(67)	-53%	-12%	(45)	(28)	(57)	(39)	-47%	41%
Operating income	933	890	5%	-3%	(50)	(28)	983	918	7%	-
as a percentage of sales	28%	25%					30%	25%		

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 decreased by 9 percent, 9 percent at constant exchange rates with 13 percent lower sales volumes partially offset by 4 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 approximately 4.7 percentage points, approximately 2.9 percentage points at constant exchange rates. Sales in 2015 included $55 million from the license agreement with KWS and Limagrain, which increased the gross profit margin by approximately 0.9 percentage points. Gross profit margin was higher in 2016 due to the increased sales prices, reduced inventory provisions in seeds and lower product costs, more than offsetting the impact of the stop in higher margin sales to Venezuela.

Marketing and distribution costs excluding restructuring and impairment were 12 percent lower than 2015, 5 percent at constant exchange rates, with lower charges to provisions for doubtful receivables in Brazil than recorded in 2015.

General and administrative excluding restructuring and impairment was 47 percent higher than 2015, but 41 percent lower at constant exchange rates largely due to cost reductions in the support functions. General and administrative in 2016 was net of currency hedging losses of $8 million, compared with gains of $27 million in 2015.

Restructuring and impairment costs increased by $22 million to $50 million in 2016. The 2016 amount includes $37 million for AOL restructuring projects, mainly related to improving efficiencies in local processes and effectiveness of back office support services, including the establishment of an integrated system platform in Brazil, and $7 million of share based payment charges related to the ChemChina Tender Offer. Charges in 2015 included $22 million related to the AOL restructuring program, including restructuring of marketing operations and initial costs to establish an integrated system and support platform in Brazil.

Operating income was $43 million higher, $65 million excluding restructuring and impairment, due to the improved gross margin and reduction in charges to provisions for doubtful receivables. Operating income as a percentage of sales increased by nearly 4 percentage points. Excluding restructuring and impairment, operating income as a percentage of sales increased by 5 percentage points and by 3 percentage points at constant exchange rates.

Asia Pacific	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2016	2015	Actual %	CER%	2016	2015	2016	2015	Actual %	CER%
Sales	1,839	1,837	-	2%	-	-	1,839	1,837	-	2%
Cost of goods sold	(986)	(1,012)	3%	2%	-	-	(986)	(1,012)	3%	2%
Gross profit	853	825	3%	6%	-	-	853	825	3%	6%
as a percentage of sales	46%	45%					46%	45%		
Marketing and distribution	(279)	(286)	2%	1%	(2)	-	(277)	(286)	3%	2%
General and administrative	(66)	(55)	-19%	-21%	(25)	(20)	(41)	(35)	-15%	-16%
Operating income	508	484	5%	9%	(27)	(20)	535	504	6%	10%
as a percentage of sales	28%	26%					29%	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 were flat, but 2 percent higher at constant exchange rates, with 2 percent higher sales volumes and flat local currency sales prices. See the Sales commentary section above for further information regarding sales in the region. Gross profit margin improved by 1.5 percentage points, 1.9 percentage points at constant exchange rates, with increased volumes of higher margin fungicides, insecticides and seedcare, combined with product cost savings.

Marketing and distribution costs excluding restructuring and impairment were 3 percent lower, 2 percent at constant exchange rates, with savings from restructuring in the marketing function.

General and administrative excluding restructuring and impairment increased by $6 million, due to a lower level of government grants received and gains from an intangible asset disposal recorded in 2015.

Restructuring and impairment charges in 2016 increased by $7 million to $27 million. The 2016 amount includes $17 million for AOL restructuring projects including projects to improve effectiveness of back office support services and the net result on the sale of the Goa manufacturing site together with associated costs. Charges in 2015 included $16 million for implementation of AOL programs and $3 million final charges under a previous restructuring program.

Operating income margin increased by 2 percentage points to 28 percent, and excluding restructuring and impairment improved by 1 percentage point to 29 percent, a 2 percentage point improvement at constant exchange rates, driven by the improved gross profit margin.

Unallocated

Income and expense transactions in the Regional 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 Regional organization do not relate to a geographic destination and are reported as unallocated. These include global marketing teams, research and development and corporate headquarter functions. In addition, regions' gross profit performance is based on standard product costs, with variances from the standard reported as unallocated in order to align the reported results with organizational responsibility. Unallocated also includes results of centrally managed currency and commodity hedging programs.

Unallocated costs increased by $127 million, or 7 percent from 2015, to $1,908 million. Restructuring and impairment charges increased by $46 million; excluding this, unallocated costs increased by $81 million, or 5 percent. Research and development expense was 5 percent lower, 2 percent at constant exchange rates as cost savings and productivity improvements under the AOL program were delivered. General and administrative is reported including currency hedging losses of $62 million compared with losses of $30 million in 2015. Excluding restructuring and impairment, General and administrative increased by $132 million. At constant exchange rates, taking into the account the net hedging result, these costs were approximately $146 million higher. Total gross costs of the global support function functions were lower than 2015 at constant exchange rates. However, a significant portion of service costs are recharged to the regional and Lawn and Garden segments at amounts fixed in US dollars at the start of the year. In 2015, general dollar strength reduced actual costs below the level of the recharge, with a surplus recorded in Unallocated. This surplus was not repeated in 2016. Restructuring and impairment charges reported within Unallocated increased by $46 million to $214 million. The 2016 amount includes $61 million for the impairment of product rights where production challenges have increased the uncertainties of commercializing a product profitably, $16 million for the write-down of a building now classified as held-for-sale, $10 million to impair the assets of a seeds crop where expectations of future operating profitability have reduced and $33 million from AOL projects, mainly related to research and development productivity. In addition, 2016 restructuring charges include $50 million of transaction costs and $36 million of costs for the incremental effect of applying cash-settled share based payment accounting due to share plan amendments related to the ChemChina Tender Offer; both these items are discussed in detail in Note 3 to the consolidated financial statements in Item 18. Charges in 2015 included $66 million related to the AOL program, including impairments at two manufacturing sites, a further impairment related to a seeds crop where expectations of future profitability have reduced and approximately $77 million of acquisition, divestment and related costs, including advisory costs associated with possible corporate transactions. Details of restructuring and impairment for 2016 and 2015 are shown further below.

Lawn and Garden	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2016	2015	Actual %	CER %	2016	2015	2016	2015	Actual %	CER %
Sales	663	648	2%	4%	-	-	663	648	2%	4%
Cost of goods sold	(282)	(298)	5%	3%	-	-	(282)	(298)	6%	3%
Gross profit	381	350	9%	10%	-	-	381	350	9%	10%
as a percentage of sales	57%	54%					58%	54%		
Marketing and distribution	(162)	(161)	-1%	-2%	(1)	-	(161)	(161)	-	-1%
Research and development	(52)	(52)	1%	1%	-	-	(52)	(52)	1%	1%
General and administrative	(50)	(17)	-191%	-47%	(10)	(7)	(40)	(10)	-316%	-60%
Operating income	117	120	-2%	21%	(11)	(7)	128	127	1%	22%
as a percentage of sales	18%	19%					19%	20%		

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 were 2 percent higher, 4 percent at constant exchange rates, with flat local currency sales prices and a 4 percent increase in sales volumes. See the Sales commentary section above for further information on sales in the segment. Gross profit margin increased by 3.5 percentage points, 3.5 percentage points at constant exchange rates, from increased volumes of higher margin Vector Control products.

Marketing and distribution costs, excluding restructuring and impairment were flat, but increased by 1 percent at constant exchange rates. Research and development expense was 1 percent lower, 1 percent at constant exchange rates, with restructuring activities at the Netherlands site having started in the final quarter of 2015. General and administrative is reported net of a $3 million currency hedging loss under the EBITDA hedging program compared with a $24 million gain in 2015. General and administrative excluding restructuring and impairment was significantly higher than 2015 including the hedging result; at constant exchange rates costs were 60 percent higher due to increased charges for support services.

Restructuring costs in 2016 increased by $4 million compared with 2015 and in both years related largely to the AOL program.

Operating income as a percentage of sales decreased by approximately 1 percentage point to 18 percent. Excluding restructuring and impairment, operating income as a percentage of sales decreased by approximately 1 percentage points to 19 percent due to the adverse relative hedging result in 2016 compared to 2015; at constant exchange rates, operating income excluding restructuring and impairment as a percentage of sales increased by 4 percentage points.

Defined Benefit Pensions

Defined benefit pension expense was a charge of $145 million in 2016 compared with a charge of $165 million in 2015. 2016 expense was lower because of non-recurrence of $11 million of early retirement costs incurred in 2015 in implementing the AOL restructuring program in Switzerland, and reduced pension expense in the UK resulting from the 2014 plan amendment to freeze pensionable pay at January 1, 2016 levels. Syngenta expects 2017 defined benefit pension expense, excluding costs associated with restructuring, to be similar to 2016 expense at constant exchange rates, with the impact of a further reduction in the real discount rate in the UK from 0.67 percent to minus 0.76 percent offset by reduced expenses from the Swiss pension plan due to impact of the AOL restructuring actions and to the full impact of the benefit changes introduced in 2014.

Syngenta contributions to defined benefit pension plans were $161 million in 2016 compared with $168 million in 2015. These included early retirement contributions of $11 million in 2016 and $12 million in 2015. In 2017, Syngenta expects contributions to defined benefit pension plans, excluding early retirement contributions associated with restructuring actions, to be approximately $150 million.

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Restructuring and impairment

Restructuring and impairment charges for the years ended December 31, 2016 and 2015, broken down into the main restructuring initiatives, consist of the following:

For the years ended December 31, ($m)	2016	2015
Accelerating operational leverage programs:		
Cash costs	214	228
Non-cash costs	9	12
Integrated crop strategy programs:		
Cash costs	1	27
Acquisition, divestment and related costs:		
Cash costs		
Associated with industry consolidation, including ChemChina	50	62
Other acquisition and related costs	24	29
Non-cash items	(12)	1
Other non-cash restructuring and impairment:		
Other non-current asset impairments	121	29
Total	407	388

The above costs are presented within Restructuring in the consolidated income statement.

In addition to the above, of the $141 million share based payment expense charged to the 2016 consolidated income statement, $70 million (2015: $ nil) is the incremental effect of applying cash-settled share based payment accounting due to the share plan amendments related to the ChemChina Tender Offer, as described in Note 3. The $70 million is presented as costs of the following functions: Cost of goods sold $6 million, Marketing and distribution $26 million, Research and development $8 million, Other general and administrative $30 million.

The total of the above material items is presented within the consolidated income statement as follows:

($m)	2016	2015
Cost of goods sold	6	-
Marketing and distribution	26	-

Research and development	8	-
Other general and administrative	30	-
Restructuring	407	388
Total	477	388

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 costs of analyzing and preparing for potential industry consolidation transactions, including costs associated with the ChemChina Tender Offer, as well as 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.

Analysis of restructuring costs

2016

Accelerating operational leverage programs

Cash costs of $214 million, including $36 million of severance and pension charges and $35 million of information systems projects, consist of $95 million for initiatives to restructure marketing and commercial operations, $61 million for projects to improve the effectiveness of back office support, $30 million for Research and Development productivity projects, $23 million for activity to optimize production and supply and $5 million for project management. Non-cash costs include tangible asset write-downs associated with the above projects.

Integrated crop strategy programs

The integrated crop strategy programs announced in 2011 are substantially complete and final costs in 2016 relate to the completion of certain projects initiated before the end of 2015.

Acquisition, divestment and related costs

Cash costs include $50 million of transaction costs related to the ChemChina Tender Offer. Other cash costs include $13 million of transaction costs and $11 million incurred for integration projects, including the divestments of the Goa manufacturing site and the Bioline beneficial insects breeding business and the subsequently canceled projects to divest the Flowers and Vegetables businesses. Non-cash items consist of aggregate gains of $12 million on sale of the Bioline beneficial insects breeding business and the manufacturing site in Goa.

Other non-cash restructuring

Other non-current asset impairments include $61 million for the impairment of product rights where production challenges have increased the uncertainties of commercializing a product profitably, $31 million for the impairment of two sites and $16 million for the write-down of a building, both in the US and now classified as held-for-sale, $10 million to impair the assets of a seeds crop where expectations of future operating profitability have reduced and various other individually small write-downs.

2015

Accelerating operational leverage programs

Cash costs of $228 million, including $127 million of severance and pension charges, consisted of $77 million for initiatives to restructure marketing and commercial operations, $43 million for projects to drive efficiencies in territory commercial operations, $48 million to rationalize logistical operations and optimize production capacity, $36 million for Research and Development productivity projects, $17 million for projects to increase the effectiveness of back office support services and $7 million for project management.

Non-cash costs of $12 million included $33 million of tangible asset write-downs at three sites resulting from projects to rationalize logistical operations and optimize production capacity and a $21 million pension curtailment gain related to the Swiss defined benefit pension plan. The pension curtailment gain represents the difference between the cash costs for early retirements and the calculation of net pension curtailment costs according to IFRS. Cash costs for early retirements are included in the cash costs of various projects described above.

Integrated crop strategy programs

Cash costs of $27 million included $20 million of charges for the transfer of certain system and process management activities to the internal service center in India, including $11 million for information system projects, $1 million to restructure the integrated Research and Development function, $1 million to restructure the Human Resource organization and $5 million of corporate headquarter and other costs.

Acquisition, divestment and related costs

Costs associated with industry consolidation represented transaction charges related to potential transactions, such as the proposals received from Monsanto Company and ChemChina. Further cash costs included $21 million of transaction costs and $8 million incurred to integrate previous acquisitions, mainly the German and Polish winter wheat and winter oilseed rape breeding and business operations of Lantmännen, PSB and MRI, as well as costs associated with the separation and planned divestments of the Flowers and Vegetables Seeds businesses announced during 2015, which were subsequently canceled. The non-cash item was an impairment related to fixed assets acquired with the German and Polish winter wheat and winter oilseed rape breeding and business operations of Lantmännen.

Other non-cash restructuring

Other non-current asset impairments of $29 million included $20 million to impair the assets of a seeds crop where expectations of future operating profitability had reduced, $7 million of impairment of exclusive distribution rights where the distribution agreement was terminated and $2 million for two other intangible asset impairments.

Financial expense, net

Financial expense, net increased to $291 million in 2016 from $256 million in 2015. Currency related financial expenses in 2016 of $253 million were $38 million higher than 2015 due to increased exposures in Latin American countries from the higher average trade working capital and currency losses in certain emerging market countries where hedging is not available. Net interest expense was flat at $19 million in 2016 with average net debt broadly stable over the two years.

Taxes

Syngenta's effective tax rate in 2016 was 13 percent, 3 percent lower than the 16 percent effective tax rate for 2015. Syngenta's Swiss statutory tax rate was 22 percent in both years. Income taxed at different rates increased the effective tax rate by 2 percent in 2016, compared with an 8 percent reduction in 2015 due to differences in the mix of jurisdictions in which estimated taxable profits arose in the respective years, and to the impact of the changes made to require cash settlement of share awards contingent on completion of the ChemChina Tender Offer. The percentage of income before taxes recorded in Switzerland reduced from 53 percent in 2015 to 40 percent in 2016. The tax deduction for amortization and impairments not recognized for IFRS reduced the tax rate by 1 percent (2 percent in 2015) from the impairment of shares held by several group companies in subsidiaries resulting from a decrease in the value of those subsidiaries as determined under local GAAP, due in part to weaker exchange rates of the functional currency of the subsidiaries. An improvement in profitability in operations in Argentina, Brazil and Philippines contributed to a 4 percent reduction in the tax rate from recognition of previously unrecognized deferred tax assets (2 percent in 2015). Changes in prior year estimates and other items reduced the tax rate by 6 percent in 2016, compared with a 4 percent increase in 2015, due to the release of several prior year related tax risk provisions as further disclosed in Note 2 to the consolidated financial statements in Item 18. Non-recognition of deferred tax assets was not material and did not impact the tax rate in 2016, but increased the tax rate by 5 percent in 2015 mainly due to deferred tax assets in parts of Latin America and Africa where the criteria for recognizing deferred tax assets was not met because of local currency weakness and weak economic conditions.

The tax rate on restructuring and impairment was 18 percent in 2016, compared with 23 percent for 2015 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 2016 was $1,178 million, 12 percent lower than the 2015 amount of $1,339 million. Sales were 5 percent lower, 2 percent lower at constant exchange rates, with 3 percent due to weaker foreign currency exchange rates relative to the US dollar. Operating income margin was 0.8 percentage points lower in 2016 than 2015, with increased restructuring and impairment charges and the incremental effect of applying cash-settled share based payment accounting following the ChemChina Tender Offer; excluding these factors, operating income margin was broadly flat in 2016 and 2015. Following higher financial expense, income before taxes was 15 percent lower in 2016. With a lower effective tax rate, net income was 12 percent below 2015.

After related taxation, restructuring and impairment charges (including the incremental share based payment charges noted above) were $390 million in 2016 compared with $300 million in 2015 largely due to costs associated with the ChemChina Tender Offer and increased impairments of non-current assets.

2015 compared with 2014

Sales commentary

Syngenta's consolidated sales for 2015 were $13,411 million, compared with $15,134 million in 2014, an 11 percent decrease year on year. At constant exchange rates sales grew by 1 percent. The analysis by segment is as follows:

($m, except change %)			Change				
Segment	2015	2014	Volume %	Local price %	CER %	Currency %	Actual %
Europe, Africa and Middle East	3,884	4,547	-2%	12%	10%	-25%	-15%
North America	3,410	3,582	-1%	-3%	-4%	-1%	-5%
Latin America	3,632	4,279	-1%	-4%	-5%	-10%	-15%
Asia Pacific	1,837	2,033	-7%	4%	-3%	-7%	-10%
Total regional	12,763	14,441	-2%	2%	–	-12%	-12%
Lawn and Garden	648	693	2%	1%	3%	-10%	-7%
Group sales	13,411	15,134	-2%	3%	1%	-12%	-11%

Europe, Africa and Middle East

Sales decreased by 15 percent, but increased by 10 percent at constant exchange rates as sales price increases of 12 percent partially were offset by 2 percent lower volumes. The price increases were largely realized in the CIS and substantially offset the significant currency depreciation in those countries. The adverse impact on sales volume of crop protection products from dry weather conditions, low crop disease pressure and depressed cereals prices was offset by strong performance in Fungicides, particularly the cereal fungicides SEGURIS® and MODDUS®, as well as Seedcare. This offset the reduction of seeds volumes in the region, particularly in the CIS as a result of the aforementioned price increases. However, seeds volumes in the CIS grew significantly in the fourth quarter as the result of a successful campaign for corn and sunflower seeds.

North America

Sales decreased by 5 percent, 4 percent at constant exchange rates as sales prices decreased by 3 percent and volumes were 1 percent lower. A planned reduction in sales of glyphosate and lower glyphosate sales prices reduced regional sales by 4 percent. In the USA, ongoing low crop commodity prices negatively affected the demand for crop enhancement applications. In Canada, sales were lower due to dry weather conditions and high channel inventories of Seedcare products at the start of the year. Sales in the fourth quarter increased significantly, helped by trait revenues of $145 million from the licensing agreement with KWS and Limagrain and volume growth driven by ACURON™.

Latin America

Sales decreased by 15 percent, 5 percent at constant exchange rates as sales prices decreased by 4 percent and volumes were 1 percent lower. Market conditions deteriorated in the second half of the year, with the sharp depreciation of the Brazilian real as well as tight credit conditions for growers in both Brazil and Argentina. The deliberate reduction in glyphosate volumes, together with lower local currency sales prices, reduced sales by $224 million. Higher sales of ELATUS®, in its second year in Brazil, partially offset the impact of lower sales of Insecticides. In 2015, Syngenta implemented a change in contractual sales terms for crop protection products in Brazil, which caused a timing change in sales recognition and increased reported sales by $239 million. In addition, 2015 seeds sales in the region included $55 million in trait revenue from the KWS and Limagrain agreement.

Asia Pacific

Sales decreased by 10 percent, 3 percent at constant exchange rates as volumes decreased by 7 percent and sales prices were 4 percent higher. Sales volumes decreased in ASEAN, which experienced extended drought conditions, and China, where sales of paraquat were phased out due to a regulatory change. These decreases partially were offset by higher volumes in Australasia and where increased cotton acreage drove higher Seedcare sales. Sales price increases were achieved across most territories in the region, most notably in South Asia and with higher seed prices in ASEAN reflecting the increased adoption of genetically modified seed technology.

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

Sales decreased by 7 percent, but increased by 3 percent at constant exchange rates as volumes increased by 2 percent and sales prices were increased by 1 percent. Volume growth was driven by the introduction of the new SDHI fungicide VELISTA™ in North America and higher vector control sales in Africa and the Middle East. Sales volumes in Flowers were lower as a consequence of a strategy focusing on larger customers in order to improve profitability.

Sales by product line are set out below:

($m, except change %)			Change				
Product line	2015	2014	Volume %	Local price %	CER %	Currency %	Actual %
Selective herbicides	2,894	3,083	2%	4%	6%	-12%	-6%
Non-selective herbicides	913	1,445	-21%	-10%	-31%	-6%	-37%
Fungicides	3,357	3,518	6%	3%	9%	-14%	-5%
Insecticides	1,705	2,066	-7%	-1%	-8%	-9%	-17%
Seedcare	994	1,115	-1%	1%	–	-11%	-11%
Other crop protection	142	154	-10%	9%	-1%	-7%	-8%
Total Crop Protection	10,005	11,381	-2%	1%	-1%	-11%	-12%
Corn and soybean	1,564	1,665	1%	3%	4%	-10%	-6%
Diverse field crops	658	827	-13%	21%	8%	-28%	-20%
Vegetables	616	663	-2%	7%	5%	-12%	-7%
Total Seeds	2,838	3,155	-3%	8%	5%	-15%	-10%
Elimination*	(80)	(95)	n/a	n/a	n/a	n/a	n/a
Total regional	12,763	14,441	-2%	2%	–	-12%	-12%
Lawn and Garden	648	693	2%	1%	3%	-10%	-7%
Group sales	13,411	15,134	-2%	3%	1%	-12%	-11%

*Crop Protection sales to Seeds

Crop Protection

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

Sales decreased by 6 percent, but increased by 6 percent at constant exchange rates as local currency sales prices were increased by 4 percent and volumes grew by 2 percent. The price increase was substantially in the CIS, where it compensated for currency depreciation. Sales volume growth was led by sales in the US of ACURON™, which achieved its target of $100 million sales in its launch year. This combined with higher sales in Latin America from the change in sales terms in Brazil more than offset decreased volumes elsewhere, particularly in Canada due to dry weather conditions.

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

Sales decreased by 37 percent, 31 percent at constant exchange rates as volumes decreased by 21 percent and local currency sales prices decreased by 10 percent. The sales decline reflected the decision by Syngenta to reduce volumes of low gross profit margin solo glyphosate in order to improve overall profitability. Volumes were also impacted by the phase out of sales in China of GRAMOXONE® following a regulatory change affecting paraquat liquid formulations. The sales price decrease was due to the lower price of TOUCHDOWN® and reflected a lower purchase price for the active ingredient.

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

Sales decreased by 5 percent, but increased by 9 percent at constant exchange rates as volumes grew by 6 percent and local currency sales prices were increased by 3 percent. Sales volume growth was achieved in all regions except Asia Pacific, where dry weather conditions reduced demand. Growth in Latin America included strong second-year sales of ELATUS®, which exceeded $400 million. Sales volume also grew widely in Europe, led by strong sales of the cereals fungicides ALTO®, MODDUS® and SEGURIS®. Sales price increases in Latin America, Asia Pacific and Europe, which were driven by price rises in the CIS to offset currency weakness, more than offset lower prices in North America.

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

Sales decreased by 17 percent, 8 percent at constant exchange rates as volumes decreased by 7 percent and local currency sales prices decreased by 1 percent. Volume growth in Asia Pacific from new product introductions in China and India was more than offset by a reduction in Latin America, caused by dry weather and low insect pressure in Argentina and high channel inventories in Brazil, though with higher ACTARA® sales in the fourth quarter from an improvement in the sugarcane market. Sales price increases in Europe, mainly in the CIS, and in Asia Pacific were offset by declines particularly in Latin America.

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

Sales decreased by 11 percent and were unchanged at constant exchange rates as a 1 percent local currency sales price increase was offset by a 1 percent volume decrease. Sales price increases in Europe, mainly in the CIS to offset currency weakness, more than offset lower prices in North America and Latin America. Sales volumes in Europe were strong in the cereals markets in the CIS and Central Europe, and in Asia Pacific sales benefitted from a focus on key accounts and broad based growth in Australasia. This largely offset lower volumes in North America, caused by high channel inventories in the Canadian cereals market and lower cotton acres in southern US states.

Seeds

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

Sales decreased by 6 percent, but increased by 4 percent at constant exchange rates as local currency sales prices were increased by 3 percent and volumes grew by 1 percent. Corn sales volumes increased due to a combined $200 million recognized in North America and Latin America in the fourth quarter from the licensing agreement with KWS and Limagrain. This was partially offset by lower branded product sales in the US, caused by the acreage shift from corn to soybean, and lower corn volumes in Europe due to reduced acreage. Soybean volumes in Latin America decreased as sales were shifted to distributors as part of the implementation of the Integrated Business Partner model in Brazil. Corn prices were increased significantly in the CIS and also increased in Asia Pacific, driven by increased adoption of genetically modified seed technology there.

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

Sales decreased by 20 percent, but increased by 8 percent at constant exchange rates as local currency sales prices were increased by 21 percent and volumes decreased by 13 percent. The strong price growth was due to substantial price increases on sunflower in the CIS, which fully offset the impact of currency depreciation, though with some adverse impact on sales volume as some growers switched from high value hybrids to lower quality local seeds. Sugar beet volumes were lower due to oversupply in the sugar market, which led to significant acreage shifts in Europe.

Vegetables: major brands ROGERS™, S&G®

Sales decreased by 7 percent, but increased by 5 percent at constant exchange rates as local currency sales prices were increased by 7 percent and volumes decreased by 2 percent. Sales prices were increased in all regions with a focus on capturing value for high quality hybrids across the portfolio and in particular in Asia Pacific where Syngenta captured a share of the strong return on investments being achieved by growers in South Asia. Sweetcorn sales in the USA decreased due to high processor inventories.

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	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2015	2014	Actual %	CER%	2015	2014	2015	2014	Actual %	CER%
Sales	13,411	15,134	-11%	1%	–	–	13,411	15,134	-11%	1%
Cost of goods sold	(7,042)	(8,192)	14%	5%	–	(13)	(7,042)	(8,179)	14%	5%
Gross profit	6,369	6,942	-8%	8%	–	(13)	6,369	6,955	-8%	7%
as a percentage of sales	48%	46%			–	–	48%	46%		
Marketing and distribution	(2,210)	(2,497)	11%	–	–	–	(2,210)	(2,497)	11%	–
Research and development	(1,362)	(1,430)	5%	-3%	–	–	(1,362)	(1,430)	5%	-3%
General and administrative	(956)	(910)	-5%	-22%	(388)	(193)	(568)	(717)	21%	3%
Operating income	1,841	2,105	-13%	13%	(388)	(206)	2,229	2,311	-4%	21%
as a percentage of sales	14%	14%					17%	15%		

Operating Income/(Loss)			
($m, except change %)	2015	2014	Change %
Europe, Africa and Middle East	1,155	1,456	-21%
North America	973	901	8%
Latin America	890	1,069	-17%
Asia Pacific	484	560	-14%
Unallocated	(1,781)	(1,981)	10%
Total regional	1,721	2,005	-14%
Lawn and Garden	120	100	20%
Group	1,841	2,105	-13%

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

Overall Group operating income

Operating income decreased by 13 percent to $1,841 million as the adverse impact of generally weaker currencies versus the US dollar and increased charges to Restructuring more than offset cost savings and local currency sales price increases. Overall, weaker currencies reduced operating income by approximately $571 million, including a significant adverse impact from the Russian ruble and Ukrainian hryvnia. The ruble and hryvnia currency impact was substantially offset by local currency sales price increases in Russia and the Ukraine. Excluding these currencies, the adverse impact on operating income of exchange rate movements, including the net hedging result from the EBITDA hedging program, was estimated at approximately $100 million. The ratio of operating income to sales was broadly flat, but improved by approximately 1.4 percentage points excluding restructuring and impairment.

Sales declined by 11 percent, but were 1 percent higher at constant exchange rates with sales volumes 2 percent lower with the deliberate reduction in sales of solo glyphosate and challenging market conditions in all regions more than offsetting the license income received from KWS and Limagrain and the impact of the change in selling terms in Brazil. Overall local currency sales prices were 3 percent higher, driven by price increases in Russia and the Ukraine to substantially maintain equivalent US dollar price levels and after absorbing lower prices for solo glyphosate; prices otherwise were broadly flat. Exchange rate movements reduced sales by $1.8 billion, or 12 percent. Gross profit margin increased by 1.6 percentage points, 1.5 percentage points excluding restructuring and impairment. The favorable impact of the license agreement signed with KWS and Limagrain and restructuring savings, combined with reduced oil prices and the smaller share in the product mix of lower margin solo glyphosate, more than offset lower US dollar sales prices and the inclusion in 2014 of gains from the amendments to defined benefit pension plans in the UK and the Netherlands.

Marketing and distribution costs were 11 percent lower, but remained flat at constant exchange rates, with emerging market cost inflation and an increase to charges for doubtful receivables, particularly in Brazil, more than offsetting marketing and distribution cost savings from restructuring activities. Research and development expense decreased by 5 percent, but was 3 percent higher at constant exchange rates, with cost savings from ongoing restructuring more than offset by the impact of the $49 million gain reported in 2014 from the amendments to defined benefit pension plans in the UK and the Netherlands noted above. Research and development expense increased to 10.2 percent of sales, compared with 9.4 percent in 2014, also due to the different currency mix in Research and development costs compared with that of sales.

General and administrative including restructuring and impairment was 5 percent higher than 2014, but 21 percent lower excluding restructuring and impairment. General and administrative is reported net of the result of currency hedging programs, which in 2015 was a net income of $21 million compared with a net income of $15 million in 2014. At constant exchange rates, taking into account both variances in underlying costs and the change in the net hedging result from year to year, General and administrative excluding restructuring and impairment was 3 percent lower than 2014. General and administrative costs in global support functions, including Business Services, are charged out to the segments and to the global Research and development and Production and Supply operations in US dollars at amounts fixed at the start of the year and are then reported in Cost of goods sold, Research and development expense and Marketing, sales and distribution expense; as a result, the impact of currency movements on reported General and administrative is calculated based on the gross expenditure before these recharges. Lower costs in 2015 at constant exchange rates reflected savings under the ongoing restructuring programs, including headcount reductions and the transfer of support function roles to lower cost countries, as well as tight constraint of variable costs; increased gains on the disposal of non-current assets in 2015 offset the $22 million recorded gain on changes to the UK and Netherlands pension plans in 2014. 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 $182 million in 2015 to $388 million due to the progression of the AOL restructuring program and advisory costs related to industry consolidation corporate transactions.

Operating income by segment

Europe, Africa and Middle East	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2015	2014	Actual %	CER%	2015	2014	2015	2014	Actual %	CER%
Sales	3,884	4,547	-15%	10%	–	–	3,884	4,547	-15%	10%
Cost of goods sold	(1,889)	(2,180)	13%	3%	–	(13)	(1,889)	(2,167)	13%	2%
Gross profit	1,995	2,367	-16%	22%	–	(13)	1,995	2,380	-16%	21%
as a percentage of sales	51%	52%					51%	52%		
Marketing and distribution	(586)	(720)	19%	4%	–	–	(586)	(720)	19%	4%
General and administrative	(254)	(191)	-33%	-44%	(128)	(30)	(126)	(161)	22%	17%
Operating income	1,155	1,456	-21%	32%	(128)	(43)	1,283	1,499	-14%	37%
as a percentage of sales	30%	32%					33%	33%		

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 15 percent below 2014, but had been reduced by approximately 25 percent due to weaker exchange rates relative to the US dollar, including the Euro, Russian ruble and Ukrainian hryvnia. At constant exchange rates, sales were 10 percent above 2014, with local currency price increases of 12 percent, principally in the CIS to compensate the currency weakness, offset by 2 percent lower sales volumes. See the Sales commentary section above for further information on sales in the region.

Gross profit margin was 0.7 percentage points lower and, excluding restructuring and impairment was also 0.7 percentage points lower. Local currency price increases in Russia and the Ukraine offset the adverse impact of exchange rate weakness and enabled gross profit to be largely maintained. The portion of Restructuring and impairment in 2014 that was included in Cost of goods sold related to the acquisitions completed in the year.

Marketing and distribution costs were 19 percent lower, 4 percent at constant exchange rates, with lower charges for doubtful receivables following strong customer collections in Eastern Europe and cost savings realized under the AOL restructuring program.

General and administrative was 33 percent higher including increased restructuring charges. Excluding restructuring and impairment, General and administrative was 22 percent lower, 17 percent at constant exchange rates due to the inclusion in 2015 of the gain on disposal of land from a site in Switzerland. Restructuring and impairment charges reported within General and administrative were $128 million in 2015 compared with $30 million in 2014. Charges in 2015 included $107 million related to progressing the AOL restructuring program, including restructuring the marketing organization and the relocation of certain support activities to lower cost countries, and $7 million for the integration of acquisitions completed in previous years. Charges in 2014 included first year costs of the AOL program in the region.

Operating income as a percentage of sales was 2 percentage points lower in 2015, but excluding restructuring and impairment was broadly flat at 33 percent, with the lower Marketing and distribution and General and administrative expenses offsetting the reduced gross profit margin.

North America	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2015	2014	Actual %	CER%	2015	2014	2015	2014	Actual %	CER%
Sales	3,410	3,582	-5%	-4%	–	–	3,410	3,582	-5%	-4%
Cost of goods sold	(1,779)	(2,003)	11%	9%	–	–	(1,779)	(2,003)	11%	9%
Gross profit	1,631	1,579	3%	3%	–	–	1,631	1,579	3%	3%
as a percentage of sales	48%	44%					48%	44%		
Marketing and distribution	(537)	(564)	5%	3%	–	–	(537)	(564)	5%	3%
General and administrative	(121)	(114)	-6%	-7%	(37)	(22)	(84)	(92)	9%	8%
Operating income	973	901	8%	6%	(37)	(22)	1,010	923	9%	8%
as a percentage of sales	29%	25%					30%	26%		

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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 decreased by 5 percent, 4 percent at constant exchange rates, with sales volumes 1 percent lower and 3 percent lower local currency sales prices. See the Sales commentary section above for further information on sales in the region. Sales included $145 million from the license agreement with KWS and Limagrain, which increased the gross profit margin by approximately 2.3 percentage points; excluding this, gross profit margin was approximately 1.5 percentage points higher in 2015, 1 percentage point at constant exchange rates, partly due to the impact of lower volumes of lower margin solo glyphosate sales in 2015.

Marketing and distribution costs were 5 percent lower, 3 percent at constant exchange rates, with savings from restructuring within both the marketing and distribution functions.

General and administrative excluding restructuring and impairment was 9 percent below 2014, 8 percent at constant exchange rates, due partially to a settlement gain relating to the US defined benefit pension plan and the realization of insurance proceeds relating to claims made in prior years, where recovery had not previously been assumed.

Restructuring and impairment costs were $15 million higher than 2014 and in 2015 included $23 million under the AOL program, including a minor impairment related to the closure of a seeds plant in the US. 2015 charges also included $7 million of impairment of exclusive distribution rights where an agreement was terminated. Charges in 2014 included $12 million for initiatives under the AOL program, cash costs for the closure of activities that had not been divested with the Dulcinea business and final charges under previous restructuring programs.

Operating income as a percentage of sales increased by 4 percentage points as a result of the higher gross profit margin, including the favorable impact of the $145 million license income from the agreement with KWS and Limagrain.

Latin America	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2015	2014	Actual %	CER%	2015	2014	2015	2014	Actual %	CER%
Sales	3,632	4,279	-15%	-5%	–	–	3,632	4,279	-15%	-5%
Cost of goods sold	(2,118)	(2,492)	15%	5%	–	–	(2,118)	(2,492)	15%	5%
Gross profit	1,514	1,787	-15%	-4%	–	–	1,514	1,787	-15%	-4%
as a percentage of sales	42%	42%					42%	42%		
Marketing and distribution	(557)	(615)	9%	-13%	–	–	(557)	(615)	9%	-13%
General and administrative	(67)	(103)	35%	-6%	(28)	(26)	(39)	(77)	50%	–
Operating income	890	1,069	-17%	-15%	(28)	(26)	918	1,095	-16%	-15%
as a percentage of sales	25%	25%					25%	26%		

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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 decreased by 15 percent, 5 percent at constant exchange rates with 1 percent lower sales volumes and 4 percent lower local currency sales prices. See the Sales commentary section above for further information on sales in the region. Gross profit margin was stable at 42 percent, approximately 0.4 percentage points lower at constant exchange rates. The favorable mix impact of reduced sales volume of lower margin glyphosate, lower glyphosate active ingredient purchase costs and an improved gross profit margin on seeds products from the new soybean operating model combined to offset the adverse impact of lower sales prices.

Marketing and distribution costs were 9 percent lower than 2014, but were 13 percent higher at constant exchange rates, with relatively high local cost inflation rates, particularly in Argentina, and higher charges to provisions for doubtful receivables due to weaker macroeconomic and liquidity conditions, particularly in Brazil; these more than offset the full year benefit in 2015 of the reduction of the commercial organization in Argentina that occurred in 2014.

General and administrative excluding restructuring and impairment was approximately 50 percent lower than 2014, but broadly flat at constant exchange rates, with costs savings in support functions offset by an increase in litigation costs. General and administrative in 2015 was net of currency hedging gains of $31 million, compared with losses of $6 million in 2014.

Restructuring and impairment costs increased by $2 million to $28 million in 2015. The 2015 amount includes $22 million related to the AOL restructuring program, including restructuring of marketing operations and initial costs to establish an integrated system and support platform in Brazil. Charges in 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 AOL program.

Operating income was $179 million lower, $177 million excluding restructuring and impairment, due to the reduced sales and increased charges for doubtful receivables. Operating income as a percentage of sales declined by 0.5 percentage points. Excluding restructuring and impairment, operating income as a percentage of sales declined by 0.3 percentage points and by 2.6 percentage points at constant exchange rates due to increased Marketing and distribution costs, including the higher charges for doubtful receivables.

Asia Pacific	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2015	2014	Actual %	CER%	2015	2014	2015	2014	Actual %	CER%
Sales	1,837	2,033	-10%	-3%	–	–	1,837	2,033	-10%	-3%
Cost of goods sold	(1,012)	(1,107)	9%	4%	–	–	(1,012)	(1,107)	9%	4%
Gross profit	825	926	-11%	-3%	–	–	825	926	-11%	-3%
as a percentage of sales	45%	46%					45%	46%		
Marketing and distribution	(286)	(314)	9%	4%	–	–	(286)	(314)	9%	4%
General and administrative	(55)	(52)	-7%	-11%	(20)	(4)	(35)	(48)	27%	26%
Operating income	484	560	-14%	-3%	(20)	(4)	504	564	-11%	–
as a percentage of sales	26%	28%					28%	28%		

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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 were 10 percent lower, but only 3 percent lower at constant exchange rates, with 7 percent lower sales volumes and 4 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 flat at constant exchange rates, with higher local currency sales prices and reduced sales of lower margin paraquat offset by adverse country mix within the region.

Marketing and distribution costs were 9 percent lower, 4 percent at constant exchange rates, with savings from restructuring in the marketing function.

General and administrative excluding restructuring and impairment decreased by $13 million, approximately $12 million at constant exchange rates, with tight cost constraints on support functions, minor increases in government grants and gains from an intangible asset disposal.

Restructuring and impairment charges in 2015 increased by $16 million to $20 million. Charges in 2015 included $16 million for implementation of AOL programs and $3 million final charges under a previous restructuring program.

Operating income margin decreased by 2 percentage points to 26 percent, but excluding restructuring and impairment remained flat at 28 percent.

Unallocated

Unallocated costs decreased by $200 million, or 10 percent from 2014, to $1,781 million largely due to a decrease in Cost of goods sold of $146 million reflecting more favorable production cost variances in the production of Crop Protection products. The favorable production cost variances are due to both weaker currency exchange rates in purchasing and manufacturing costs and lower purchase prices, including those linked to the price of oil. Research and development expense was 5 percent lower, but was 3 percent higher at constant exchange rates as cost savings from ongoing restructuring were offset by the $49 million of gains from pension plan amendments in the UK and Netherlands recorded in 2014. Global marketing expense decreased by $27 million due to the restructuring and reorganization of the global marketing teams. General and administrative was reported including currency hedging losses of $30 million compared with gains of $13 million in 2014. Excluding restructuring and impairment, General and administrative decreased by $33 million to $274 million. At constant exchange rates, these costs were approximately $30 million higher, with cost savings from the AOL restructuring program more than offset by the $22 million gain recorded in 2014 from the amendments to the UK and Netherlands pension plans and lower gains in 2015 on tangible asset disposals. Restructuring and impairment charges reported within Unallocated increased by $72 million to $168 million. Charges in 2015 included $66 million related to the AOL program, including impairments at two manufacturing sites, a further impairment related to a seeds crop where expectations of future profitability have reduced and approximately $77 million of acquisition, divestment and related costs, including advisory costs associated with industry consolidation transactions. Details of restructuring and impairment for 2015 and 2014 are shown further below.

Lawn and Garden	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2015	2014	Actual %	CER %	2015	2014	2015	2014	Actual %	CER %
Sales	648	693	-7%	3%	–	–	648	693	-7%	3%
Cost of goods sold	(298)	(318)	6%	-1%	–	–	(298)	(318)	6%	-1%
Gross profit	350	375	-7%	4%	–	–	350	375	-7%	4%
as a percentage of sales	54%	54%					54%	54%		
Marketing and distribution	(161)	(174)	8%	–	–	–	(161)	(174)	8%	–
Research and development	(52)	(54)	3%	-1%	–	–	(52)	(54)	3%	-1%
General and administrative	(17)	(47)	63%	14%	(7)	(15)	(10)	(32)	69%	-1%
Operating income	120	100	19%	22%	(7)	(15)	127	115	10%	14%
as a percentage of sales	19%	14%					20%	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 were 7 percent lower, but were 3 percent higher at constant exchange rates, with a 1 percent increase in local currency sales prices and a 2 percent increase in sales volumes. See the Sales commentary section above for further information on sales in the segment. Gross profit margin decreased by 0.1 percentage points but increased by 0.8 percentage points at constant exchange rates from increased volumes of higher margin Turf & Landscape products.

Marketing and distribution costs were 8 percent lower, but were flat at constant exchange rates. Research and development expense was 3 percent lower, 1 percent higher at constant exchange rates, with restructuring activities at the Netherlands site having started in the final quarter of the year. General and administrative was reported net of a $24 million currency hedging gain under the EBITDA hedging program compared with $8 million in 2014. General and administrative excluding restructuring and impairment was 69 percent lower than 2014 including the hedging gains and at constant exchange rates was 1 percent higher.

Restructuring costs in 2015 decreased by $8 million compared with 2014 and in 2015 related largely to the AOL program. Restructuring costs in 2014 were due to continuing restructuring of the Flowers business, including initiatives to improve efficiency as part of the AOL program.

Operating income as a percentage of sales increased by approximately 5 percentage points to 19 percent. Excluding restructuring and impairment, operating income as a percentage of sales increased by approximately 3 percentage points to 20 percent, 16 percent excluding the hedging gain; at constant exchange rates, operating income as a percentage of sales increased by approximately 1.8 percentage points.

Defined Benefit Pensions

Defined benefit pension expense was a charge of $165 million in 2015 compared with a credit of $36 million in 2014. After adjusting for the non-recurrence in 2015 of $175 million of one-time gains in 2014 from plan amendments and settlements in the UK and Netherlands, pension expense increased by $26 million, mainly due to a reduction in the discount rate used to measure expense for the Swiss pension plan, from 2.25 percent in 2014 to 1.25 percent in 2015, and to $11 million of early retirement costs incurred in implementing the AOL program, partly offset by first year savings from the UK plan amendment and the reporting of Netherlands benefit expense as defined contribution rather than defined benefit.

Syngenta contributions to defined benefit pension plans were $168 million in 2015 compared with $185 million in 2014. The decrease was due to Syngenta having paid in 2014 a $25 million additional lump sum contribution resulting from the 2013 Swiss plan amendment. No such additional contributions were made in 2015.

Restructuring and impairment

Restructuring and impairment charges for the years ended December 31, 2015 and 2014, broken down into the main restructuring initiatives, consisted of the following:

($m)	2015	2014
Accelerating operational leverage programs:		
Cash costs	228	49
Non-cash costs	12	14
Integrated crop strategy programs:		
Cash costs	27	61
Operational efficiency programs:		
Cash costs	–	18
Acquisition, divestment and related costs:		
Cash costs		
Associated with industry consolidation, including ChemChina	62	–
Other acquisition and related costs	29	27
Non-cash items	1	13
Other non-cash restructuring and impairment:		
Other non-current asset impairments	29	24
Total restructuring and impairment[1]	388	206

1 $nil (2014: $13 million) is included within Cost of goods sold and $388 million (2014: $193 million) as Restructuring within General and Administrative.

2015

For discussion regarding Restructuring and Impairment during 2015, please see the "Restructuring and Impairment sub-section of the preceding "2016 compared with 2015" section under "Results of Operations" in this "Operating and

Financial Review and Prospects”.

2014

Accelerating operational leverage programs

In February 2014, Syngenta commenced the restructuring program to drive further improvements in operating income margins and accelerate delivery of operational leverage. 2014 cash costs of $49 million included $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 consisted of $1 million for the impairment of a site, which was closed, 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 included $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.

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Operational efficiency programs

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

Acquisition, divestment and related costs

Cash costs of $27 million included $21 million incurred to integrate previous acquisitions, mainly Devgen, MRI, PSB, and the Polish and German winter wheat and oilseed rape breeding and business operations of Lantmännen. A further $6 million consisted of transaction costs, including those related to uncompleted transactions. Non-cash items is the reversal of inventory step-up related to the MRI and PSB acquisitions.

Other non-cash restructuring

Other non-cash restructuring consisted of $20 million of fixed asset impairments, including $14 million for plant and 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.

Financial expense, net

Financial expense, net increased to $256 million in 2015 from $217 million in 2014. Currency related financial expenses in 2015 of $215 million were $76 million higher than 2014 reflecting the higher cost of hedging in emerging markets and increased exposures in Latin American countries due to later receivable collections. Net interest expense of $19 million in 2015 was $24 million lower than in 2014 with lower levels of average gross debt in 2015 and more recent debt issuances at lower interest rates than the debt they replaced.

Taxes

Syngenta's effective tax rate in 2015 was 16 percent, 2 percent higher than the 14 percent effective tax rate for 2014. Syngenta's Swiss statutory tax rate was 22 percent in both years. Income taxed at different rates reduced the effective tax rate by 8 percent in 2015, compared with 4 percent in 2014, with a higher 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; total income before taxes in Switzerland was 53 percent of group income before tax in 2015 compared with 33 percent in 2014. Tax deduction for amortization and impairments not recognized for IFRS reduced the tax rate by 2 percent (3 percent in 2014) due to the impairment of the shares held by several group companies in subsidiaries resulting from a decrease in the value of the subsidiaries as determined under local GAAP, due in part to weaker exchange rates of the functional currency of the subsidiaries. Changes in prior year estimates and other items increased the tax rate by 4 percent in 2015, compared with reducing the tax rate by 2 percent in 2014, due to a change in the tax treatment of certain costs in the US in 2015. Non-recognition of deferred tax assets increased the tax rate by 5 percent in 2015 (3 percent in 2014) mainly due to deferred tax assets in parts of Latin America where the criteria for recognizing deferred tax assets was not met because of local currency weakness and weak economic conditions; conversely an improvement in profitability in operations in Russia and the Ukraine contributed to a 2 percent reduction in the tax rate from recognition of previously unrecognized deferred tax assets (1 percent in 2014).

The tax rate on restructuring and impairment was 23 percent in 2015, compared with 18 percent for 2014 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.

Net income for the period and other supplementary income data

Net income attributable to Syngenta shareholders in 2015 was $1,339 million, 17 percent lower than the 2014 amount of $1,619 million. Sales were 11 percent lower due to weaker foreign currency exchange rates relative to the US dollar. Operating costs excluding Restructuring and impairment as a percentage of sales were 1.4 percentage points lower, but including the higher level of Restructuring and impairment were 0.2 percentage points higher. Operating costs in 2014 were net of a $175 million gain recognized on changes to the UK and Netherlands pension plans. These combined to reduce operating income by 13 percent from 2014. As a result of the higher financial expense, net, and the increase in the effective tax rate, net income was 17 percent below 2014.

After related taxation, restructuring and impairment charges in 2015 were $300 million compared with $168 million in 2014 largely due to increased charges related to the AOL restructuring program announced in 2014 and increased acquisition, divestment and related costs, including those for advisors supporting Syngenta in industry consolidation transactions.

Foreign operations and foreign currency transactions

Syngenta’s subsidiaries use their local currency as their functional currency for accounting purposes except where the use of a different currency more fairly reflects their actual circumstances.

Syngenta operates worldwide and its business has grown significantly in emerging markets, with a broadening of the currency effects that need to be closely monitored. Syngenta regularly analyzes how currency fluctuations will impact its operating results and manages the impact with a combination of commercial actions, such as product pricing, and financial risk management strategies, such as hedging. Next to the Euro, the Swiss franc and the British pound, the Brazilian real gives rise to a major currency exposure due to the large size of Syngenta’s business activities in Brazil. Sales prices to customers in Brazil largely are linked to the US dollar, which limits the impact of fluctuations in the US dollar/Brazilian real exchange rate, including the significant devaluation of the Brazilian real that occurred in 2015 and the subsequent strengthening during 2016. Similarly, Syngenta manages its currency exposure in the CIS, mainly Russia and Ukraine, by increasing local currency sales prices to compensate the loss in sales value from the currency devaluation. Russia and the Ukraine experienced significant currency volatility and a devaluation in 2015; in 2016 the Russian ruble stabilized against the US dollar, while the Ukrainian hryvnia weakened further.

Syngenta has manufacturing and research and development facilities in the United Kingdom and net of sales revenues has a short exposure in British pounds sterling of less than $500 million. The British pound weakened relative to the US dollar in 2016 following the “Brexit” vote, but the short exposure had been largely matched by currency hedges in line with normal policy and only a minor net gain was recorded in 2016 relative to 2015. At current exchange rates, a further minor year-on-year gain will be recorded in 2017.

Syngenta regularly monitors receivables exposure in all countries in which it operates. In the Eurozone, Greece, Italy, Portugal and Spain have been experiencing weak macro-economic conditions since 2010. Parts of Latin America, including Argentina and Brazil are also experiencing economic and financial difficulties and this has led to constraints in the availability of credit; in Venezuela, exchanging local currency into US dollars to pay for imported goods can be difficult. Receivables exposure from customers in Russia and the Ukraine has increased during 2016, with 73 percent of 2016 sales in those countries having been collected as of December 31, 2016 compared with 85 percent of 2015 sales. The increased exposure is largely due to the timing of sales; in 2016, 13 percent of total sales in the CIS were made in the fourth quarter whereas in 2015, fourth quarter sales were 8 percent of the total for the year. Sales in the CIS were 6 percent of Syngenta's total sales in 2016 (2015: 5 percent).

The following table outlines for the above named countries the aggregate, gross trade receivables, those past due for more than 180 days and the related provision for doubtful receivables at December 31, 2016 and 2015.

($m)	**2016**	2015
Gross trade receivables	**2,789**	2,363

Past due for more than 180 days	**360**	216
Provision for doubtful trade receivables	**274**	209

The increases in receivables past due for more than 180 days and provision for doubtful trade receivables includes increased exposures in Latin America. In Brazil, poor economic conditions, commodity price weakness and the impact of adverse weather constrained grower liquidity and the availability of credit, and in Venezuela the general economic conditions and availability of US dollars deteriorated further. A major proportion of growers in Argentina using Syngenta's products export their crops, which enables them to generate income that is economically linked to the US dollar. Because of this, Syngenta is able to price most of its sales in Argentina in US dollars through to cash collection, which reduces its exposure to the Argentine peso. However, future legislation, competitors' behavior or central bank restrictions may limit or remove this protection or further limit the ability of Syngenta to access US dollars in, or remit US dollars from, Argentina. Sales in Argentina were 3 percent of Syngenta's total sales in 2016.

At December 31, 2016, approximately 62 percent of Syngenta's cash and cash equivalent was held in US dollars, approximately 14 percent in Indian rupees, approximately 4 percent in Ukrainian Hryvnia, and approximately 3 percent in Thai baht. No other individual currency made up more than 2 percent.

Liquidity and capital resources

Syngenta's principal source of liquidity is cash generated from operations. This has been more than sufficient to cover cash used for investment activities in all years since 2006, except in 2012 when the higher level of cash used for investing activities resulting from increased business acquisitions required funding with a combination of cash generated from operations and the issuance of unsecured non-current bonds. Except for any significant business acquisitions or a significant deterioration in the rate of receivables collections from that currently expected by management, cash generated from operations is expected to be more than sufficient to cover cash expected to be used for investment activities in 2017.

Working capital fluctuations are supported by short-term funding available through commercial paper and related syndicated committed credit facilities. Operating in a seasonal business, Syngenta typically obtains funds from its short-term facilities during the first half of the year to fund operations during the northern hemisphere growing season and repays these funds during the second half when receivables are collected. Longer-term capital resources include unsecured non-current bonds issued under a Euro Medium Term Note (EMTN) program, unsecured non-current Notes issued under a Note Purchase Agreement in the US Private Placement market and unsecured non-current bonds issued in the US public debt market. See Capital markets and credit facilities for details of outstanding debt.

For information on Syngenta's funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled, see Note 27 to the consolidated financial statements in Item 18.

Syngenta reported cash and cash equivalents on December 31, 2016 and 2015 of $1,284 million and $1,141 million, respectively. At December 31, 2016 and 2015, Syngenta had current financial debt of $767 million and $547 million, respectively, and non-current financial debt of $2,854 million and $3,183 million, respectively.

Capital markets and credit facilities

Funds for Syngenta's working capital needs were available during the year from its $2,500 million Global Commercial Paper program supported by a committed, revolving, multi-currency, syndicated credit facility. Syngenta entered into its Global Commercial Paper program in 2000 and amended it in 2007. In January 2016, the amount of the syndicated credit facility was increased from $1.5 billion to $2.5 billion. Its contractual expiry date is in 2019 but it has a change of control clause which allows each lender to cancel its commitment unless renegotiated terms are agreed within 30 days of a change of control occurring. In order to address the risk of early termination, ChemChina has provided cover for the backstop facility and also for other financing needs arising from the change of control via a committed Target Facilities Agreement that Syngenta expects to be able to access on successful completion of the ChemChina Tender Offer (see Note 3 to the consolidated financial statements in Item 18 for further discussion of the ChemChina Tender Offer). At December 31, 2016 Syngenta had $100 million of commercial paper issuances outstanding (2015: $nil) and there were no borrowings outstanding under the syndicated credit facility (2015: $nil).

Absent major acquisitions, Syngenta targets maintaining an investment grade credit rating, as recognized by major third-party rating agencies, which it currently believes provides an optimal balance between financial flexibility and the cost of capital. Syngenta's short- and long-term credit facilities and outstanding bond note instruments do not contain any significant covenants affecting its ability to pay dividends or borrow additional funds. In addition, there are no material legal or economic restrictions on the ability of subsidiaries to transfer funds to the Company in the form of cash dividends except as disclosed in the consolidated cash flow statement.

The table below summarizes Syngenta's unsecured notes in issuance at December 31, 2016:

($m)	Issuance date	**Carrying amount**	**Value at issue**
Euro floating rate note 2017	March 2014	**263**	**344**
0.750% CHF bond 2019	March 2014	**344**	**396**
5.110% US dollar private placement 2020	December 2005	**83**	**75**
1.875% Eurobond 2021	March 2014	**526**	**689**
3.125% US dollar bond 2022	March 2012	**515**	**500**
1.625% CHF bond 2024	March 2014	**245**	**283**
5.350% US dollar private placement 2025	December 2005	**75**	**75**
1.250% Eurobond 2027	March 2015	**523**	**559**
2.125% CHF bond 2029	March 2014	**147**	**170**
5.590% US dollar private placement 2035	December 2005	**100**	**100**
4.375% US dollar bond 2042	March 2012	**248**	**250**
Total		**3,069**	**3,441**

Other than as a result of the ChemChina transaction, management is of the opinion that, absent a major business acquisition or a very significant deterioration in working capital or the rate of receivables collections from that currently expected, the funding available from the sources described above will be sufficient to satisfy Syngenta's working capital, capital expenditures and debt service requirements for the foreseeable future, including cash expenditures relating to restructuring programs. In the event of a major business acquisition, Syngenta would seek additional funding from capital markets or other sources. Except for the Target Facilities Agreement, noted above, to cover any refinancing needs that may arise as a consequence of the completion of the ChemChina transaction, Syngenta regards as sufficiently remote the likelihood that a very significant deterioration in working capital or unexpected decline in the rate of receivables collections will occur as not to require the development of a detailed contingency funding plan.

Cash flow

The following table sets out certain information about cash flow for each of the periods indicated:

($m)	**Year ended December 31, 2016**	2015	2014
Cash flow from operating activities	**1,807**	1,190	1,931
Cash flow used for investing activities	**(521)**	(462)	(729)
Cash flow used for financing activities	**(1,134)**	(1,188)	(420)

Cash flow from operating activities

2016 compared with 2015

Cash flow from operating activities increased by $617 million to $1,807 million in 2016 from $1,190 million in 2015 largely due to changes in net working capital. Cash inflows from inventory reduction in 2015 were $252 million compared with $32 million in 2015; year-end inventories as a percentage of sales decreased from 32 percent in 2015 to 30 percent in 2016. Outflows from trade and other working capital assets decreased by $494 million in 2016 due to a significantly lower build-up in trade receivables in Brazil than in 2015 and the receipt of royalty income in 2016 under agreements signed in previous years. Cash inflows from trade and other working capital liabilities decreased by $139 million in 2016; trade accounts payable as a percentage of sales increased by 1 percentage point in 2016, but had increased by 2 percentage points in 2015. Income before taxes in 2016 decreased by $231 million from 2015 for the reasons described above. Non-cash items were $97 million higher in 2016 mainly due to higher impairment charges and charges in respect of share based compensation and lower gains on disposal of non-current assets. Adjusted for non-cash items, income before taxes was $134 million lower than 2015. Cash outflows for financial expense, net increased from 2015 to 2016 largely due to timing differences between underlying realized foreign exchange gains and losses and the cash flows from the related hedges. Cash paid in respect of income taxes was $263 million lower than in 2015 due to payments in 2015 in respect of several tax years for an entity in Switzerland and lower advance tax payments in the United States. Cash paid in 2016 in respect of restructuring provisions was $52 million lower than 2015 largely due to lower severance payments in 2016.

2015 compared with 2014

Cash flow from operating activities decreased by $741 million to $1,190 million in 2015 from $1,931 million in 2014 largely due to changes in net working capital. Cash inflows from inventory reduction in 2015 were $32 million compared with $326 million in 2014; year-end inventories as a percentage of sales were 32 percent in both years. Outflows from trade and other working capital assets increased by $536 million in 2015 largely due to delayed collections and extended sales terms in Latin America and the change in sales terms in Brazil, which brought forward the recognition of receivables. Cash inflows from trade and other working capital liabilities increased by $175 million in 2015 from a low level in 2014 following the inventory reduction in the year; the 2015 increase also included higher accrued expenses, including those related to restructuring charges. Income before taxes in 2015 decreased by $303 million from 2014 for the reasons described above. Non-cash items were $395 million higher in 2015 mainly due to the $403 million net charges in respect of provisions; net charges in respect of pension provisions were $148 million in 2015 compared with a net credit of $35 million in 2014, and net charges to restructuring provisions were $125 million higher in 2015; adjusted for non-cash items, income before taxes was $92 million higher than 2014. Cash outflows for financial expense, net decreased from 2014 to 2015 due to lower interest payments and net realized foreign exchange. Cash paid in respect of income taxes was $152 million higher than in 2014 including the above payments in respect of several tax years in Switzerland. Cash contributions to pension plans were $28 million lower in 2015; 2014 included a non-recurring, additional payment of $25 million made to the Swiss plan as part of the 2013 plan amendment. Cash paid in 2015 in respect of restructuring provisions was $99 million higher than 2014 largely due to the progression of the AOL restructuring program.

Cash flow used for investing activities

2016 compared with 2015

Cash flow used for investing activities was $521 million in 2016, $59 million more than in 2015. Additions to property, plant and equipment were broadly flat; a similar level is currently expected in 2017. An increase in purchases of intangibles was due partly to capitalized software development costs and software license purchases related to projects within the AOL restructuring programs. Cash outflows from purchases of marketable securities increased by $53 million, mainly due to investments in Brazil. Proceeds from disposals decreased by $73 million in 2016, due to the sale of land in Switzerland and the US in 2015. The cash inflows for business divestments increased from $1 million in 2015 to $58 million in 2016, which related to the divestments of Bioline and the Goa manufacturing site in India.

2015 compared with 2014

Cash flow used for investing activities was $462 million in 2015, $267 million less than in 2014. Additions to property, plant and equipment were $147 million lower than 2014 as investments were reduced in response, in part, to the lower growth in the crop

protection and seeds markets seen since 2013. Proceeds from disposals increased by $43 million in 2015, which included the above land sales. The cash outflows for business acquisitions decreased from $86 million in 2014, which was for the purchase of PSB and the German and Polish winter wheat and winter oilseed rape breeding and business operations of Lantmännen, to $11 million in 2015, which includes the acquisition of Land.db Enterprises Inc.

Cash flow used for financing activities

2016 compared with 2015

Cash flow used for financing activities of $1,134 million was $54 million lower than in 2015. No bonds were issued or repaid in 2016; in 2015, bonds were issued and repaid at maturity as described below. The dividend paid to shareholders in 2016 decreased by $38 million compared with 2015 due largely to a weaker Swiss franc. There were no share repurchases in 2016; in 2015, Syngenta repurchased 389,500 of its own shares, with 158,000 shares then expected to be used for future requirements of share based payment plans and 231,500 related to a share repurchase program. Sales of treasury shares in all years related to employee share and share option plans.

2015 compared with 2014

Cash flow used for financing activities of $1,188 million was $768 million higher than in 2014 mainly due to a decrease in new borrowings. Syngenta issued EUR 500 million in Euro denominated bonds in 2015, and EUR 750 million in Euro denominated bonds and CHF 750 million in Swiss domestic bonds in 2014. In both 2015 and 2014, bonds of EUR 500 million were repaid at maturity. The dividend paid to shareholders in 2015 increased by $46 million compared with 2014. Net treasury share purchases were $70 million lower in 2015; in 2015, Syngenta repurchased 389,500 of its own shares compared to 440,095 in 2014.

Research and development (“R&D”)

Syngenta’s Research and Development 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.

Syngenta is committed to improving crop yield and quality in a sustainable way and, through its global product safety group and global regulatory team, is committed to developing and registering products that are safe and effective. Syngenta maximizes its innovation potential by leveraging its industry expertise and partnering with other technology leaders across the globe.

The total spent on research and development was $1,299 million in 2016, $1,362 million in 2015 and $1,430 million in 2014. Attribution of research and development costs for 2016 was $1,247 million for Syngenta's Regional Crop Protection and Seeds business and $52 million in Lawn and Garden. In 2015, the attribution was $1,310 million for the Regional Crop Protection and Seeds business and $52 million in Lawn and Garden. In 2014, the attribution was $1,376 million for the Regional Crop Protection and Seeds business and $54 million in Lawn and Garden.

There are no off-balance sheet financing transactions associated with research and development activity.

Contractual obligations, commitments and contingent liabilities

At December 31, 2016, Syngenta had contractual obligations to make future payments in the periods indicated in the following:

($m)	Notes to the financial statements reference	**Total**	**Less than 1 year**	**1–3 years**	**3–5 years**	**5–10 years**	**More than 10 years**
Financial debt	16, 18	**3,563**	**756**	**345**	**609**	**835**	**1,018**
Interest on fixed rate financial debt	27	**712**	**66**	**132**	**122**	**162**	**230**
Other non-current liabilities	18	**19**	**17**	**2**	**-**	**-**	**-**
Capital lease payments	25	**62**	**17**	**31**	**6**	**8**	**-**
Operating lease payments	25	**227**	**67**	**99**	**42**	**19**	**-**
Capital expenditures	25	**176**	**158**	**18**	**-**	**-**	**-**
Pension contribution commitments	22	**134**	**34**	**69**	**31**	**-**	**-**
Unconditional purchase obligations	25	**1,206**	**784**	**296**	**126**	**-**	**-**
Long-term research agreements and other long-term commitments	25	**123**	**62**	**38**	**16**	**7**	**-**
Total		**6,222**	**1,961**	**1,030**	**952**	**1,031**	**1,248**

Of the total financial debt, floating rate financial debt is $504 million (mainly local bank loans and overdraft facilities), all of which is due within one year. No interest obligation in respect of this debt is included in the table above. There is no contractual obligation to renew this debt. The debt amount, and the interest payments associated with it, will vary over time according to Syngenta's funding requirements and future interest rates.

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Fixed rate debt of $3,059 million is comprised primarily of the outstanding Eurobonds, Swiss franc domestic bonds and $ bonds and private placement notes. Fixed rate interest payments of $712 million on these are included above.

Other non-current liabilities arise from deferred payments related to acquisitions and license agreements.

Provisions for long-term liabilities totaling $1,143 million shown in Syngenta's consolidated balance sheet have not been included in the above table because the timing of their payment is not contractually fixed and cannot be estimated with sufficient certainty within the context of the time periods in the table. This applies particularly to those amounts which are not expected to be paid during 2016. Note 19 to the consolidated financial statements in item 18 presents the components of the estimated $182 million of provisions that are expected to be paid during 2016.

The supply agreements for materials giving rise to the unconditional purchase obligations are entered into by Syngenta to ensure availability of materials meeting the specifications required by Syngenta. Where suppliers have made significant capital investment, these agreements generally provide for Syngenta to pay penalties in the event that it terminates the agreements before their expiry dates.

Pension contribution commitments totaling $134 million represent unconditional fixed payments to the UK pension fund according to the schedule of contributions agreed during 2015. Not included in the above table are:

- Additional UK Pension Fund contributions of up to $19 million per year which are required to be paid if the actual return on UK pension plan assets over the period to November 30, 2020 is less than the agreed assumption.

- Swiss Pension Fund contributions for future service. The rules of Syngenta's main Swiss defined benefit pension fund commit Syngenta to contributing a fixed percentage of employees' pensionable pay to the fund.

As disclosed in Note 22 to the consolidated financial statements in Item 18, Syngenta expects to pay $150 million of contributions to its defined benefit pension plans in 2017 excluding restructuring costs and excluding any accelerated payments which Syngenta may decide to make as business and financial market conditions develop during 2016. $34 million of these contributions are included as commitments in the table above. The remaining $116 million represents 2017 service contributions, which are not included as commitments in the table above.

The above table excludes income tax liabilities of $400 million in respect of uncertain tax positions. These are presented within current income tax liabilities in the consolidated balance sheet because it is not possible to make a reasonably reliable estimate of the actual period of cash settlement with the respective taxing authorities.

Off-balance sheet arrangements

Syngenta had no off-balance sheet arrangements as at December 31, 2016, other than the above contractual obligations, commitments and contingent liabilities. Syngenta has no unconsolidated special purpose entities that are likely to create material contingent obligations.

Critical accounting estimates

Critical accounting estimates and new accounting pronouncements are discussed in Notes 2 and 29 to the consolidated financial statements in Item 18.

Recent developments

Note 30 to the consolidated financial statements in Item 18 provides details of events which occurred between the balance sheet date and February 7, 2017 that would require adjustment to or disclosure in the consolidated financial statements. No events have occurred between February 7, 2017 and February 16, 2017, the date of this filing that would require disclosure.

Trend and Outlook

The prices of a basket of the key field crops of corn, soybean, wheat and rice further declined in 2016, remaining below the levels seen in the immediate aftermath of the global financial crisis in the 2009 to 2011 period. Global stocks of these key crops relative to consumption remain above the longer term historic average and this is likely to constrain near term price increases in these crop commodities. The level of crop prices in turn constrains farm incomes and reduces the incentive for farmers to increase planted area or use new technology, either in seed or crop protection, to maximize yield and/or crop quality. Poor liquidity and lack of available credit in certain geographies, particularly in Latin America, has also negatively impacted on demand. Given this market context, Syngenta currently anticipates low agribusiness market growth in 2017. Longer term, Syngenta continues to expect that population growth and dietary change, particularly due to increasing wealth in emerging markets, will drive demand for new technology and agribusiness growth.

Weaker foreign exchange rates relative to the US dollar, particularly in the first half of the year, reduced reported sales in 2016 by approximately 3 percent, with sales in Euro reduced by approximately 2 percent and sales in emerging markets reduced by approximately 6 percent. In some markets, particularly Russia and the Ukraine, where currency decline was approximately 25 percent, the adverse impact was substantially offset by local currency sales price increases to maintain US dollar prices. A stronger US dollar is expected to continue to reduce reported sales in 2017; if exchange rates at the end of 2016 continued through 2017, Syngenta estimates a further adverse impact to reported sales of approximately 2 percent. The impact of exchange rate movements on operating income is discussed below.

At the regional level, the market in **North America** in 2016 continued to reflect low farmer profitability, reducing the demand for crop protection and seeds products. Syngenta's sales in the region in 2016 were 6 percent lower than in 2015, but sales in 2015 included $145 million from a license with KWS and Limagrain; excluding this, 2016 sales were 1 percent lower. A planned reduction of sales of low margin solo glyphosate reduced 2016 sales volumes in the region by approximately 3 percent; no similar reduction is planned for 2017. In **Europe, Africa and the Middle East**, lower commodity prices and adverse weather conditions in Western Europe in the second quarter reduced the crop protection market in 2016. Reported sales in 2016 were impacted by currency weakness relative to the US dollar, which reduced reported sales by 7 percent; sales price increases were implemented to partially offset this, particularly in Russia and the Ukraine, which increased sales in the region by 3 percent. A low level of market growth is expected in 2017 and at exchange rates prevailing at the start of the year, the adverse impact of weaker exchange rates and also the offsetting increase to sales prices in parts of Eastern Europe are both expected at a lower level in 2017; price increases to offset weaker currencies are generally not expected to be achievable in the Eurozone and other developed markets. In **Latin America**, reported sales in 2016 were 9 percent lower than in 2015. In 2015, Syngenta modified sales terms in Brazil, which changed the point of revenue recognition and resulted in a one-time increase in reported sales of $239 million. Syngenta's sales in the region in 2015 also included $55 million from the aforementioned license with KWS and Limagrain. In addition, Syngenta stopped sales in Venezuela in 2016 as a result of not receiving payment for prior year shipments. Adjusting for these items, sales in 2016 would have been 1 percent higher than in 2015. Market growth in 2016 was constrained by the lower crop prices discussed above, and the strengthening of the Brazilian real through the year further impacted farmer profitability. Sales in Brazil were further impacted by reducing high channel inventories through 2016 owing to adverse weather conditions and continuing credit constraints. A low level of market growth is expected in 2017. Sales were flat in **Asia Pacific** in 2016, but were 2 percent higher at constant exchange rates. The full year performance included growth of 15 percent in the second half of the year as key markets recovered from the impact of the El Niño weather conditions. For 2017, Syngenta currently expects market growth in mid-single digits.

Lawn and Garden sales in 2016 increased by 2 percent, 4 percent at constant exchange rates, with strong growth in the Controls business offsetting lower sales in Flowers. Syngenta currently expects growth in Controls sales to moderate, but a return to a low level of growth in Flowers, with a continued focus on cost control to maintain operating margins at constant exchange rates.

Syngenta has a strong pipeline of new crop protection products at various stages of development and, with market leadership in crop protection chemicals, a strong position in several key seeds crops and leading commercial organizations in all four regions. Syngenta believes it has a clear competitive advantage to deliver above market sales growth over the longer term. In 2017, crop protection product sales growth is expected to be driven by the growth in ACURON™ and SOLATENOL™, with expansion in the United States and launches in Europe, Africa and the Middle East and growing contributions from the recently launched ADEPIDYN™ and ORONDIS™. This is expected to more than offset lower sales in some older technologies. In Seeds, growth will be driven by sales of corn seeds, particularly including traits, increased license income (subject to regulatory approvals) and above market growth in sales of vegetable seeds.

Syngenta will continue to drive savings and productivity in 2017 through the AOL program. These savings, net of re-investment in increased Research and development and Marketing and distribution costs are expected to offset inflation. In Research and development, further savings under the AOL program 2017 will be offset by cost inflation and additional expenditure both on new active ingredient development and increased regulatory costs and overall are expected marginally higher in 2017 than 2016. Savings from the AOL program in Marketing and distribution costs and General and administrative costs (excluding restructuring) are planned to be re-invested in increased marketing expenditure to drive future market share growth, for example in the Vegetables business and overall expenditure is planned to be higher in 2017 than 2016.

Excluding impairments, which cannot be forecast, the progression of the AOL program noted above is expected to result in increased restructuring charges related to this program in 2017. In general the timing of the recognition of charges for particular restructuring events, which is dependent on when irreversible commitments to the events occur, makes it difficult to predict such costs with certainty. Expenses in 2017 are also expected to include further charges to cash-settle employee share plans following completion of the ChemChina Tender Offer noted above.

In 2016, oil prices traded in a range of $30-55 per barrel, being towards the upper end of the range in the latter part of the year and remaining around that level through January 2017. With its current product mix, Syngenta estimates that each $10 movement in the price of a barrel of oil impacts its cost of goods sold by approximately $30-35 million. However, due to supplier production chains and Syngenta’s own inventory, it can take from 9 to 12 months for movements in the oil price to feed through into cost of goods sold. As at the end of January 2017, the impact of movements in the price of oil is not expected to have a significant impact on 2017 compared to 2016.

In 2016, 53 percent of Syngenta’s sales were in emerging markets, up from around 35 percent ten years ago. Emerging markets continue to have higher long-term growth potential because significant crop yield gaps exist versus developed markets; this growth potential is further supported by ongoing technology adoption. Managing volatility in such markets, in particular credit and currency exposures, is integral to Syngenta’s business model.

Overall, Syngenta has significant currency exposures, which at a high level can be summarized as:

- a short position against the US dollar in Swiss francs and British pounds
- a net long position in Euros over the course of a full year, relatively minor compared with sales in Euros, but with a long position in the first half selling season and a short position in the second half from more evenly spread Euro-based operating costs including raw material costs
- a long position in Japanese yen, Australian and Canadian dollars and many emerging market currencies
- in Brazil and Argentina, a significant portion of sales are effectively priced in US dollars, resulting in a net short local currency exposure, though the linkage has weakened in Brazil and there can be a time lag before local currency prices are adjusted

As noted above, following the recent exchange rate volatility in Russia and the Ukraine, Syngenta has acted to link pricing of sales in these countries (both of which export grain to the global market) to US dollars to reduce the long exposure to these currencies. More than 50 percent of the currency impact was recovered through sales price in 2016 and combined with a recovery in sales volumes drove US dollar operating income in the territory above the level of 2015.

Forecast transaction exposures in the major currencies are hedged under a rolling 12 month program, largely through forward contracts. In 2016, Syngenta estimates the impact on underlying sales and operating costs of exchange rate movements to have been approximately $59 million adverse to 2015, which together with a net hedging cost of $73 million compared with a gain of $21 million in 2015, resulted in an adverse year-on-year impact on operating income from exchange rate movements of approximately $153 million when compared with 2015. The major driver of the adverse net impact was weaker emerging market currencies, particularly the Russian ruble and Ukrainian hryvnia where the impact of these two currencies was partly recovered in sales prices; excluding the sales price recovery in the ruble and hryvnia, the adverse net impact was estimated to be approximately $45 million. At rates prevailing in January 2017, Syngenta expects a relatively minor net impact on operating income relative to 2016 from the currency movements. This is due to the adverse impact on underlying exposures of a generally stronger US dollar on sales net of the favorable impact of the weaker Swiss franc and British pound sterling on operating costs, offset by a favorable net hedging result compared with 2016. A significant portion of emerging market currency exposures in particular are unhedged, so the actual impact may differ positively or negatively from the above estimate. The net hedging result is reported within General and administrative in the consolidated income statement in Item 18.

ChemChina Tender Offer

As of March 23, 2016, CNAC Saturn (NL) B.V., a subsidiary of China National Chemical Corporation, a state-owned enterprise of the People’s Republic of China, launched public tender offers in Switzerland and the United States to acquire all the publicly held Ordinary Shares and, in the U.S. offer, also all American Depositary Shares (ADSs) of Syngenta AG for $465 per Ordinary Share in cash. Syngenta and its Board of Directors have agreed to support the ChemChina Tender Offer. ChemChina has announced that, as of 5:00 p.m., New York City time, on December 16, 2016, approximately 19,222,302 Syngenta AG Ordinary Shares (including those represented by ADSs) had been validly tendered in, and not withdrawn from, the ChemChina Tender Offer. The Main Offer Period has been extended until March 2, 2017, with further extension likely to follow until all offer conditions are fulfilled, in particular regulatory approval by all competent merger control and other authorities, but excluding the Minimum Acceptance Rate condition. At such time, the Offeror will extend the ChemChina Tender Offer for the last time by a period of up to 20 trading days. The ChemChina Tender Offer is conditional, among other things, on acceptance by shareholders owning 67 percent of Syngenta AG issued shares and on regulatory approval by the competent merger control and other authorities.

The Transaction Agreement between ChemChina and Syngenta AG may be terminated in specified circumstances, including by either party if all conditions are not satisfied by June 30, 2017, provided the Swiss Takeover Board no longer requires the ChemChina Tender Offer to remain open. Pursuant to the Transaction Agreement, ChemChina has agreed to pay Syngenta an amount equal to $3 billion if, despite all other conditions of the ChemChina Tender Offer having been satisfied or still being capable of being satisfied, the ChemChina Tender Offer does not become unconditional and/or is terminated as a result of the failure to obtain Chinese regulatory approvals or antitrust approvals, subject to certain exceptions. In certain circumstances, including if the Syngenta AG Board of Directors were to withdraw its support for the ChemChina Tender Offer and as a result the ChemChina Tender Offer is not successful or does not become unconditional, Syngenta would be required to pay ChemChina $848 million.

Regulatory approval for the transaction was received from the Committee on Foreign Investment in the United States (CFIUS) on August 19, 2016. At December 31, 2016, clearance for the transaction had been received from antitrust authorities in respect of Australia, COMESA (Common Market for Eastern and Southern Africa), Israel, Japan, Kenya, Macedonia, Pakistan, Russia, Serbia, the Republic of South Africa, South Korea, Turkey and Ukraine.

If the ChemChina Tender Offer becomes unconditional, Syngenta AG will pay a special dividend of CHF 5.00 per share immediately before the first settlement of the ChemChina Tender Offer. The offer price will not be adjusted for this dividend. The Transaction Agreement provides that after the first settlement, 4 out of 10 members of Syngenta's board of directors shall be persons who have no affiliation with ChemChina or its affiliates (each, an Independent Director). Certain matters will require the affirmative vote of at least two Independent Directors, including, among others, (i) any change in the location of Syngenta's headquarters, (ii) any raising of new debt or making of distributions which would lower the rating of Syngenta to a level below investment grade (by Moody's and Standard & Poor's), (iii) any reduction in Syngenta's Research and Development budget in any given year to a level below 80 percent of the average Research and Development spend in the years 2012-2015, (iv) any material change in the agricultural sustainability programs or reduction of funding of the Syngenta Foundation for Sustainable Agriculture to a level below 80 percent of the average funding per year 2012-2015, (v) any material change to Syngenta's Health, Safety and Environment Policy and Standards and (vi) any material change to Syngenta's Code of Conduct. Approval by the Independent Directors will also be required, subject to certain exceptions, for any transaction between any member of the ChemChina group, on the one hand, and any member of the Syngenta group, on the other hand, if the transaction is not made at market terms. The above corporate governance arrangements shall remain in place until the earlier of (i) 5 years following the first settlement of the ChemChina Tender Offer and (ii) a re-listing of Syngenta Shares through an initial public offering.

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In the event that ChemChina and/or its Subsidiaries hold between 90 percent and 98 percent of the voting rights in Syngenta after the second settlement of the ChemChina Tender Offer, ChemChina intends to merge Syngenta with a Swiss company directly or indirectly controlled by ChemChina in accordance with articles 8 para. 2 and 18 para. 5 of the Swiss Merger Act, whereby the remaining public shareholders of Syngenta will be compensated (in cash or otherwise) and not receive any shares in the surviving company. In the event that ChemChina and/or its Subsidiaries hold more than 98 percent of the voting rights in Syngenta after the second settlement, the Offeror intends to request the cancellation of the remaining publicly held Syngenta Shares in accordance with article 137 of the Financial Markets Infrastructure Act (FMIA).

Quantitative and qualitative disclosure about market risk

For quantitative and qualitative disclosure about market risk, see Item 11.

Appendix A

Reconciliation of non-GAAP measures to equivalent GAAP measures

A non-GAAP measure is a numerical measure of financial performance, financial position or cash flows 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.

Syngenta uses non-GAAP measures in this report where they are regarded by management as important for the investor to fully understand Syngenta’s performance. The non-GAAP measures presented in this report are measures adjusted for exchange rate movements and to exclude restructuring gains and losses, impairment losses and divestment gains and losses. The Company presents these measures because:

- movements in exchange rates historically have had, and in the future are expected to have, a significant impact on sales and operating income from period to period; and

- restructuring and impairment charges historically have fluctuated, and in the future are expected to fluctuate, significantly from period to period and thereby have a volatile impact on results.

Syngenta has been engaged in significant restructuring activities since the formation of the Company in 2000, including programs to integrate and extract synergies from the combined operations of the Zeneca agrochemicals business and the Novartis agribusiness, the integration of business combinations, the Operational Efficiency programs, the implementation of the integrated crop strategy and, beginning in 2014, the AOL program. The incidence of restructuring charges is periodic and volatile, reflecting the timing of irrevocable commitments related to specific sites and operations. Therefore the impact on reported performance varies from period to period and there is limited continuity in the specific composition or size of such charges. In 2016, measures excluding restructuring and impairment also exclude the incremental effect of applying cash-settled share based payment accounting due to the share plan amendments related to the ChemChina Tender Offer described in Note 3 to the consolidated financial statements in Item 18. Internal financial reporting and management and employee incentive plans are substantially based on financial measures excluding the charges for restructuring and impairment so that management is incentivized to deliver the benefits of the associated restructuring and not to achieve short-term financial targets by deferring implementation of restructuring plans. Restructuring programs typically deliver benefits with a payback over several years, similar to capital investments, and control over restructuring expenditures is performed on a similar project basis to that applied with capital investments.

Syngenta presents non-GAAP measures on operating income before restructuring and impairment at both the segmental and group levels. Restructuring and impairment charges have had a material effect on operating income in the period covered by the review. In the opinion of management, reporting operating performance excluding restructuring and impairment in addition to the GAAP measures provides a more thorough understanding of business performance. Together with disclosure of the material elements within restructuring and impairment and of the overall anticipated size and timeframe of restructuring programs, these measures may assist investors in forecasting future operating performance. In addition to GAAP measures, Syngenta uses measures of operating performance excluding restructuring and impairment in internal reporting to management and the Board of Directors, and these measures are used in the incentive plans for Syngenta management and other employees. Restructuring and impairment charges have been incurred in all the periods covered by the review and are expected to continue to arise and have a material effect on operating performance in future periods. Consequently, non-GAAP measures of operating income before restructuring and impairment do not present a complete picture of operating performance and these measures should be seen only as supplementary to the GAAP measure.

Syngenta presents non-GAAP information on income before taxes excluding restructuring and impairment together with income tax expense before restructuring and impairment to assist investors to calculate the Group tax rate both including and excluding the impact of restructuring and impairment charges. The tax rate on restructuring and impairment charges has been volatile and different from the tax rate on income before taxes excluding restructuring and impairment, due in part to many categories of restructuring or impairment charges not being deductible for tax purposes. In addition to GAAP measures, measures of income before taxes excluding restructuring and impairment and income tax expense excluding restructuring and impairment are used in internal reporting to management and the Board of Directors. Restructuring and impairment charges have been incurred in all the periods covered by the review and are expected to continue to arise and have a material effect on operating performance in future periods. Consequently, non-GAAP measures of income before taxes excluding restructuring and impairment and income tax expense before restructuring and impairment do not present a complete picture of financial performance and these measures should be seen only as supplementary to the GAAP measure.

Syngenta presents non-GAAP information on net income and earnings per share before restructuring and impairment and, where relevant, on net income and earnings per share from continuing operations before restructuring and impairment. As above, restructuring and impairment charges have had a material effect on operating income in the period covered by the review. In the opinion of management, reporting net income and earnings per share excluding restructuring and impairment in addition to the GAAP measures provides a more thorough understanding of business performance. Together with disclosure of the material elements within restructuring and impairment and of the overall anticipated size and timeframe of restructuring programs, this disclosure may assist investors in forecasting future performance. In addition to net income and earnings per share prepared in accordance with GAAP, Syngenta uses net income and earnings per share excluding restructuring and impairment in internal reporting to management and the Board of Directors, and the measure is used in the incentive plans for Syngenta management and other employees. Restructuring and impairment charges have been incurred in all the periods covered by the review and are expected to continue to arise and have a material effect on financial performance in future periods. Consequently, the non-GAAP measures of net income and earnings per share before restructuring and impairment do not present a complete picture of financial performance and these measures should be seen only as supplementary to the GAAP measures.

For improved clarity, the definitions of these non-GAAP measures and reconciliations of non-GAAP measures to the appropriate GAAP measure are provided below. The tables below are included to show the reconciliation of the GAAP measures to the non-GAAP measures used in the report and do not represent income statements prepared under IFRS.

Reconciliation of net income excluding restructuring and impairment (non-GAAP measure) to profit for the period (GAAP measure)

2016 ($m, except percentage, share and per share amounts)	**Total**	**Restructuring and impairment**	**Excluding restructuring and impairment**
Operating income	**1,647**	**(477)**	**2,124**
Income/(loss) from associates and joint ventures	**5**	**-**	**5**
Financial expense, net	**(291)**	**-**	**(291)**

Income before taxes	**1,361**	**(477)**	**1,838**
Income tax expense	**(180)**	**87**	**(267)**
Net income	**1,181**	**(390)**	**1,571**
Attributable to non-controlling interests	**(3)**	**-**	**(3)**
Net income attributable to Syngenta AG shareholders	**1,178**	**(390)**	**1,568**
Tax rate	**13%**	**18%**	**15%**
Number of shares – basic (millions)	**92**		**92**
Number of shares – diluted (millions)	**92**		**92**
Basic earnings per share	**12.80**	**(4.24)**	**17.04**
Diluted earnings per share	**12.79**	**(4.24)**	**17.03**

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2015 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Excluding restructuring and impairment
Operating income	1,841	(388)	2,229
Income/(loss) from associates and joint ventures	7	-	7
Financial expense, net	(256)	-	(256)
Income before taxes	1,592	(388)	1,980
Income tax expense	(248)	88	(336)
Net income	1,344	(300)	1,644
Attributable to non-controlling interests	(5)	-	(5)
Net income attributable to Syngenta AG shareholders	1,339	(300)	1,639
Tax rate	16%	23%	17%
Number of shares – basic (millions)	92		92
Number of shares – diluted (millions)	92		92
Basic earnings per share	14.57	(3.26)	17.83
Diluted earnings per share	14.52	(3.26)	17.78

2014 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Excluding restructuring and impairment
Operating income	2,105	(206)	2,311
Income/(loss) from associates and joint ventures	7	-	7
Financial expense, net	(217)	-	(217)
Income before taxes	1,895	(206)	2,101
Income tax expense	(273)	38	(311)
Net income	1,622	(168)	1,790
Attributable to non-controlling interests	(3)	-	(3)
Net income attributable to Syngenta AG shareholders	1,619	(168)	1,787
Tax rate	14%	18%	15%
Number of shares – basic (millions)	92		92
Number of shares – diluted (millions)	92		92
Basic earnings per share	17.66	(1.83)	19.49
Diluted earnings per share	17.60	(1.82)	19.42

2013 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Excluding restructuring and impairment
Operating income	2,086	(179)	2,265
Income/(loss) from associates and joint ventures	48	-	48
Financial expense, net	(200)	-	(200)
Income before taxes	1,934	(179)	2,113
Income tax expense	(285)	38	(323)
Net income	1,649	(141)	1,790
Attributable to non-controlling interests	(5)	-	(5)
Net income attributable to Syngenta AG shareholders	1,644	(141)	1,785
Tax rate	15%	22%	15%
Number of shares – basic (millions)	92		92
Number of shares – diluted (millions)	92		92
Basic earnings per share	17.88	(1.53)	19.41
Diluted earnings per share	17.78	(1.52)	19.30

2012 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Excluding restructuring and impairment
Operating income	2,256	(265)	2,521
Income/(loss) from associates and joint ventures	7	-	7
Financial expense, net	(147)	-	(147)
Income before taxes	2,116	(265)	2,381
Income tax expense	(266)	83	(349)
Net income	1,850	(182)	2,032
Attributable to non-controlling interests	(3)	-	(3)
Net income attributable to Syngenta AG shareholders	1,847	(182)	2,029
Tax rate	13%	31%	15%
Number of shares – basic (millions)	92		92
Number of shares – diluted (millions)	92		92
Basic earnings per share	20.16	(1.98)	22.14
Diluted earnings per share	20.05	(1.98)	22.03

Constant exchange rates

Syngenta compares results from one period to another period in this report using variances calculated at constant exchange rates ("CER"). To present that 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 the current year. See Note 26 to the consolidated financial statements in Item 18 for information on average exchange rates in 2016 and 2015. For example, if a European entity reporting in CHF sold CHF 100 million of products in 2016 and 2015, Syngenta's financial statements would report $101 million of revenues in 2016 (using 0.99 as the rate, which was the average exchange rate in 2016) and $104 million in revenues in 2015 (using 0.96 as the rate, which was the average exchange rate in 2015). The CER presentation would translate the 2016 results using the 2015 exchange rates and indicate that underlying revenues were flat. Syngenta presents this CER variance information in order to assess how its underlying business performed before taking into account currency exchange fluctuations. Syngenta also presents its actual reported results in order to provide the most directly comparable data under GAAP.

Item 6 — Directors, Senior Management and Employees

Board of Directors

At January 31, 2017, the Syngenta Board of Directors (the Board) and its Committees are organized as shown below.

Syngenta is led by a strong and experienced Board. It currently includes representatives with six nationalities, drawn from broad international business and scientific backgrounds. Its members bring diversity in expertise and perspective to the leadership of a complex, highly regulated, global business.

The Board is the highest level of management in the Company and exercises general supervision over the objectives and the conduct of business. In addition, the Board takes an active role in reviewing and enhancing corporate governance within Syngenta. The non-transferable and inalienable duties of the Board as defined in the Syngenta Articles of Incorporation are listed below. More detailed information on the duties and competencies of the Board is available in the Regulations Governing the Internal Organization of Syngenta on www.syngenta.com in the section "Who we are/Corporate Governance".

Responsibilities of the Board of Directors

The Board of Directors (the Board) has the following non-transferable and inalienable responsibilities:

- ultimate direction of the business of the Company and the giving of the necessary directives
- determination of the organization of the Company
- administration of accounting, financial control and financial planning
- appointment and removal of the persons entrusted with the management and representation of the Company
- appointment of an Independent Proxy in cases where the Independent Proxy elected by the General Meeting of Shareholders is not capable of acting
- ultimate supervision of the persons entrusted with the management of the Company, specifically in view of their compliance with the law, the Articles of Incorporation, regulations and directives

- preparation of the Business Report and the Compensation Report and of the General Meeting of Shareholders and the carrying out of the resolutions adopted by the General Meeting of Shareholders
- notification of the court if liabilities exceed assets
- adoption of resolutions concerning the increase of the share capital to the extent that such power is vested in the Board (article 651 paragraph 4 CO), as well as resolutions concerning the confirmation of capital increases and respective amendments to the Articles of Incorporation
- examination of the professional qualifications of the external auditor.

The Board has delegated the authority to manage the Company’s operations to the Chief Executive Officer (CEO) and the Executive Committee.

Chairman of the Board of Directors

The Chairman of the Board of Directors is a non-executive member of the Board. He leads the Board in the exercise of its non-transferable duties, including the ultimate management and oversight of the Company. The Chairman, together with the Chief Executive Officer (CEO), assumes overall responsibility for the development of the Company's strategies and ensures close alignment and common understanding between the Board, its Committees, the CEO and the Executive Committee of such strategies and their implementation. On behalf of the Board, the Chairman exercises ongoing oversight and governance over the CEO and through him also over the Executive Committee. The Chairman oversees the reputation of the Company and, together with the CEO, represents the interests of the Company to important stakeholders and the general public.

Should the Chairman be unable to carry out his duties, the Vice Chairman shall act in his stead.

Functions and mandates of the members of the Board of Directors

The functions and activities performed by the members of the Board of Directors apart from their duties as non-executive members of the Board, do not relate significantly to Syngenta or its subsidiaries. Also, none of the non-executive Directors was a member of the management of Syngenta or one of the Company's subsidiaries in the three financial years preceding the reporting year.

The members of the Board may hold no more than the following number of mandates in the supreme executive bodies of companies and organizations:

- up to additional 4 mandates in listed companies
- up to 5 mandates in non-listed companies
- up to 10 mandates in (i) charitable organizations, (ii) associations or foundations and (iii) other non-profit institutions.

Several mandates held in different companies of the same group count as one mandate. Mandates within companies under the direct or indirect control of Syngenta (subsidiaries) or which are not required to be registered in the Swiss Commercial Register or a similar foreign register are not limited by numbers. A short-term temporary overrun of the limitations set forth above by one mandate is permissible.

Election of the members of the Board of Directors and terms of office, constitution of the Board

The members of the Board are elected by the shareholders at the Annual General Meeting (AGM) for a term of one year; re-election is possible. The members of the Board shall automatically retire after the lapse of the 12th year of office or, if earlier, on expiry of the 70th year of age. In each case, retirement becomes effective on the date of the next AGM following such event.

The Chairman of the Board and the members of the Compensation Committee are also elected by the AGM for a one-year term of office; re-election is possible.

In all other respects, the Board constitutes itself. In particular, it elects one Vice Chairman from among its members, appoints the members of the Board committees (except for the Compensation Committee) and the respective chairpersons, the CEO, the further members of the Executive Committee and the Head Internal Audit. It also designates the Secretary who need not be a member of the Board. The Company Secretary acts as Secretary to the Board.

Members of the Board of Directors

At January 31, 2017

Michel Demaré
Born: August 31, 1956
Nationality: Belgian/Swiss
Initial appointment: 2012

Functions in Syngenta

Chairman of the Board, non-executive Director
Chairman of the Governance & Nomination Committee and of the Corporate Responsibility Committee

He is also Chairman of the Syngenta Foundation for Sustainable Agriculture.

Professional background

Michel Demaré was Chief Financial Officer and Executive Vice President of ABB from 2005 to February 2013, serving in addition, between late 2008 and March 2011, as the company's President of Global Markets. Between February and September 2008, he was ABB's acting Chief Executive Officer. Previously he had been Chief Financial Officer Europe for Baxter International Inc. He joined Baxter in 2002 after 18 years at the Dow Chemical Company, where he held various treasury and division CFO positions in Europe (including Switzerland) and the USA.
Apart from his functions in Syngenta, Michel Demaré is currently holding the following Board memberships:

- Listed companies: Vice Chairman of UBS Group AG
- Non-listed companies: Member of the Supervisory Board of Louis Dreyfus Company Holdings B.V.

In addition, he is Vice-Chairman of the Supervisory Board of IMD Business School in Lausanne and a member of the Advisory Board at the Institute of Banking and Finance at the University of Zurich.

Michel Demaré holds a License in Applied Economics from the Université Catholique de Louvain (UCL) and an MBA from the Katholieke Universiteit Leuven (KUL) in Belgium.

Jürg Witmer
Born: June 22, 1948
Nationality: Swiss
Initial appointment: 2006

Functions in Syngenta

Vice Chairman, non-executive Director
Chairman of the Compensation Committee and member of the Governance & Nomination Committee

Professional background

Jürg Witmer joined Hoffmann-La Roche in Basel in 1978 and subsequently held a number of positions including Legal Counsel, Assistant to the CEO, General Manager and China Project Manager of Roche Far East based in Hong Kong, Head of Corporate Communications and Public Affairs at Roche headquarters in Basel, Switzerland, and General Manager of Roche Austria. From 1999 to 2005, he acted as Chief Executive Officer of the Givaudan Group in Vernier/Geneva. From 2008 to 2012, he was also Chairman of Clariant AG, Basel. Apart from his functions in

Syngenta, Jürg Witmer is currently holding the following Board memberships:

- Listed companies: Chairman of Givaudan Group
- Non-listed companies: Non-executive Director of A. Menarini IFR Florence.

Jürg Witmer has a doctorate in Law from the University of Zurich, as well as a degree in International Studies from the Graduate Institute of the University of Geneva.

Vinita Bali
Born: November 11, 1955
Nationality: Indian
Initial appointment: 2012

Functions in Syngenta

Non-executive Director
Member of the Corporate Responsibility Committee

Professional background

Vinita Bali started her career in India with the Tata Group, and then joined Cadbury India, subsequently working for Cadbury in the UK, Nigeria and South Africa. From 1994 onwards, she held a number of senior positions in marketing and general management at The Coca-Cola Company in the USA and Latin America, becoming Head of Corporate Strategy in 2001, and then joined the Zyman Group as Head of its Business Strategy practice in the USA in 2003. From 2005 to 2014 Vinita Bali was the Managing Director of Britannia Industries, India's publicly listed premier food company. Apart from her functions in Syngenta, Vinita Bali is currently holding the following Board memberships:

- Listed companies: Non-executive Director of Titan Industries, CRISIL and Smith & Nephew PLC
- Non-listed companies: Chairman of GAIN (Global Alliance for Improved Nutrition), Vice Chairman of CARE India Solutions for Sustainable Development, non-executive Director of Katsuri & Sons Ltd., and Advisory Board member of PwC in India.

She also holds Advisory or Governing Board mandates in several institutions in the education sector.

Vinita Bali holds an MBA from The Jamnalal Bajaj Institute of Management Studies, University of Bombay and a Bachelor degree in Economics from the University of Delhi.

Stefan Borgas
Born: September 11, 1964
Nationality: German
Initial appointment: 2009

Functions in Syngenta

Non-executive Director
Member of the Compensation Committee and of the Audit Committee

Professional background

Stefan Borgas is President and Chief Executive Officer of RHI AG in Austria since December 1, 2016. Previously he served as CEO of Israel's ICL Group from September 2012 to 2016 and as CEO of Lonza Group (Switzerland) from June 2004 to January 2012. Before this he spent 14 years with BASF Group where he held various leadership positions in Fine Chemicals and Engineering Plastics in the USA, Germany, Ireland and China. Apart from his functions in Syngenta, he holds no other mandates in the supreme executive bodies of listed or non-listed companies.

Stefan Borgas holds a degree in Business Administration from the University of Saarbrücken and an MBA from the University of St. Gallen.

Gunnar Brock
Born: April 12, 1950
Nationality: Swedish
Initial appointment: 2012

Functions in Syngenta

Non-executive Director
Chairman of the Audit Committee and member of the Governance & Nomination Committee

Professional background

Gunnar Brock worked for the Tetra Pak Group for many years, with spells in Asia, Australia and Europe, returning – after a period as President and Chief Executive Officer of Alfa Laval – to become President and Chief Executive Officer of the Tetra Pak Group, headquartered in Switzerland. From 2002 to 2009 he served as President and Chief

Executive Officer of the Atlas Copco Group. Apart from his functions in Syngenta, Gunnar Brock is currently holding the following Board memberships:

- Listed companies: Chairman of Stora Enso and non-executive Director of Investor AB
- Non-listed companies: Chairman of Mölnlycke Health Care and non-executive Director of Patricia Industries (both 100 percent affiliates of Investor AB), and non-executive Director of Stena AB.

Gunnar Brock holds an MBA from the Stockholm School of Economics.

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Eleni Gabre-Madhin

Born: July 12, 1964

Nationality: Swiss

Initial appointment: 2013

Functions in Syngenta

Non-executive Director

Member of the Corporate Responsibility Committee

Professional background

Eleni Gabre-Madhin is the co-founder and CEO of eleni LLC, which supports the formation of commodity exchanges across Africa, helping to promote food security. She also founded and was CEO of the Ethiopia Commodity Exchange. Previously, she was a Senior Program Leader for Strategy issues at the International Food Policy Research Institute in Addis Ababa and worked for several institutions, such as the World Bank in Washington (2003–2004). Apart from her functions in Syngenta, she holds no other mandates in the supreme executive bodies of listed or non-listed companies.

Eleni Gabre-Madhin holds a BA in Economics from Cornell University, a Master of Science in Agricultural Economics from Michigan State University and a PhD in Applied Economics (Food Research Institute) from Stanford University. She received the Outstanding Dissertation Award from the American Agricultural Economics Association for her research on grain markets in Ethiopia.

David Lawrence
Born: March 9, 1949
Nationality: British
Initial appointment: 2009

Functions in Syngenta

Non-executive Director
Member of the Audit Committee
He is also Chairman of the Science and Technology Advisory Board.

Professional background

David Lawrence was Head Research & Development at Syngenta from 2002 to 2008. Prior to this role, David Lawrence was Head Research & Technology Projects (2000–2002) for Syngenta. Prior to this, he was Head International R&D Projects for Zeneca Agrochemicals, having previously held several senior scientific roles. Apart from his functions in Syngenta, David Lawrence is currently holding the following Board memberships:

- Non-listed companies: Chairman of the UK Knowledge Transfer Network Ltd. and of Agrimetrics Ltd., and non-executive Director of Spectrum Ltd.

He is also a non-executive Director of the John Innes Foundation (a charitable body), a member of the UK Industrial Biotechnology Leadership Forum, the UK Agri-FoodTech Council, the Nottingham University Synbio Centre Advisory Board, and the Nuffield Council on Bioethics.

David Lawrence graduated in Chemistry from Oxford University with an MA and DPhil in Chemical Pharmacology.

Eveline Saupper
Born: October 1, 1958
Nationality: Swiss
Initial appointment: 2013

Functions in Syngenta

Non-executive Director
Member of the Compensation Committee

Professional background

Eveline Saupper was a partner at the commercial law firm Homburger AG in Zurich until June 2014. Since then, she has been Of Counsel at this law firm. Before joining Homburger in 1985, she worked as a tax specialist with Peat Marwick Mitchell (today KPMG) in Zurich (1983–1985). Apart from her functions in Syngenta, Eveline Saupper is currently holding the following Board memberships:

- Listed companies: Non-executive Director of Flughafen Zürich AG, Georg Fischer AG and Clariant AG

- Non-listed companies: Chairman of Mentex Holding AG, non-executive Director of hkp group AG, Stäubli Holding AG and Hoval Group.

Eveline Saupper holds a degree and PhD in Law from the University of St. Gallen. She is admitted to the Bar of Zurich and is a certified tax expert.

Meetings of the Board of Directors

The Board of Directors (the Board) meets as often as business requires, however not less than once a quarter. The Chairman defines the agenda of the Board meetings in coordination with the CEO. Any member of the Board may request the convening of a meeting or the inclusion of items of business in the agenda. In 2016, apart from the Board meetings, Board members conducted discussions with officers of the Company to review relevant matters at hand, visited operating locations of the Company and provided information to the management as needed.

In 2016, the Board met as follows:

Members	Meetings attended[1]
Michel Demaré, Chairman	7
Jürg Witmer, Vice Chairman	7
Vinita Bali	7
Stefan Borgas	6
Gunnar Brock	6
Eleni Gabre-Madhin	6
David Lawrence	7
Eveline Saupper	7

1 7 meetings held in 2016; average length of the meetings: 6.5 hours

Board Committees

Some of the Board's powers and duties are delegated to the Board committees. These are the Governance & Nomination Committee, the Compensation Committee, the Audit Committee and the Corporate Responsibility Committee.

The topical Board Committee charters are available on the Company's website, in the section "Who we are/Corporate Governance".

All Board Committees meet on a regular basis. Their members are provided with the materials necessary to fulfil their duties and responsibilities, and to submit full reports to the Board. The key accountabilities of the Board Committees at December 31, 2016, were the following:

Governance & Nomination Committee (GNC)

Main Responsibilities

- oversees corporate governance issues at Company level
- regularly reviews the independence of the Board and manages the Board's self-assessment process
- reviews at least once per year the appropriateness and effectiveness of the Board committee structure and composition
- supports the Board in the identification and selection of candidates for the Board and the CEO position
- reviews at least once per year the succession plans for SEC members

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The Governance & Nomination Committee consists of the Chairman, who shall act as Chairman of the GNC, and up to three independent, non-executive members of the Board. The Group General Counsel or his/her delegate shall act as Secretary of the Governance & Nomination Committee.

Members	Meetings attended [1]
Michel Demaré, Chairman	3
Gunnar Brock	3
Jürg Witmer	3

1 3 meetings held in 2016; average length of the meetings: 1 hour

Compensation Committee (CC)

Main Responsibilities

- reviews and recommends to the Board the compensation & benefits principles, strategy and policies which define the compensation system
- defines the elements and the structure of the compensation system, including the structure of share ownership plans
- reviews and recommends to the Board on an annual basis a proposal for approval by the Annual General Meeting of Shareholders of the total compensation of the Board and the Executive Committee
- pursuant to article 29 of the Articles of Incorporation, sets or amends the compensation packages of the members of the Executive Committee and prepares a proposal to the Board to set or amend the compensation package of the CEO
- prepares and recommends to the Board the Compensation Report for approval.

Further information is available in the 2016 Syngenta Compensation Report and in the charter of the Compensation Committee on the Syngenta website in the section “Who we are/Corporate Governance”.

The Compensation Committee consists of a minimum of three independent, non-executive members of the Board[1]; the Chairman shall not be a member of the Compensation Committee. The Head of Human Resources or his/her delegate shall act as Secretary of the Compensation Committee.

Members	Meetings attended [2]
Jürg Witmer, Chairman	5
Stefan Borgas	3
Eveline Saupper	5

1 The Chairman and the CEO are standing guests, except when issues regarding their own positions are discussed

2 5 meetings held in 2016; average length of the meetings: 1.5 hours

Audit Committee (AC)

Main Responsibilities

- assists the Board in fulfilling its supervisory responsibilities with respect to accounting and financial reporting practices of the Company
- monitors the performance of the external auditor, checking its independence and coordinating its work with internal audit
- monitors the implementation of findings of external and internal auditors by management
- assesses the quality of the financial reporting and prepares Board decisions in this area
- monitors the effectiveness of the financial compliance framework and of the internal controls environment.

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The Audit Committee consists of at least three independent, non-executive members of the Board; the Chairman shall not be a member of the Audit Committee. A member of the Corporate Legal Department currently acts, as a delegate of the Group General Counsel, as Secretary of the Audit Committee.

Members	Meetings attended [1]
Gunnar Brock, Chairman	5
Stefan Borgas	4
David Lawrence	5

[1] 5 meetings held in 2016; average length of the meetings: 2 hours. The external auditor attended all meetings in 2016.

Corporate Responsibility Committee (CRC)

Main Responsibilities

- reviews and advises the Board on overall Corporate Responsibility priorities, policies and issues
- acts as custodian of the Board in all Corporate Responsibility matters and exercises oversight over the Executive Committee in this respect
- assesses the effectiveness of the implementation of Corporate Responsibility related internal policies.

The Corporate Responsibility Committee consists of the Chairman, at least two further independent, non-executive members of the Board, and the CEO. The Group General Counsel or his/her delegate shall act as Secretary of the Corporate Responsibility Committee.

Members	Meetings attended [1]
Michel Demaré, Chairman	2
Vinita Bali	2
J. Erik Fyrwald	2
Eleni Gabre-Madhin	2

[1] 2 meetings held in 2016; average length of the meetings: 2 hours

Information and control instruments of the Board of Directors

The Board recognizes the importance of being fully informed on material matters that impact Syngenta. It supervises management and monitors its performance through reporting and controlling processes and through the Board committees. It ensures that it has sufficient information to make the appropriate decisions through the following means:

- All members of the Executive Committee are regularly invited to attend Board meetings to report on their areas of responsibility, including key data for the core businesses, financial information, existing and potential risks, and updates on developments in important markets. Other members of management attend Board meetings as deemed necessary by the Board.
- At each Board meeting, the CEO reports on the meetings of the Executive Committee. The Chairman receives the minutes of the Executive Committee meetings; on request, the minutes are available to all members of the Board.
- Board committees regularly meet as appropriate with members of management, external advisors and the external auditor.
- Important information is regularly sent to the Board.

Risk management

Risk management is of highest importance at Syngenta; responsibility for it is assumed by the Board and, within the scope of its duties, by every individual Board committee including the Audit Committee.

A Risk Management Policy sets out global standards for Syngenta and guidelines on how risks are to be identified, classified and managed throughout the business.

The businesses and functions review their risks on a regular basis and decide on how these have developed and how they need to be classified and treated going forward. Specialized functions such as Group Finance, Health Safety & Environment, Legal, Compliance and Security and many others support the business in managing risks in their respective areas. Group risks can be broadly categorized into financial, operational, legal, compliance, regulatory and strategic risks.

Group Risk Management at Syngenta collects information on all identified risks from businesses and functions on a regular basis and facilitates an assessment process by making its own assessment and challenging the teams as appropriate. Risks are described and tracked on a dedicated Risk Management Information System.

Group Risk Management reports Syngenta's Risk Profile to the Syngenta Executive Committee and the Board of Directors.

Audit

Internal Audit

Internal Audit, as an independent function, carries out control, operational and system audits. All subsidiaries are within the scope of Internal Audit. Audit plans are reviewed and approved by the Audit Committee, and any suspected irregularities noted during audits are reported without delay. Internal Audit reports on issues arising from internal audits to the Audit Committee and shares reports with the external auditor.

External auditor

The external auditor is accountable to the Audit Committee, the Board and ultimately to the shareholders. At the completion of the audit, the external auditor presents and discusses the audit reports on the financial statements and internal controls with the Audit Committee, highlighting the significant accounting, control and auditing matters addressed during the course of the audit. The external auditor attends all Audit Committee meetings and at least once a year the external auditor takes part in a meeting with the Board.

Duration of the mandate and term of office of the lead auditor

KPMG AG was initially elected as external auditor at the Annual General Meeting in April 2014. The appointment is for one year and can be renewed annually. The auditor in charge may serve for no more than five years. The current auditor in charge, Richard Broadbelt, has served for three business years (2014–2016).

Board of Directors oversight over external audit

The Audit Committee, on behalf of the Board, is responsible for monitoring the performance of the external auditor and verifying its independence. In addition, the Audit Committee monitors the implementation of findings of the external auditor by the management. The Audit Committee also considers and makes recommendations on the appointment, reappointment or removal of the external auditor to the Board, which then nominates the external auditor for election by the Annual General Meeting. As an additional duty, the Audit Committee authorizes non-audit services of the external auditor permitted under any of the listing or other rules applicable to Syngenta. The CFO and the Group Financial Controller are generally invited to the meetings of the Audit Committee; the external auditor, the Head Internal Audit and other members of management may also be invited as appropriate. The Chairman of the Audit Committee reports orally to the Board after each meeting on the work performed by the Committee, its findings and actions undertaken.

Executive Committee and Executive Team

Under the leadership of the Chief Executive Officer (CEO), the Executive Committee is responsible for the active leadership and the operative management of the Company. It consists of the CEO, the President Global Crop Protection and EAME, LATAM and APAC, the President Global Seeds and North America, the Chief Financial Officer (CFO), the Head Research & Development, the Head Global Operations and the Head Legal & Taxes.

The Executive Committee, together with the Head Human Resources, the Head Corporate Affairs and the Head Business Development, builds the Executive Team.

J. Erik Fyrwald has been CEO of the Company since June 1, 2016, succeeding John Ramsay who was CEO *ad interim* from November 1, 2015, to May 31, 2016, apart from his function as CFO. As per September 30, 2016, John Ramsay also stepped down as CFO of the Company.

During the reporting year, three further members of the Syngenta Executive Committee stepped down from their functions: Caroline Luscombe, Head Human Resources (at June 30, 2016), Jonathan Seabrook, Head Corporate Affairs (at September 30, 2016) and Davor Pisk, COO APAC & North America (at October 31, 2016).

Members of the Executive Team

At January 31, 2017

Members	**Function**
J. Erik Fyrwald*	Chief Executive Officer (CEO)
Christoph Mäder*	Head Legal & Taxes and Company Secretary
Patricia Malarkey*	Head Research & Development
Jonathan Parr*	President Global Crop Protection and EAME, LATAM and APAC
Mark Patrick*	Chief Financial Officer (CFO)
Mark Peacock*	Head Global Operations
Jeff Rowe*	President Global Seeds and North America
Laure Roberts	Head Human Resources
Mark Titterington	Head Corporate Affairs
Alexander Tokarz	Head Business Development

* Members of the Executive Committee

Responsibilities of the Executive Committee

The duties of the Executive Committee comprise in particular:

- formulation of the fundamentals of corporate policy
- designing the Company’s strategy and strategic plans for the approval of the Board of Directors (the Board)

- implementation of the strategies, strategic plans and the periodic assessment of the attainment of goals
- submission of regular reports for the attention of the Board or its Committees
- promotion of a modern and active leadership culture
- provision and optimal utilization of resources (finances, management capacity)
- establishment of an active communications policy within and outside the Company
- systematic selection, development and promotion of new and potential management personnel
- examination and approval of significant agreements with third parties and business activities involving extraordinary high risks
- establishment of guidelines for planning, organization, finance, reporting, information and other technology, etc.

Chief Executive Officer (CEO)

The CEO is nominated by the Board; he shares responsibility for the strategic direction of the Company with the Chairman. The CEO and the Executive Committee are jointly responsible for the active leadership and operative management of the Company. The CEO leads the Executive Committee. Members of the Executive Committee are directly responsible to the CEO. The CEO, together with the Chairman, manages the reputation of the Company and represents the interests of the Company to important stakeholders and the general public.

Duration of employment contracts and mandates

Employment contracts with members of the Executive Committee are concluded for an indefinite term. The maximum notice period for the CEO and all members of the Executive Committee is 12 months.

The members of the Executive Committee, subject to the approval by the Chairman of the Board, may hold no more than the following number of mandates in the supreme executive bodies of companies and organizations:

- up to 2 mandates in listed companies
- up to 2 mandates in non-listed companies
- up to 4 mandates upon instruction of Syngenta in companies that are not directly or indirectly controlled by Syngenta
- up to 10 mandates in (i) charitable organizations, (ii) associations or foundations and (iii) other non-profit institutions.

Several mandates held in different companies of the same group count as one mandate. Mandates within companies under the direct or indirect control of Syngenta (subsidiaries) or which are not required to be registered in the Swiss Commercial Register or a similar foreign register are not limited by numbers.

Executive Committee

At January 31, 2017

J. Erik Fyrwald
Born: July 29, 1959
Nationality: American
Appointment: 2016

Functions in Syngenta

Chief Executive Officer

Member of the Corporate Responsibility Committee

Professional background

J. Erik Fyrwald was previously President and Chief Executive Officer of Univar, a leading distributor of chemistry and related products and services (2012–2016); President of Ecolab, a cleaning and sanitation, water treatment, and oil and gas products and services provider (2011–2012); and Chairman, President and Chief Executive Officer of Nalco, a water treatment and oil and gas products and services company (2008–2011). He was Group Vice President of the Agriculture and Nutrition Division of the E. I. du Pont de Nemours and Company – DuPont (2003–2008). Apart from his functions in Syngenta, J. Erik Fyrwald serves on the Board of Directors for Eli Lilly and Company (including their Science and Technology Committee), CropLife International and the Swiss-American Chamber of Commerce.

He holds a Bachelor's degree in Chemical Engineering from the University of Delaware and completed the Advanced Management Program at Harvard Business School.

Christoph Mäder

Born: July 21, 1959

Nationality: Swiss

Appointment: 2000

Functions in Syngenta

Head Legal & Taxes and Company Secretary

Professional background

Christoph Mäder was Head of Legal & Public Affairs for Novartis Crop Protection (1999–2000) and Senior Corporate Counsel for Novartis International AG (1992–1998). He is Vice Chairman of economiesuisse, the main umbrella organization representing Swiss economy. He is also a non-executive Director of Lonza AG (listed company), a member of the Board of scienceindustries, the association of Swiss chemical, pharmaceutical and biotech industries, and a member of the Board of the Basel Chamber of Commerce.

He graduated from Basel University Law School, and is admitted to the Bar in Switzerland.

Patricia Malarkey

Born: November 23, 1965

Nationality: British/American

Appointment: 2014

Function in Syngenta

Head Research & Development

Professional background

Prior to her current function as Head Research & Development, Patricia Malarkey was Head Research & Development for Lawn & Garden at Syngenta (2012–2013). Before that, she held a number of senior scientific functions in Crop Protection, Seeds and Biotechnology at Syngenta in Europe and the United States. Patricia Malarkey holds no other mandates in the supreme executive bodies of listed or non-listed companies.

She graduated from the University of Glasgow in Agricultural Chemistry and holds a master's degree in Toxicology from the University of Surrey.

Jonathan Parr

Born: February 27, 1961

Nationality: British

Appointment: 2015

Function in Syngenta

President Global Crop Protection and EAME, LATAM and APAC

Professional background

Prior to his current function as President Global Crop Protection and EAME, LATAM and APAC, Jonathan Parr was Chief Operating Officer (COO) EAME & Latin America (2015–2016). Before that, he was Head of Global Crops & Assets for Syngenta (2014), Regional Director for EAME (2009–2013), Head of Syngenta Flowers (2007–2008), Head of Marketing and Strategy (2004–2007) and European Manufacturing Manager (2000–2003). Before joining Syngenta, he worked for AstraZeneca as a Factory Manager (1998–2000), Global Product Manager Fungicides (1996–1998) and Supply Chain Project Manager (1994–1996). From 1987 to 1994, he held Project and Engineering Management functions at Imperial Chemical Industries (ICI). Jonathan Parr holds no other mandates in the supreme executive bodies of listed or non-listed companies.

Jonathan Parr is a Chartered Engineer and also holds an honors Bachelor degree in Civil Engineering from the University of Southampton as well as a Master in Management from the University of McGill, Canada, and a diploma in International Management from the INSEAD Institute.

Mark Patrick

Born: March 14, 1969

Nationality: British

Appointment: 2016

Function in Syngenta

Chief Financial Officer

Professional background

Prior to his appointment as Chief Financial Officer, Mark Patrick was Head Commercial Finance at Syngenta (2011–2016). Prior to that, he was Head Crop Protection Finance (2008–2011 and 2005–2006), Head Finance North America Crop Protection (2006–2008), Head Business Reporting (2003–2005) and APAC Regional Supply Finance Head Syngenta in Hong Kong. He joined AstraZeneca in 1993. Mark Patrick holds no other mandates in the supreme executive bodies of listed or non-listed companies.

He is a Chartered Management Accountant and also holds an honors degree in Quantity Surveying and a Post Graduate degree in Economics.

Mark Peacock

Born: February 2, 1961

Nationality: British

Appointment: 2007

Function in Syngenta

Head Global Operations

Professional background

Mark Peacock was previously Head of Global Supply (2003–2006) and Regional Supply Manager for Asia Pacific (2000–2003) for Syngenta. Prior to this he was a Product Manager in Zeneca Agrochemicals and General Manager of the Electrophotography Business in Zeneca Specialties. Mark Peacock holds no other mandates in the supreme executive bodies of listed or non-listed companies.

He has a degree in Chemical Engineering from Imperial College, London, and a Master in International Management from McGill University in Montreal.

Jeff Rowe
Born: May 2, 1973
Nationality: American
Appointment: 2016

Function in Syngenta

President Global Seeds and North America

Professional background

Prior to his current function as President Seeds and North America, Jeff Rowe was Vice President, Strategic Services and Planning at DuPont Pioneer (2015–2016) and also sat on the company's Leadership Team (DPLT). Before, he was Regional Director for DuPont Pioneer Europe (2011–2015), Vice President Biotech Affairs and Regulatory (2008–2011) and Corporate Counsel (2001–2008). Jeff Rowe started his career with Pioneer in 1995 in Supply Management. Apart from his function in Syngenta, he has been a member of the U.S.-Ukraine Business Council (USUBC) Executive Committee since 2003. Jeff Rowe holds no other mandates in the supreme executive bodies of listed or non-listed companies.

He has a Bachelor of Science in Agricultural Economics from the Iowa State University, a Juris Doctorate from Drake Law School, and a Global Executive MBA from the NYU Stern School of Business and the London School of Economics.

Management contracts

Syngenta has not entered into management contracts with any third party.

Service contracts / Change of control

The employment agreements of members of the Executive Committee, including the CEO, and the agreements of the members of the Board of Directors, including the Chairman, do not have any change of control clauses. Neither the Executive Committee nor the Board of Directors agreements contain any provisions for termination payments ("golden parachute" or "handshake" or similar arrangements) with regard to severance or other termination events.

Relationships and arrangements involving Directors or members of the Executive Committee

None of the above Directors or members of the Executive Committee has any family relationship with any other Director or member of the Executive Committee. There were no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any of the above Directors or of the Executive Committee members was selected as a Director or as member of the Executive Committee.

Employees of Syngenta

2016

Syngenta had approximately 27,600 permanent employees as of December 31, 2016. Approximately 15 percent of these were in North America, 18 percent in Latin America, 22 percent in Asia Pacific and the remaining 45 percent in Europe, Africa and Middle East.

The functional distribution of Syngenta employees for the year ended December 31, 2016 was approximately as follows:

Production	40%
Research and development	18%
Marketing and distribution	27%
Administration and general overhead	15%

The number of temporary employees varies greatly during each year due to the seasonal nature of the business. During 2016, the highest level of temporary employees was approximately 3,200.

In several countries, part of the workforce is unionized or represented by works councils. Syngenta's relationships with its unions and other employee organizations are generally good and there have been no significant industrial disputes over the past five years at any of Syngenta's major business locations.

2015

Syngenta had approximately 28,400 permanent employees as of December 31, 2015. Approximately 15 percent of these were in North America, 18 percent in Latin America, 22 percent in Asia Pacific and the remaining 45 percent in Europe, Africa and Middle East.

The functional distribution of Syngenta employees for the year ended December 31, 2015 was approximately as follows:

Production	39%
Research and development	19%
Marketing and distribution	27%
Administration and general overhead	15%

During 2015, the highest level of temporary employees was approximately 4,700.

2014

Syngenta had approximately 29,000 permanent employees as of December 31, 2014. Approximately 16 percent of these were in North America, 17 percent in Latin America, 22 percent in Asia Pacific and the remaining 45 percent in Europe, Africa and Middle East.

The functional distribution of Syngenta employees for the year ended December 31, 2014 was approximately as follows:

Production	38%
Research and development	20%
Marketing and distribution	30%
Administration and general overhead	12%

During 2014, the highest level of temporary employees was approximately 5,000.

Share ownership

The aggregate amount of Syngenta shares and share options held by current Directors and the members of the Executive Committee as of December 31, 2016, based on information available to the Company, is 0.12 percent of all outstanding shares, i.e. none of Syngenta’s Directors or the Executive Committee members individually owns more than one percent of the Company’s outstanding shares. For more information on Syngenta shares and share options owned by individual Directors and by individual members of the Executive Committee see “Compensation Report, 2016 Holding of shares and options”.

For a description of arrangements involving Syngenta’s employees in the capital of the Company, see Note 23, “Employee share participation plans”, to the consolidated financial statements in Item 18.

Compensation

Compensation elements

Syngenta's total compensation package includes:

- fixed compensation – base salary
- variable compensation – short-term incentive plans and, for selected leaders, long-term incentive plans
- benefits (including all insured benefits and retirement pension plans).

Fixed compensation

Fixed compensation is represented as annual base salary paid in cash, typically on a monthly basis and set by reference to the:

- size and scope of the job
- external market value of the job
- skills, experience and performance of the employee.

To ensure market competitiveness, base salaries are subject to review every year by considering factors such as Company affordability, benchmark data, external market movement, economic environment and individual performance.

In addition, certain employees may receive customary cash allowances for expenses.

Variable compensation

Variable compensation consists of short-term incentives and, for selected leaders, long-term incentives. Target variable compensation is determined by the work level and scope of the individual's job, as well as the external market value of the respective job and the location. The actual payment is dependent on business performance and individual performance. It may be granted in cash, shares, restricted stock units, performance stock units and/or stock options.

All of the variable compensation plans are governed by their own set of regulations which include leaver provisions.

The various short- and long-term incentive plans are summarized in the table below with more detail in the following sections.

Fixed and variable compensation

	Chairman of the Board	Members of the Board	Executive Committee	Senior Management	All Employees	Description	Link to compensation principles
Fixed compensation	•	•	•	•	•	Cash – all employees. The Chairman of the Board and other members of the Board may opt for cash and/or shares	Attract and retain high-quality employees. Provided for ongoing performance and delivery in position

Short-Term variable compensation

Short-Term Incentive	•••	Cash – all employees	Performance-based compensation. Provided to focus and reward employees on annual company/team and /or individual performance
Sales Incentive Plan	•	Cash – selected employees within the commercial function	
Long-Term variable compensation			
Deferred Share Plan[6]	••	Deferred share awards or shares and matching shares [1]	An opportunity to turn short-term incentive into long-term equity. Provided to focus leaders on sustainable value creation and increase their alignment with shareholders
Executive LTI Plan[6]	•	Stock options and PSUs[2]	Rewards leadership, innovation and performance. Provided to focus leaders on sustainable business performance and alignment with shareholders
LTI Plan[6]	•	Stock options and RSUs [3]	
Employee Share Purchase Plan (ESPP) [4,6]	••	Plan for all Switzerland-based Syngenta employees: share purchase up to CHF 5,000.– p.a. at 50 percent discount rate[5]	Identification and commitment to Syngenta

1 In Switzerland, employees are offered a choice of share awards or shares under the DSP. In all other countries, employees receive share awards. For the purposes of this report, both are referred to as “share awards”

2 Performance Stock Units

3 Restricted Stock Units

4 Since 2015, Executive Committee members are not eligible to participate in the ESPP

5 Other Employee Share Purchase Plans providing different discounted share purchase options for employees are also established in 37 other countries

6 These plans were replaced from January 1, 2017, see Changes to the Compensation System below

Short-Term Incentive (STI)

The target STI is set as a percentage of base salary which varies by work level as shown in the table below:

	STI targets (as a percentage of base salary)
Chief Executive Officer	80%
Executive Committee	70%
Senior Management[1]	30%–40%
Management[1]	25%

1 Higher target percentages apply to managers and senior managers in the USA

Both the individual and financial percentage awards can range from zero to 200 percent of the STI target as outlined in the Articles of Incorporation (Article 29, 10). The STI payout is limited to two times the target award.

STI design for Executive Committee members

For Executive Committee members, emphasis is placed on the achievement of financial results. Financial performance measures determine 70 percent of the STI award, while 30 percent is based on individual performance. The financial performance measure consists of earnings per share (EPS) (55 percent) and cash flow return on investment (CFROI) of the Group (15 percent). Individual performance is measured against goals set within the performance management process.

In addition, the STI payout is contingent upon the annual Group Net Income (GNI) reaching a threshold of 85 percent of the target budget.

STI design for managers and employees below the Executive Committee

For managers and employees below the Executive Committee, the STI award weights equally Company financial results and individual performance. Financial performance is determined primarily on the basis of full year business contribution versus budget and further key performance indicators including market share, progressive improvement in business quality, price increases, foreign exchange mitigation and inventory management.

Individual performance is measured in the same way as for Executive Committee members.

STI payout determination

At the end of the calendar year both Company and individual performance are assessed, and actual achievement is compared with the targets and goals set at the beginning of the year. The assessment of financial performance is formula-driven, i.e. actual achievement against target determines the STI percentage award. The assessment of individual performance results in a performance rating which is used to determine an individual percentage award for STI purposes.

Deferred Share Plan (DSP)

The DSP is used to convert part of the annual cash-based STI into a three-year equity based plan and is offered to around 350 participants globally.

It requires a mandatory percentage of the STI to be deferred into Syngenta share awards with a vesting period of three years thereby exposing participants fully to the share value development over this period. A participant may voluntarily defer a further portion of the STI into share awards. In return, Syngenta matches each deferred share award on a one-for-one basis, thus doubling the total number of shares received by the participant. The matching of the share awards is subject to continued employment with Syngenta at the end of the three-year vesting period. The mandatory and voluntary percentages vary by work level as shown in the table below:

STI subject to deferral	Mandatory	Voluntary	Maximum
Chief Executive Officer	40%	40%	80%
Executive Committee	40%	40%	80%
Senior Management	10%–30%	20%–40%	50%
Management	0%	20%	20%

The number of share awards is calculated based on the closing share price at grant date and the amount of STI deferred (mandatory plus any voluntary amount). The calculation is made by applying the following formula:

Long-Term Incentive (LTI) Plans

The target LTI is set as a percentage of base salary which varies by work level as shown in the table below:

	LTI target (as a percentage of base salary)
Chief Executive Officer	140%
Executive Committee	100%
Senior Management[1]	25%–40%
Management[1]	20%

1 Higher target percentages apply to managers and senior managers in the USA

Executive Long-Term Incentive Plan (Executive LTI Plan)

Since 2015 Executive Committee members have been eligible to participate in the Executive LTI Plan. The key design features of the Executive LTI Plan are outlined below:

Grant value

Depending on the contribution made towards driving sustainable long-term growth in the business, the individual awards granted may be lower or higher than the target LTI and can range from zero to 150 percent, as outlined in the Articles of Incorporation (Article 29, 10).

Vesting value

The value of the award at vesting will depend firstly on the number of awards that vest subject to the applicable performance conditions, and secondly on the development of the Syngenta share price. The value of the vested award may therefore be higher or lower than the value at grant.

Award types

Participants will receive 50 percent of their incentive in stock options and 50 percent in Performance Stock Units (PSUs).

Granting equal allocations of stock options and PSUs balances the advantages and risks of these instruments. The awards allow participants to benefit from increases in the stock price over time; however, participants are equally exposed to decreases.

Syngenta stock options represent the right to purchase Syngenta shares at a fixed strike price for a defined period of time. The exercise price of the stock options is set equal to the closing share price at the grant date. Stock options granted vest after three years and are exercisable for a period of seven years from the vesting date. Syngenta PSUs represent the right to receive Syngenta shares at nil cost at the end of a three-year vesting period. Vesting of stock options and PSUs are subject to both continued employment with Syngenta and the satisfaction of the performance conditions.

Number of Executive LTI awards

The number of awards granted will be calculated with reference to the fair value of each instrument based on the below formula.

The option value is determined using a commonly accepted stock option pricing method. The PSU value is the closing share price on the grant date.

Performance measures

Stock options

The number of stock options that vest are based on the Company's total shareholder return (TSR) versus a comparator group of 15 other companies over rolling three-year performance periods. Relative TSR has been chosen as the performance measure as it allows for an objective external assessment over a sustained period on a basis that is familiar to shareholders.

The comparator group includes the Company's direct competitors: BASF SE, Bayer AG, The Dow Chemical Co, EI du Pont de Nemours & Co and Monsanto Co, and 10 other companies selected from industries and regions where Syngenta competes for capital and talent: Clariant AG, Givaudan SA, Nestle SA, Novartis AG, Roche Holding AG, Akzo Nobel N.V., Danone SA, Koninklijke DSM N.V., SAB Miller Plc and Solvay SA. If any company in the comparator group is deemed by the Compensation Committee to no longer be suitable, for example in the case of delisting, bankruptcy, merger, etc., it will be removed and replaced by a suitable alternative. SAB Miller Plc will be removed from the comparator group and will be replaced by a suitable alternative.

At the end of the three-year performance period all of the companies will be ranked from the highest (rank 1) to the lowest (rank 16) TSR. The number of stock options which will vest are calculated on a stepped quartile payout scale (four ranked positions per quartile). TSR is measured in US dollars. The total number of stock options that could vest range from zero to 125 percent of the number granted. Lower quartile performance (ranked positions 13 to 16) results in zero percent vesting. Upper quartile performance (ranked positions 1 to 4) results in 125 percent vesting. The actual value of these stock options is determined by how far the share price at the end of the performance period has exceeded the exercise price at grant. As stated in the 2015 Compensation Report, the vesting schedule for the 2016 plan and beyond has been changed so that no stock options will vest for below median performance. Above median, stock options will vest on a linear scale from 100 percent vesting at median (Syngenta is ranked 8 out of 16) to 200 percent vesting (Syngenta is ranked 1 out of 16). While this change provides for the same payout probability, it is more aligned with shareholders' interests.

Performance Stock Units (PSUs)

The number of PSUs that vest is based on internal performance measures which support the Company's long-term strategy:

- Agribusiness growth and business quality – these targets are aligned with the Company's objective of increasing its share over time at higher levels of profitability.
- Cash flow return on investment (CFROI) – a focus on cash generation and cash return to shareholders is an integral part of the Company's financial framework. The value of the investments necessary to grow the business is measured through CFROI.
- EBITDA margin percent – reflects the Company's commitment to margin improvement through the Accelerating Operational Leverage (AOL) program.
- The Good Growth Plan – reflects the Company's commitment to improving resource efficiency, rejuvenating ecosystems and revitalizing rural communities.

The Compensation Committee believes that these performance measures, in addition to relative TSR, best represent the measures used by shareholders to assess the Company's value. Each of the internal performance measures has a weighting of 25 percent and is tested annually during the performance period. The Plan is structured in a way that the impact of achievement increases in weighting over the three years.

The total number of PSUs that could vest range from zero to 100 percent of the number granted.

As stated in the 2015 Compensation Report, 100 percent of the 2016-2018 Executive LTI Plan awards were granted in the form of PSUs, i.e. no stock options were granted in February 2016. The PSUs continue to be subject to the secondary performance conditions, in that 50 percent of the PSUs that will vest shall be based on the Company's total shareholder return versus a comparator group of 15 other companies and the other 50 percent of the PSUs that will vest shall be based on internal performance conditions which support the Company's long-term strategy.

Claw back

In the event that the Compensation Committee determines that an Executive Committee member materially breached their duties as a member of the Executive Committee, it reserves the right to claw back a portion or all of the PSUs and non-vested stock options from that Executive Committee member.

Target setting and disclosure for the PSUs

Each year, the Compensation Committee approves the performance measure targets for a new three-year plan which shall be aligned to both the long-term strategy of the Company and to the operating budget. As the targets are market sensitive the Company will not disclose them in advance but will disclose retrospectively, on an annual basis, the degree to which performance was achieved against the targets. The Compensation Committee believes that the consistent use of performance measures together with the overlapping performance years will enhance the focus on longer-term operating performance.

Leaver rules

Leaver circumstances are governed by the Executive LTI Plan regulations. In the case of retirement, a participant's equity awards will vest with performance measured as per the original schedule. In the event of resignation the equity awards will vest with performance measured as per the original schedule, pro-rated for time served.

Long-Term Incentive Plan (LTI Plan) for managers below Executive Committee

The LTI Plan continues to operate for employees below the Executive Committee, around 1,000 participants globally. The LTI Plan operates similarly to the Executive LTI Plan though with the following distinguishing features:

- Participants receive 50 percent of their incentive in the form of stock options and 50 percent in the form of Restricted Stock Units (RSUs).
- Both stock options and RSUs are subject to a three-year vesting period and to continued employment with Syngenta; there are no additional performance measures.

The actual LTI granted to a participant is their target LTI multiplied by an individual percentage, which is derived from the participant's performance rating from the performance management process. This ensures that the LTI grant is based on achievement of goals linked to delivering the business strategy.

As stated in the 2015 Compensation Report 100 percent of the 2016 LTI Plan award was granted in the form of RSUs, i.e. no stock options were granted in February 2016.

The Executive Committee members participated in this LTI Plan for the grants made in 2014 and prior years.

Employee Share Purchase Plan (ESPP)

The ESPP provides employees with the opportunity to become Syngenta shareholders through the purchase of Syngenta shares at a preferential price.

The Swiss ESPP allows participants to purchase up to CHF 5,000 worth of shares at 50 percent of the share price on the date of purchase. These shares are subject to a blocking period of three years. The regulations of the Swiss ESPP allow all employees in Switzerland to be eligible to participate in the Swiss ESPP. However, from 2015 onwards, members of the Executive Committee were no longer eligible to participate.

Where reasonably possible, similar all-employee share purchase plans are in operation in other countries, taking into account local practices, tax and legal requirements.

Sales Incentive Plans

Sales Incentive Plans are designed for employees whose primary responsibility is revenue generation based on the sale of Syngenta products. They offer these employees the opportunity to be compensated for individual and team success, based on performance achieved against sales targets.

No member of the Executive Committee participates in a Sales Incentive Plan.

Benefits

Benefits consist mainly of retirement, insurance and healthcare plans designed to provide a reasonable level of security for all employees and their dependents in respect of retirement, health, disability and death in service. The level of benefits is subject to country-specific laws, regulations and market practice. Other benefits that may be provided according to local market practice include long-service awards and perquisites. Employees at all levels who are on an international assignment may also receive benefits in line with the Syngenta International Assignment Policy. Executive Committee members participate in the Company's retirement plans in accordance with applicable laws.

Compensation structure

The compensation elements described in the Compensation Report refer primarily to Switzerland and to senior executives. Although many of the elements are operated consistently on a global basis, local market variations apply.

The following charts illustrate the relation between the different compensation elements at target performance with maximum DSP deferral.

The charts show that at maximum DSP deferral more than two-thirds of the target compensation is performance-based and therefore at risk. In addition, at target, equity-based compensation is greater than cash compensation. Members of the Executive Committee are therefore highly exposed to share price movements, which reinforces a focus on the long-term success of Syngenta and aligns their interests with those of the Syngenta shareholders.

Changes to the compensation system

See Note 3 to the consolidated financial statements in Item 18 for details of the impact of the ChemChina Tender Offer on Syngenta's Equity Plans. Following the completion of the ChemChina transaction, Syngenta expects to no longer be a publicly listed Company and will no longer provide equity plans as reward mechanisms. Therefore the Board of Directors and the Compensation Committee took the decision to discontinue the existing equity plans effective December 31, 2016 and introduce new market-competitive incentive plans from January 1, 2017, rather than introducing them part-way through the performance year. In so doing, the Company sought to ensure that the same level of total compensation was maintained.

Compensation of the Board of Directors

The compensation of the members of the Board of Directors was voted on at the 2016 Annual General Meeting. The compensation expected to be paid during the applicable period between the 2016 and 2017 Annual General Meetings (CHF 4,005,132; $3,932,383 using the currency exchange rate at December 31, 2016) is within the amount approved by the shareholders (CHF 4,500,000; $4,418,262 using the currency exchange rate at December 31, 2016).

Compensation of the Chairman

The non-executive Chairman of the Board receives a predefined annual fee and no variable compensation. Two-thirds of the annual fee is paid monthly in cash and one-third is paid quarterly in the form of restricted shares, which are blocked from trading for a period of three years. The number of restricted shares paid each quarter is determined by dividing the share portion of the fee by the market price of a Syngenta share at each quarterly grant date.

Compensation of non-executive Directors

Non-executive Directors receive an annual fee. This consists of a basic fee for services to the Board and an additional fee for individual assignments to committees of the Board. No variable compensation is paid to non-executive Directors.

Non-executive Directors have the option to receive part of their annual fee in the form of shares that are either freely tradable or blocked from trading for five years (under the Share Plan for non-executive Directors). This option exists in order to reinforce their focus on Syngenta's long-term, sustainable success and align their interests with those of shareholders. Shares are granted once a year with the grant value per share being the market price at the grant date.

As noted above, the Board of Directors and the Compensation Committee have taken the decision to discontinue the existing equity plans effective December 31, 2016, which includes the Share Plan for the non-executive Directors. The non-Executive Directors will therefore no longer be provided with the option to receive part of their annual fee in the form of shares. The Chairman will also no longer receive part of his annual fee in restricted shares.

Annual fees for non-executive Directors

Function	**Annual fee**[1]
Base fees:	
Chairman of the Board	1,774,128
Vice-Chairman of the Board	405,515
Member of the Board	217,964
Additional fees[2]:	
Chairman of the Audit Committee	111,517
Member of the Audit Committee	30,414
Member of the Compensation Committee	25,345
Member of the Corporate Responsibility Committee	20,276
Member of the Governance & Nomination Committee	20,276
Chairman of the Science and Technology Advisory Board	20,276

1 All fee amounts are reported in US dollars and the fees cover the period from AGM to AGM. Members of the Syngenta Board of Directors receive their cash compensation in Swiss francs. The US dollar compensation amounts presented have been converted into US dollars using the average currency exchange rate in effect during 2016. The average Swiss franc per US dollar exchange rate for the year ended December 31, 2016 is 0.99 (2015: 0.96). For further information regarding currency exchange rates, see Note 26 to the consolidated financial statements in Item 18.

2 No additional fees are payable to the Chairman and the Vice-Chairman

The Board of Directors, at the recommendation of the Compensation Committee following its annual review, took the decision not to increase the annual fees of the non-executive Directors in 2016.

Compensation of non-executive Directors in 2016

Non-executive Directors	Fee in cash	Fee in unrestricted shares	Fee in Restricted shares	Number of unrestricted shares	Number of restricted shares	Total number of shares	Other company costs[1]	Total compensation
Michel Demaré[2]	1,181,071	-	593,990	-	1,526	1,526	94,068	1,869,129
Vinita Bali[3]	119,120	119,199	-	304	-	304	13,579	251,898
Stefan Borgas[4]	68,226	-	205,855	-	525	525	12,657	286,738
Gunnar Brock[5]	349,757	-	-	-	-	-	76,143	425,900
Eleni Gabre-Madhin[6]	119,120	119,199	-	304	-	304	-	238,319
David Lawrence[7]	134,327	134,492	-	343	-	343	35,720	304,539
Eveline Saupper[8]	243,309	-	-	-	-	-	13,862	257,171
Jürg Witmer[9]	20,726	385,046	-	982	-	982	20,889	426,661
Total	2,235,656	757,936	799,845	1,933	2,051	3,984	266,918	4,060,355

1 Company-paid social security

2 Michel Demaré is Chairman of the Board, Chairman of the Governance & Nomination Committee and the Corporate Responsibility Committee

3 Vinita Bali is a member of the Corporate Responsibility Committee

4 Stefan Borgas is a member of the Audit Committee and a member of the Compensation Committee

5 Gunnar Brock is Chairman of the Audit Committee and a member of the Governance & Nomination Committee. The fee and social security contributions were paid to a company controlled by Gunnar Brock.

6 Eleni Gabre-Madhin is a member of the Corporate Responsibility Committee

7 David Lawrence is a member of the Audit Committee and Chairman of the Science and Technology Advisory Board

8 Eveline Saupper is a member of the Compensation Committee

9 Jürg Witmer is Vice Chairman of the Board, Chairman of the Compensation Committee and a member of the Governance & Nomination Committee

All values are reported in US dollars. Members of the Syngenta Board of Directors receive their cash compensation in Swiss francs. The US dollar compensation amounts presented have been converted into US dollars using the average currency exchange rate in effect during 2016. The average Swiss franc per US dollar exchange rate for the year ended December 31, 2016 is 0.99 (2015: 0.96). For further information regarding currency exchange rates, see Note 26 to the consolidated financial statements in Item 18.

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Compensation of non-executive Directors in 2015

Non-executive Directors	Fee in cash	Fee in unrestricted shares	Fee in restricted shares	Number of unrestricted shares	Number of restricted shares	Total number of shares	Other company costs[1]	Total compensation
Michel Demaré[2]	1,213,550	-	610,220	-	1,613	1,613	96,938	1,920,708
Vinita Bali[3]	244,792							