Financial Report 2013

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Operating and Financial Review

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 30, respectively, to the consolidated financial statements.

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 Circle One Global Inc. from May 15, 2009, Goldsmith Seeds Europe B.V. from September 23, 2009, Pybas Vegetable Seed Co., Inc. from December 16, 2009, Synergene Seed & Technology, Inc. from December 23, 2009, Maribo Seed International ApS from September 30, 2010, Greenleaf Genetics LLC from November 8, 2010, Agrosan S.A. from March 9, 2011, Pasteuria Bioscience Inc. from November 8, 2012, Sunfield Seeds Inc. from November 29, 2012, Devgen N.V. from December 12, 2012 and MRI Seed Zambia Ltd and MRI Agro Zambia Ltd from October 31, 2013. For further information about these and other acquisitions, see Note 3 to the consolidated financial statements.

Operating and Financial Review

Financial highlights

($m, except where otherwise stated)	2013	2012[1]	2011[1]	2010[1]	2009[1]
	Year ended December 31,				
Amounts in accordance with IFRS					
Income statement data:					
Sales	**14,688**	14,202	13,268	11,641	10,992
Cost of goods sold	**(7,986)**	(7,223)	(6,790)	(5,904)	(5,573)
Gross profit	**6,702**	6,979	6,478	5,737	5,419
Operating expenses	**(4,616)**	(4,723)	(4,469)	(3,978)	(3,619)
Operating income	**2,086**	2,256	2,009	1,759	1,800
Income before taxes	**1,934**	2,116	1,859	1,643	1,675
Net income	**1,649**	1,850	1,570	1,378	1,397
Net income attributable to Syngenta AG shareholders	**1,644**	1,847	1,569	1,373	1,394
Number of shares – basic	**91,952,222**	91,644,190	91,892,275	92,687,903	93,154,537
Number of shares – diluted	**92,459,306**	92,132,922	92,383,611	93,225,303	93,760,196
Basic earnings per share ($)	**17.88**	20.16	17.07	14.81	14.96
Diluted earnings per share ($)	**17.78**	20.05	16.98	14.73	14.86
Cash dividends declared:					
Swiss franc ("CHF") per share	**9.50**	8.00	7.00	6.00	6.00
$ per share equivalent	**10.01**	8.82	7.64	5.61	5.27
Cash flow data:					
Cash flow from operating activities	**1,214**	1,359	1,871	1,707	1,419
Cash flow used for investing activities	**(772)**	(1,218)	(472)	(450)	(880)
Cash flow from (used for) financing activities	**(1,114)**	(232)	(1,684)	(844)	170
Capital expenditure on tangible fixed assets	**(625)**	(508)	(479)	(396)	(652)
Balance sheet data:					
Current assets less current liabilities	**3,990**	4,537	4,107	4,363	4,583
Total assets	**20,216**	19,438	17,241	17,285	16,162
Total non-current liabilities	**(3,356)**	(4,226)	(4,063)	(4,483)	(5,339)
Total liabilities	**(10,712)**	(10,653)	(9,706)	(9,836)	(9,650)
Share capital	**(6)**	(6)	(6)	(6)	(6)
Total shareholders' equity	**(9,491)**	(8,774)	(7,526)	(7,439)	(6,498)
Other supplementary income data:					
Diluted earnings per share from continuing operations, excluding restructuring and impairment ($)[2]	**19.30**	22.03	19.03	16.18	16.00

All activities were in respect of continuing operations.

Operating and Financial Review

Notes

1. In these consolidated financial statements, Syngenta has adopted IAS 19 "Employee Benefits" (revised June 2011). Syngenta has also early adopted "Defined Benefit Plans: Employee Contributions", Amendments to IAS 19, issued in November 2013. Comparative amounts for the years 2009, 2010, 2011 and 2012 have been restated to reflect the revised IAS 19. The main changes that the revised IAS 19 introduces and the effect of the adoption on each financial statement line for the years ended 2012 and 2011 are detailed in Note 2 to the consolidated financial statements. The effect of the adoption on the years ended 2010 and 2009 are as follows:

	2010			2009		
($m, except per share amounts)	As reported	Adoption of IAS 19	After adoption of IAS 19	As reported	Adoption of IAS 19	After adoption of IAS 19
Cost of goods sold	(5,900)	(4)	(5,904)	(5,572)	(1)	(5,573)
Gross profit	5,741	(4)	(5,737)	5,420	(1)	5,419
Operating expenses	(3,948)	(30)	(3,978)	(3,601)	(18)	(3,619)
Operating income	1,793	(34)	1,759	1,819	(19)	1,800
Income before taxes	1,677	(34)	1,643	1,694	(19)	1,675
Net income	1,402	(24)	1,378	1,411	(14)	1,397
Net income attributable to Syngenta AG shareholders	1,397	(24)	1,373	1,408	(14)	1,394
Basic earnings per share ($)	15.07	(0.26)	14.81	15.11	(0.15)	14.96
Diluted earnings per share ($)	14.99	(0.26)	14.73	15.01	(0.15)	14.86
Current assets less current liabilities	4,363	–	4,363	4,583	–	4,583
Total assets	17,285	–	17,285	16,129	33	16,162
Total non-current liabilities	(4,483)	–	(4,483)	(5,331)	(8)	(5,339)
Total liabilities	(9,836)	–	(9,836)	(9,642)	(8)	(9,650)
Total shareholders' equity	(7,439)	–	(7,439)	(6,473)	(25)	(6,498)
Diluted earnings per share from continuing operations, excluding restructuring and impairment ($)[2]	16.44	(0.26)	16.18	16.15	(0.15)	16.00

2. 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 as issued by the IASB, 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 as issued by the IASB.

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

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

Restructuring and impairment charges for 2013 and 2012 are analyzed in Note 6 to the consolidated financial statements. Restructuring and impairment for 2011 related mainly to the Integrated Crop Strategy program announced in early 2011 to integrate global commercial operations for Crop Protection and Seeds thereby enabling operational synergies from the commercial integration, additional cost savings from procurement and supply chain efficiencies and the presentation of an integrated product offer to grower customers. Restructuring for 2010 and 2009 mainly 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.

Introduction

The following discussion includes forward-looking statements subject to risks and uncertainty. See "Cautionary statement regarding forward-looking statements" at the end of this document. This discussion also includes non-GAAP financial data in addition to GAAP results. See Appendix A to this section and Note 2 to the financial highlights for a reconciliation of this data and explanation of the reasons for presenting such data.

Constant exchange rates

Approximately 57 percent of Syngenta's sales and 67 percent of Syngenta's costs in 2013 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 2013 were 3 percent higher than 2012 on a reported basis, but were 5 percent higher when calculated at constant rates of exchange. The Company therefore provides analysis of results calculated at constant exchange rates ("CER") and also actual results to allow an assessment of performance before and after taking account of currency fluctuations. To present CER information, current period results for entities reporting in currencies other than US dollars are converted into US dollars at the prior period's exchange rates, rather than the exchange rates for this year. An example of this calculation is included in Appendix A of this section.

Overview

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

Syngenta operates globally to capitalize on its technology and marketing base. Syngenta's largest market is Europe, Africa and the Middle East, which represented approximately 30 percent of consolidated sales in 2013 (2012: 30 percent) followed by North America[1] and Latin America, each of which represented 28 percent of consolidated sales in 2013 (2012: 30 percent and 26 percent, respectively). Markets for agricultural products in Europe, Africa and the Middle East and North America are seasonal resulting in both sales and operating profit for Syngenta in these markets being weighted towards the first half of the calendar year, which largely reflects the northern hemisphere planting and growing cycle. Latin America has its main selling season in the second half of the year due to its location in the southern hemisphere.

Syngenta's most significant manufacturing and research and development sites are located in Switzerland, the United Kingdom ("UK"), the United States of America ("USA" or "US"), China and India. Syngenta'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 15 percent of sales in 2013 were denominated in Euros ("EUR"), while a significant proportion of costs for research and development, administration, general overhead and manufacturing were denominated in Swiss francs and British pounds sterling (approximately 18 percent in total). Sales in Swiss francs and British pounds sterling together made up approximately 3 percent of total sales. Marketing and distribution costs are more closely linked to the currency split of the sales. As a result, operating profit in US dollars can be significantly affected by movements in exchange rates, in particular movements of the Swiss franc, British pound sterling and the Euro, relative to the US dollar, and the relative impact on operating profit may differ from that on sales. The effects of currency fluctuations within any one year have been reduced by risk management strategies such as hedging. For further information on these strategies please refer to Notes 27 and 29 of the consolidated financial statements.

The consolidated financial statements are based upon Syngenta's accounting policies and, where necessary, the results of management estimations. Syngenta believes that the critical accounting policies and estimations underpinning the financial statements are in the areas of (i) royalty and license income, (ii) impairment, (iii) acquisition accounting, (iv) adjustments to revenue and trade receivables, (v) seeds inventory valuation and allowances, (vi) environmental provisions, (vii) defined benefit post-employment benefits, including pension asset ceiling, (viii) deferred tax assets, (ix) uncertain tax positions and (x) foreign currency translation of intercompany funding. These policies are described in more detail in Notes 2 and 30 to the consolidated financial statements.

[1] Comprising the USA and Canada

Introduction continued

Summary of results

Net income in 2013 was 11 percent lower than 2012. Sales in 2012 included recognition of guaranteed minimum royalties for the 604 corn rootworm trait licensed to Pioneer Hi-Bred International Inc. ("Pioneer"), a subsidiary of E.I. DuPont de Nemours and Co ("DuPont"), not repeated in 2013, which contributed approximately $220 million of 2012 net income; excluding this item from 2012, net income in 2013 was approximately 1 percent higher, with sales growth offset by increased cost of goods sold, particularly in seeds products, and research and development expense. Sales in 2013 were 3 percent higher, 5 percent at constant exchange rates, with 3 percent growth in sales volumes and an additional 2 percent from higher local currency sales prices. The royalties mentioned above contributed 2 percent to sales volumes in 2012. Local currency sales price increases were achieved in 2013 in both Crop Protection and Seeds products and in all regions. Sales in Latin America in the fourth quarter of 2013 were lower than originally expected mainly due to a delayed registration of Solatenol™.

The higher overall sales combined with cost savings from the integration of operations across Crop Protection and Seeds were offset by the impact of higher cost of goods sold as percentage of sales and increased research and development expense. Cost of goods sold included an increase in seeds production costs of approximately $175 million largely due to the drought in the seed growing season in 2012 and approximately $170 million of additional inventory provisions largely related to corn seed production in the United States in 2013, where supply received from contract growers for seed processing for the 2014 North American planting season exceeded forecasted sales due to higher than projected yields realized by the growers. While agricultural yields are always volatile, excess supply at this level is not currently expected to recur in 2014. Gross profit margins in the Lawn and Garden business were improved in 2013 by the disposal in 2012 of the lower margin Fafard growing media and Syngenta Horticultural Services businesses and the acquisition of the DuPont professional products business. Combined marketing and distribution expense and general and administrative excluding restructuring and impairment was 5 percent lower than 2012, broadly flat at constant exchange rates, with cost savings supplemented by lower management and staff incentives and approximately $41 million savings due to changes made to the Swiss pension plan more than offsetting inflation. Exchange rate impacts improved overall operating income by approximately $55 million, including reduced losses on related hedges in 2013 compared with 2012.

Cash flow from operating activities before change in net working capital decreased by $120 million, with 2012 including the recognition of the guaranteed minimum royalties for the corn rootworm trait mentioned above. Change in net working capital was similar in 2013 and 2012, with 2013 including a higher inventory build, while in 2012 the corn rootworm trait royalty receivable was included in trade and other working capital assets. Cash flow from operating activities in 2013 was sufficient to fund Syngenta's investing activities including a further increase in 2013 in capital expenditures. Cash flow from investing activities was $446 million lower than 2012, which included higher spending on several business acquisitions. Acquisitions in both years are described below. In the context of the continued strong balance sheet, and subject to shareholder approval, the Company proposes to increase the dividend to CHF 10.00 per share from CHF 9.50 per share paid in 2013.

Integrated sales of Crop Protection and Seeds products increased by 4 percent, 6 percent at constant exchange rates. Crop Protection product sales increased by 6 percent, 8 percent at constant exchange rates, with 6 percent higher sales volumes and an additional 2 percent from increased local currency sales prices. Seeds sales declined in 2013 by 1 percent, comprised of an 8 percent decrease from the impact of the 2012 royalties described above, a 6 percent increase from higher other sales volume, a 3 percent increase from higher local currency sales prices and a 2 percent decrease from currency effects. Seeds sales were 1 percent higher at constant exchange rates.

Integrated sales of Crop Protection and Seeds products increased 7 percent in Latin America and 6 percent in both Europe, Africa and Middle East and Asia Pacific. Sales in North America were 2 percent lower mainly from the impact of the 2012 royalties mentioned above, which comprised 7 percent of North America's 2012 sales. Markets in North and Latin America continued to benefit from the strength of key crop commodity prices, which supported farmer profitability, although there was a weakening of US dollar crop prices particularly in the second half of the year. Sales in North America included 7 percent growth in Crop Protection products, with particularly strong growth in Seed care. Seeds sales were 18 percent lower due to the lower royalties, but also reflect reduced availability of new traited hybrid seeds for the 2013 North American planting season following the drought in the seed production season in 2012. Latin America sales grew strongly in Seeds, particularly soybean, but Crop Protection sales growth at 7 percent, 9 percent at constant exchange rates, was reduced by delayed approval of the new fungicide Solatenol™, credit concerns over sales in Venezuela and Argentina, and a weaker market in sugar cane. Sales in Europe, Africa and Middle East grew by 6 percent, 7 percent at constant exchange rates, with particularly strong growth the CIS and South East Europe. Sales in Asia Pacific were 6 percent higher, 11 percent at constant exchange rates, with strong growth across the emerging markets where sales were 12 percent higher, 15 percent at constant exchange rates. Emerging market sales growth was strong across all regions and overall was 9 percent, 12 percent at constant exchange rates.

Lawn and Garden sales were 9 percent lower than 2012, 7 percent at constant exchange rates, due to the full year impact of businesses divested in 2012.

Gross profit margin declined by approximately 3.5 percentage points in 2013. The 2012 royalty recognition noted above increased the margin in that year by 0.9 percentage points and the $170 million seed inventory provision reduced the 2013 margin by 1.2 percentage points. Excluding these factors, gross profit margin declined by approximately 1.4 percentage points due to adverse product mix, particularly due to strong growth in sales of glyphosate products where gross profit margin is typically 20 percent or less, and higher seed product costs following the 2012 drought. The cost of purchased glyphosate increased by approximately $140 million and was recovered broadly on a dollar for dollar basis by increases in sales prices.

Marketing and distribution expenses were 1 percent lower but at constant exchange rates increased by 1 percent, with some increase in charges for doubtful receivables offset by savings generated by the restructuring programs described below and reduced employee incentives. The ratio of marketing and distribution expenses to sales improved by 0.8 percentage points to 16.3 percent.

Research and development expense was 9 percent higher, 11 percent at constant exchange rates, and as a percentage of sales increased by 0.5 percent to 9.4 percent. A further increase in the ratio, at constant exchange rates, is planned for 2014.

Introduction continued

General and administrative includes restructuring and impairment, the components of which are described under the Restructuring and impairment heading within this section, and decreased by 19 percent from 2012. General and administrative excluding restructuring and impairment was 15 percent lower, including foreign exchange hedging losses of $4 million compared with $61 million in 2012. Excluding currency effects, General and administrative excluding restructuring and impairment decreased by 6 percent including lower employee incentives, savings including those from the restructuring programs described below and an approximately $41 million benefit from changes to the Swiss pension plan. General and administrative excluding restructuring and impairment in 2012 included an $80 million charge relating to settling the Holiday Shores / City of Greenville litigation, broadly offset by a reduction in the actuarial liability for US Healthcare arrangements following a plan change and gains on Syngenta's initial investment in Pasteuria Bioscience, Inc. ("Pasteuria") following the acquisition of the remainder of that company in the year.

Restructuring and impairment expenses in 2013 excluding those reported in Cost of goods sold were $79 million lower than 2012 mainly from the program to integrate the commercial operations of Crop Protection and Seeds having progressed into its third year and the operational efficiency program having been substantially completed. In addition, 2012 included losses on the sales of the Fafard and Syngenta Horticultural Services businesses totaling $25 million.

Income from associates and joint ventures increased by $41 million, largely due to a tax ruling and to compensation received from an energy supplier to exit an uneconomic supply arrangement.

Financial expense, net was $53 million higher than 2012, mainly due to increased hedging volumes in emerging markets and foreign exchange losses from higher volatility in emerging market currencies. The tax rate increased slightly to 15 percent and is approximately 1 percent higher excluding taxes related to restructuring and impairment and divestment gains and losses.

Together, these factors resulted in 2013 net income attributable to Syngenta AG shareholders and diluted earnings per share decreasing by 11 percent compared with 2012.

Acquisitions, divestments and other significant transactions

2013

On January 30 and March 8, 2013, Syngenta acquired the remaining equity interests in deVGen N.V. ("Devgen") that it did not already own after its initial takeover offer was settled in December 2012.

On October 31, 2013, Syngenta acquired 100 percent of the shares of MRI Seed Zambia Ltd. ("MRI Seed") and MRI Agro Zambia Ltd. ("MRI Agro") (collectively "MRI") for $84 million in cash, subject to final purchase price adjustments. MRI is a leading developer, producer and distributor of white corn seed in Zambia. Syngenta believes that the white corn market has high growth potential, and the crop is critical to Africa's future food security. MRI's corn germplasm is among Africa's most comprehensive and diverse, incorporating temperate, tropical and sub-tropical material. This unique portfolio will be developed to support expansion in high-growth East African markets and may be leveraged globally through Syngenta's elite breeding programs. MRI Agro also distributes crop protection chemicals and other agricultural inputs in Zambia.

On December 31, 2013, Syngenta divested its Dulcinea Farms business ("Dulcinea") to Pacific Trellis Fruit LLC ("Pacific Trellis"), a US-based international grower and marketer of fresh produce.

2012

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

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

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

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

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

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

Introduction continued

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

Acquisitions and divestments are described in Note 3 to the consolidated financial statements.

Operational efficiency restructuring programs

In 2004, Syngenta announced the operational efficiency cost saving program to realize further cost savings after completion of the integration of the former Novartis and Zeneca businesses and in response to low underlying growth in the Crop Protection markets seen at the time. In 2007, Syngenta began a further phase of the operational efficiency restructuring program to drive cost savings to offset increased expenditures in research and technology, marketing and product development in the growth areas of seeds, professional products and emerging country markets, targeting savings in both cost of goods sold and other operating expenses. The costs of these programs are together estimated at around $1,050 million in cash and up to $380 million in non-cash charges. The programs are now largely complete, but the rollout of standardized human resource support services is continuing. Remaining small charges and cash outflows are expected during 2014 and 2015. Cash spent under the programs in 2013 and 2012 totaled $42 million and $79 million, respectively. Cumulative spending on the programs to the end of 2013 totaled $1,027 million.

In 2011, Syngenta announced a program to integrate global commercial operations for Crop Protection and Seeds thereby enabling operational synergies from the commercial integration, additional cost savings from procurement and supply chain efficiencies and the presentation of an integrated product offer to grower customers. It is estimated that cash costs of approximately $400 million will be incurred over the period to 2014 to complete the program. During 2013, costs of $60 million were charged under the program (2012: $102 million). Cash spent was $75 million (2012: $122 million). Cumulative costs incurred for the program through December 31, 2013 total $311 million and cumulative spending totals $285 million.

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

Results of operations 2013 compared with 2012

2012 results have been restated to reflect changes due to the effect of adopting IAS 19 "Employee Benefits" (revised June 2011) during 2013. The changes are described in detail in Note 2 to the consolidated financial statements.

Sales commentary

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

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

Europe, Africa and Middle East

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

North America

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

Latin America

Sales increased by 7 percent, 10 percent at constant exchange rates as volume increased by 6 percent and local currency sales prices increased by 4 percent. Growth was driven largely by Brazil, where a resilient soybean price and the depreciation of the Brazilian real underpinned grower profitability. An expansion of herbicide tolerant crops and a shortage of glyphosate supply from competitors led to strong growth in sales of the non-selective herbicide TOUCHDOWN®. Sales growth in Insecticides, notably DURIVO®, and in Seed care, notably CRUISER® and CELEST®, more than offset decreased sales of Fungicides, where lower sales reflected a delayed new fungicide registration. Crop Protection sales in sugar cane also experienced strong growth despite a difficult environment in the ethanol market. In Seeds, Soybean sales grew significantly with the launch of Syngenta's first variety for the largest maturity group segment in Brazil. Corn seed sales were lower in Brazil due to reduced planted acreage. In Latin America South, Seeds growth was driven primarily by Corn, with sales benefiting from both new trait combinations and the leveraging of the combined field force. Sales in Venezuela were reduced due to credit risk concerns.

Asia Pacific

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

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

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

Results of operations
2013 compared with 2012 continued

Sales by product line are set out below:

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

* Crop Protection sales to Seeds

Crop Protection

Herbicides are products that prevent 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 in contact.

Fungicides are products that prevent and cure fungal plant diseases that affect crop yield and quality.

Insecticides are products that control chewing pests such as caterpillars and sucking pests such as aphids, which reduce crop yields and quality.

Seed care products are insecticides and fungicides used to protect growth during the early stages.

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

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

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

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

Results of operations
2013 compared with 2012 continued

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

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

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

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

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

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

Seeds

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

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

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

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

Vegetables: major brands ROGERS®, S&G®

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

Results of operations
2013 compared with 2012 continued

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

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

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

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

Overall Group operating income

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

Sales grew by 3 percent, 5 percent at constant exchange rates with sales volumes 3 percent higher from increases in all regions except North America, where sales decreased due to the non-recurring royalty income in 2012 described above; Lawn and Garden sales were lower due to the 2012 business divestments. Overall local currency sales prices were 2 percent higher. The 2012 royalty income reduced reported volume growth by 2 percent and the 2012 divestments by 1 percent. Exchange rate movements reduced sales by 2 percent, particularly due to a weaker Brazilian real and currencies in Asia Pacific and Eastern Europe. Gross profit margin decreased by 3.5 percentage points, with local currency sales price increases offset by the impact of the above mentioned royalties, the exceptional $170 million inventory provision largely related to North America corn seeds and $175 million increased seeds production costs, described above, and adverse product mix. Marketing and distribution costs decreased by 1 percent, but were 1 percent higher at constant exchange rates, with increased expenditures to support sales growth in Latin America, increased charges for doubtful receivables and emerging market cost inflation offset by savings delivered under the ongoing restructuring programs and lower employee incentive costs. Research and development expense increased by 9 percent, 11 percent at constant exchange rates, with increased expenditures on biological assessment and biotechnology. Research and development expense was 9.4 percent of sales and is expected to be at the higher end of the 9-10 percent range in 2014.

General and administrative was 19 percent lower than 2012, 15 percent excluding restructuring and impairment. General and administrative is reported net of the result of currency hedging programs, which in 2013 was a net loss of $4 million compared with a net loss of $61 million in 2012. At constant exchange rates, General and administrative excluding restructuring and impairment was 6 percent below 2012. Costs in 2013 included lower staff incentives and were net of a gain recognized following changes to the Swiss pension plan; costs in 2012 included an $80 million charge for the settlement of the Holiday Shores / City of Greenville litigation offset by an actuarial gain following changes to US post-retirement healthcare provisions of approximately $50 million and a gain related to the Pasteuria acquisition described in Note 3 to the consolidated financial statements. Restructuring and impairment, including the portion recorded in Cost of goods sold, is described in Note 6 to the consolidated financial statements and decreased by $86 million in 2013 to $179 million, with lower restructuring charges on both the Operational Efficiency and Integrated Crop Strategy programs and lower divestment losses.

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

Operating and Financial Review

Results of operations
2013 compared with 2012 continued

Operating income by segment

Europe, Africa and Middle East	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	**2013**	2012	**2013**	2012	**2013**	2012	Actual %	CER %
Sales	**4,223**	3,974	**–**	–	**4,223**	3,974	6%	7%
Cost of goods sold	**(1,958)**	(1,864)	**–**	(5)	**(1,958)**	(1,859)	-5%	-7%
Gross profit	**2,265**	2,110	**–**	(5)	**2,265**	2,115	7%	7%
as a percentage of sales	**54%**	53%			**54%**	53%		
Marketing and distribution	**(676)**	(664)	**–**	–	**(676)**	(664)	-2%	-1%
General and administrative	**(159)**	(171)	**(18)**	(25)	**(141)**	(146)	3%	3%
Operating income	**1,430**	1,275	**(18)**	(30)	**1,448**	1,305	11%	10%
as a percentage of sales	**34%**	32%			**34%**	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.
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 6 percent higher than in 2012, 7 percent at constant exchange rates, with 5 percent higher sales volumes and an additional 2 percent from increased local currency sales prices. See the Sales commentary section above for further information on sales in the region. Gross profit margin was 0.5 percentage points higher, 0.4 percentage points higher excluding restructuring and impairment as the adverse mix impact from a stronger sales growth rate in lower margin emerging market territories, particularly the CIS, was offset by exchange rate movements. At constant exchange rates, gross profit margin excluding restructuring and impairment was 0.1 percentage points below 2012.

Marketing and distribution costs increased by 2 percent, 1 percent at constant exchange rates, with increased expenditures in the high growth territories of the CIS and Africa and the Middle East offset by savings in the developed markets of Western Europe and lower employee incentives.

General and administrative excluding restructuring and impairment was 3 percent lower as the result of cost savings programs and lower employee incentives. Restructuring and impairment charges were $18 million in 2013 compared with $25 million in 2012, with a continuation of both the Operational Efficiency program, now substantially complete, and the Integrated Crop Strategy restructuring program.

Operating income as a percentage of sales improved by 2 percentage points to 34 percent. Excluding the impact of restructuring and impairment, operating income margin improved 1 percentage point to 34 percent as the result of sales growth and broadly flat gross profit margin and combined Marketing and distribution and General and administrative costs. Overall, currency movements compared with the US dollar reduced operating income by an estimated $7 million excluding restructuring and impairment, largely due to weaker currencies in Eastern Europe and Africa and the Middle East.

North America	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	**2013**	2012	**2013**	2012	**2013**	2012	Actual %	CER %
Sales	**3,848**	3,931	**–**	–	**3,848**	3,931	-2%	-2%
Cost of goods sold	**(2,169)**	(1,807)	**–**	(2)	**(2,169)**	(1,805)	-20%	-21%
Gross profit	**1,679**	2,124	**–**	(2)	**1,679**	2,126	-21%	-21%
as a percentage of sales	**44%**	54%			**44%**	54%		
Marketing and distribution	**(544)**	(607)	**–**	–	**(544)**	(607)	10%	10%
General and administrative	**(88)**	(180)	**(27)**	(27)	**(61)**	(153)	60%	60%
Operating income	**1,047**	1,337	**(27)**	(29)	**1,074**	1,366	-21%	-22%
as a percentage of sales	**27%**	34%			**28%**	35%		

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

Reported sales declined by 2 percent, due to 3 percent lower sales volumes partially offset by 1 percent higher local currency sales prices. The sales volume decline includes the impact of the $256 million of corn rootworm trait 604 minimum royalties in 2012, which did not reoccur in 2013. Excluding this amount, sales volumes were 3 percent higher than last year largely from higher sales of Crop Protection products. See the Sales commentary section above for further information on sales in the region. Gross profit margin decreased by 10 percentage points, 7 percentage points excluding the impact of the lower royalties. Cost of goods sold in 2013 includes (i) the higher seeds cost from the drought in the 2012 seed growing season, which reduced yields, and the high corn crop commodity price, both of which increased the purchase cost of seeds from contract growers, and (ii) the exceptionally high seeds inventory provisions in 2013, as described above. The exceptional provisions occurred largely due to very favorable weather conditions in the 2013 season, which led to significantly higher grower yields than originally forecast and consequently to inventories in excess of forecast sales.

Operating and Financial Review

Results of operations
2013 compared with 2012 continued

Marketing and distribution costs were 10 percent lower due to lower variable selling and distribution costs, reduced charges to provisions for doubtful receivables and lower employee incentive costs.

General and administrative excluding restructuring and impairment decreased by $92 million. Costs in 2012 included $80 million related to the settlement of the Holiday Shores / City of Greenville litigation offset by part of the actuarial gains realized from changes to post-retirement healthcare plans. Costs in 2013 were also lower due to reduced amortization expense and other litigation costs, and increased income received from granting access by others to Syngenta product registration data.

Restructuring and impairment charges in 2013 included $11 million amortization of reacquired rights related to the Greenleaf Genetics LLC acquisition in 2010, compared with $14 million in 2012, and $6 million impairment of a trademark which was phased out in 2013. Cash restructuring costs of approximately $10 million were lower than 2012 as the Operational Efficiency program neared completion.

Operating income as a percentage of sales decreased by 7 percentage points, with the lower gross profit margin more than offsetting the lower expenses.

Latin America	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2013	2012	2013	2012	2013	2012	Actual %	CER %
Sales	**3,991**	3,713	**–**	–	**3,991**	3,713	7%	10%
Cost of goods sold	**(2,290)**	(2,057)	**–**	–	**(2,290)**	(2,057)	-11%	-16%
Gross profit	**1,701**	1,656	**–**	–	**1,701**	1,656	3%	2%
as a percentage of sales	**43%**	45%	**–**	–	**43%**	45%		
Marketing and distribution	**(594)**	(546)	**–**	–	**(594)**	(546)	-9%	-18%
General and administrative	**(92)**	(140)	**(5)**	(37)	**(87)**	(103)	15%	11%
Operating income	**1,015**	970	**(5)**	(37)	**1,020**	1,007	1%	-4%
as a percentage of sales	**25%**	26%			**26%**	27%		

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.

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

Sales increased by 7 percent, 10 percent at constant exchange rates with 6 percent from higher volumes and an additional 4 percent from increased prices. Sales of Crop Protection products were 7 percent higher, 9 percent at constant exchange rates, but were adversely impacted by a delay in the registration of ELATUS™ and weakness in the sugar cane market. Sales of Seeds products were 9 percent higher, 16 percent at constant exchange rates, with particularly strong growth in sales of soybean seeds. See the Sales commentary section above for further information on sales in the region. Gross profit margin was 2 percentage points lower at 43 percent, with adverse product mix in both Crop Protection and Seeds products more than offsetting the higher average sales prices. The adverse mix was due to strong growth in Non-selective herbicide sales, which were 41 percent higher than 2012, and growth in soybean seed sales of over 30 percent; gross profit margins of these products typically are lower than the average margin of other products sold in the region.

Marketing and distribution costs were 9 percent higher than 2012, up 18 percent at constant exchange rates, due to increased distribution costs, salary inflation, expenditures to drive planned future sales growth and higher charges to receivables provisions.

General and administrative excluding restructuring and impairment was 15 percent lower, 11 percent at constant exchange rates, from lower support function costs.

Restructuring and impairment charges in 2013 related to the implementation of standard systems and processes to centralize and partly outsource back office activities. Costs in 2012 also included expenditures for the integration of the Crop and Seeds organizations across the region and $21 million for the impairment of production plant machinery in Brazil.

Operating income increased by $45 million, but was $13 million higher excluding restructuring and impairment, which was lower in 2013. Operating income as a percentage of sales declined by 1 percentage point. Excluding restructuring and impairment, operating income as a percentage of sales was 1 percentage point lower and approximately 3 percentage points lower at constant exchange rates, due to the lower gross profit margin and increased Marketing and distribution costs. The Brazilian real and Argentine peso weakened during 2013. As a significant portion of sales in these countries are priced in US dollars, whereas expenses are in local currencies, operating income increased by approximately $57 million as a result of the weaker currencies, including the adverse impact the weaker currencies had on those sales where US dollar pricing is not possible.

Operating and Financial Review

Results of operations
2013 compared with 2012 continued

Asia Pacific	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	**2013**	2012	**2013**	2012	**2013**	2012	Actual %	CER %
Sales	**1,935**	1,827	**–**	–	**1,935**	1,827	6%	11%
Cost of goods sold	**(1,041)**	(973)	**–**	–	**(1,041)**	(973)	-7%	-10%
Gross profit	**894**	854	**–**	–	**894**	854	5%	13%
as a percentage of sales	**46%**	47%			**46%**	47%		
Marketing and distribution	**(300)**	(303)	**–**	–	**(300)**	(303)	1%	-3%
General and administrative	**(60)**	(58)	**(6)**	(12)	**(54)**	(46)	-16%	-18%
Operating income	**534**	493	**(6)**	(12)	**540**	505	7%	18%
as a percentage of sales	**28%**	27%			**28%**	28%		

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements.
1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description.

Sales increased by 6 percent and were 11 percent higher at constant exchange rates due to 10 percent higher sales volumes and 1 percent higher local currency sales prices. Growth was particularly strong in Seeds products, where sales grew 20 percent, 25 percent at constant exchange rates. See the Sales commentary section above for further information regarding sales in the region. Gross profit margin declined by 1 percentage point to 46 percent, but was broadly flat at constant exchange rates.

Marketing and distribution costs were 1 percent lower, but increased by 3 percent at constant exchange rates due to increased marketing costs partly offset by lower employee incentives.

General and administrative excluding restructuring and impairment increased by 16 percent, 18 percent at constant exchange rates, due to increased support function costs linked to the increasing sales and transaction volumes.

Restructuring and impairment charges in 2013 included costs for the integration of Devgen, acquired in 2012. Costs in 2012 largely related to the program to integrate commercial activities across Crop Protection and Seeds.

Operating income margin increased by 1 percentage point in 2013. Operating income margin excluding restructuring and impairment was flat at the 2012 level of 28 percent and was more than 1 percentage point higher at constant exchange rates, with sales growth higher than expense growth.

Non-regional

Income and expense transactions in the integrated business have been attributed to the geographic regions based on the market destination to which they relate, rather than on the region in which they originated. Some costs of the integrated organization do not relate to a geographic destination and are reported as non-regional. These include global marketing teams, research and development and corporate headquarter functions. In addition, regional gross profit performance is based on standard product costs, with variances from the standard reported as non-regional in order to align the reported results with organizational responsibility. Non-regional also includes results of centrally managed currency and commodity hedging programs.

Non-regional costs increased by $179 million, or 10 percent from 2012, to $2,037 million mainly due to a 10 percent increase in Research and development expense, 11 percent at constant exchange rates, to $1,320 million, with higher expenditures in biological assessment and biotechnology. Global marketing expense increased by 9 percent to $104 million from increased resources developing integrated crop offers. General and administrative is reported including hedging losses of $16 million, compared with losses of $56 million in 2012. Excluding the net hedging result, General and administrative increased by $46 million to $297 million due to increased costs of compliance functions, the launch costs of the "Good Growth Plan" initiative and higher pension and other post-retirement benefit expenses; post-retirement benefits expense in 2012 was reduced by past service gains of approximately $50 million in 2012 from a change to US post-retirement healthcare plans while pension expense in 2013 was reduced by $41 million from a change to the Swiss pension plan. Restructuring and impairment charges within non-regional decreased by $18 million to $101 million from lower expenditures in the Operational Excellence program, which neared completion. These costs in 2013 also included $12 million from the impairment of an available for sale financial asset and $16 million to impair product rights acquired with the Devgen acquisition, which will not be used by Syngenta. As noted above, production cost variances from standard are reported as non-regional to align with management accountability. Cost of goods sold reported as non-regional in 2013 increased by $61 million to $215 million due to higher adverse variances in Seeds.

Operating and Financial Review

Results of operations
2013 compared with 2012 continued

Lawn and Garden	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	**2013**	2012	**2013**	2012	**2013**	2012	**Actual %**	**CER %**
Sales	**691**	757	**–**	–	**691**	757	-9%	-7%
Cost of goods sold	**(313)**	(368)	**–**	–	**(313)**	(368)	15%	14%
Gross profit	**378**	389	**–**	–	**378**	389	-3%	1%
as a percentage of sales	**55%**	51%			**55%**	51%		
Marketing and distribution	**(176)**	(208)	**–**	–	**(176)**	(208)	15%	14%
Research and development	**(56)**	(58)	**–**	–	**(56)**	(58)	4%	4%
General and administrative	**(49)**	(84)	**(22)**	(38)	**(27)**	(46)	41%	6%
Operating income	**97**	39	**(22)**	(38)	**119**	77	55%	48%
as a percentage of sales	**14%**	5%			**17%**	10%		

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.

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 declined by 9 percent, 7 percent at constant exchange rates, with 8 percent lower sales volumes due to the divestment in 2012 of the Fafard growing media business and Syngenta Horticultural Services flowers distribution and brokerage businesses partially offset by 1 percent higher local currency sales prices. Excluding the divestments, sales at constant exchange rates were approximately 9 percent higher, partly from full year effect in 2013 of the acquisition of the DuPont professional products business in 2012. See the Sales commentary section above for further information on sales in the segment. Gross profit margin improved by approximately 4 percentage points, 4 percentage points at constant exchange rates, as the divested businesses had generated lower gross margins than the ongoing and acquired business.

Marketing and distribution costs were 15 percent lower, 14 percent at constant exchange rates from the 2012 divestments and benefits from the rationalization of the flowers product portfolio.

General and administrative excluding restructuring and impairment was 41 percent lower, 6 percent at constant exchange rates. General and administrative is reported net of a $15 million hedging gain under the EBITDA hedging program, which offset lower reported sales in Japan due to the weaker yen; otherwise costs were lower largely due to the 2012 divestments.

Restructuring and impairment in 2012 included losses of $25 million from divesting the Fafard and Syngenta Horticultural Services flowers distribution and brokerage businesses and an impairment of $5 million from the write down of land acquired as part of a business combination. Costs in 2013 include $6 million for the write-down of inventories following a major product range rationalization and $4 million of closing adjustments to the fair value of the consideration of the 2012 divestments. Cash restructuring costs in 2013 include restructuring in the Flowers business and both 2013 and 2012 include costs of implementing a new global systems platform, now completed.

Operating income as a percentage of sales improved from 5 percent in 2012 to 14 percent in 2013, partly due to the losses on business divestments in 2012. Excluding restructuring and impairment, operating income margin improved by 7 percentage points to 17 percent following the divestment of the relatively low margin businesses and benefits from restructuring the Flowers business and rationalizing its product portfolio. The hedging gain noted above offset the currency impact primarily of the weaker Japanese yen and the overall impact on operating income is estimated to be broadly neutral relative to 2012.

Defined benefit pensions

Defined benefit pension expense was $95 million in 2013 compared with $115 million in 2012 after adjusting for the effect of adopting IAS 19 (revised). The reduction arose principally because of the $41 million gain on amendment of the Swiss pension plan, partly offset by an increase in current service cost driven by the impact of lower discount rates. Syngenta expects 2014 defined benefit pension expense to be approximately $140 million, with the increase compared with 2013 resulting from the non-recurrence of the 2013 Swiss past service gain and a further increase in current service cost, attributable mainly to the UK where the margin between the discount rate and inflation rate has fallen further since the beginning of 2013.

Syngenta contributions to defined benefit pension plans were $131 million in 2013 compared with $83 million in 2012, principally because the benefit from prior years' accelerated contribution payments had been utilized in 2012 for Switzerland and by the first quarter of 2013 for the UK, resulting in a significant increase in contributions to those funds during 2013. No accelerated contributions were made. In 2014, Syngenta expects contributions to defined benefit pension plans to be approximately $175 million, reflecting increased on-going contribution rates to the Swiss plan and a single $25 million fixed payment that are required by the amended rules.

Results of operations
2013 compared with 2012 continued

Restructuring and impairment

Restructuring and impairment charges for the years ended December 31, 2013 and 2012, broken down into the main restructuring initiatives, consist of the following:

($m)	2013	2012
Operational efficiency programs:		
Cash costs	**33**	55
Non-cash impairment costs	**6**	2
Integrated crop strategy programs:		
Cash costs	**60**	102
Acquisition and related integration costs:		
Cash costs	**30**	18
Non-cash items		
Reversal of inventory step-ups	**–**	7
Reacquired rights	**11**	14
Divestment losses	**4**	25
Other non-cash restructuring and impairment:		
Non-current asset impairment	**35**	42
Total restructuring and impairment[1]	**179**	265

1 $nil million (2012: $7 million) is included within Cost of goods sold and $179 million (2012: $258 million) as Restructuring.

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

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

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

2013

Operational efficiency programs

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

Integrated crop strategy programs

Cash costs of $60 million include $27 million of charges for consultancy and advisory services, re-training of employees and project management, $17 million for information system infrastructure projects, $8 million for legal entity merger projects to combine former Seeds and Crop Protection legal entities, $6 million to restructure the Research and Development function and $2 million for on-going integration of marketing and sales operations, mainly in Europe.

Acquisition and related integration costs

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

As part of the Greenleaf acquisition in 2010, Syngenta reacquired exclusive licensing rights that it had previously granted to Greenleaf. In accordance with IFRS, the reacquired rights have been recognized as an intangible asset and are being amortized over the remaining term of the original license contract, 3 years. This is a significantly shorter period than the expected economic life of the intellectual property rights underlying the license, which were generated internally within Syngenta. Syngenta views this significant amortization charge as an accounting effect of integrating Greenleaf into Syngenta. The resulting acceleration of amortization results in a final charge in 2013 of $11 million.

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

Other non-cash restructuring and impairment

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

Results of operations 2013 compared with 2012 continued

2012

Operational efficiency programs
During 2012, costs of $44 million were incurred on the projects to standardize and consolidate global back office operations. $3 million of costs were incurred for restructuring in the corporate headquarters, $4 million of costs were charged for restructuring at sales and distribution sites in France, Switzerland and the UK, and a further $4 million of other operational efficiency cash costs included charges for project management, standard process design and outsourcing of information systems. Impairment costs related to the sites in France and the UK.

Integrated crop strategy programs
Cash costs of $35 million were incurred for the continuing integration of commercial operations of sales and marketing teams in the regions. $58 million was charged to the regions for support function projects, including $15 million for severance and pension costs, $21 million for information system infrastructure projects and $22 million of other charges including consultancy and advisory services, re-training of employees and project management. $5 million of costs related to restructuring the organization of the global Research and Development function and $4 million of costs related to legal entity restructuring.

Acquisition and related integration costs
Included in acquisition and related integration costs are $6 million related to the acquisitions described above and $6 million of charges incurred for integrating previous acquisitions. The remaining charges related to divestments and incomplete transactions.

Reversal of inventory step-up related to the acquisitions of Maribo Seeds, the Pybas and Synergene lettuce companies and the purchase of the Greenleaf controlling interest.

Amortization of reacquired rights related to the Greenleaf exclusive licensing rights described above.

Divestment losses were incurred on the divestments of the Fafard peat unit and the Syngenta Horticultural Services business.

Other non-cash restructuring and impairment
Non-current asset impairments included $21 million for production plant machinery in Brazil, $12 million for the impairment of a product right and trademark where the technical and commercial success became less probable and $5 million for the write-down of land in the USA that was acquired as part of a business combination.

Financial expense, net
Financial expense, net increased to $200 million in 2013 from $147 million in 2012. Net interest expense in 2012 included a gain of $47 million realized on termination of certain fair value hedging relationships, which had ceased to be effective hedges due to increased market liquidity risk. Increased net currency losses in 2013 also reflected higher sales and transaction volumes in emerging market currencies and the higher cost of hedging these currencies in a period of emerging market currency volatility.

Taxes
The Swiss statutory tax rate applicable to Syngenta remained flat for 2013 at 22 percent. Syngenta's effective tax rate in 2013 was 15 percent, 2 percent higher than the 13 percent effective tax rate for 2012. Income taxed at different rates reduced the effective tax rate by 7 percent in 2013 (11 percent in 2012), with a lower weighting of income subject to a lower tax rate, including in Switzerland where certain intellectual property income is subject to tax at a reduced rate. Non-recognition of deferred tax assets increased the tax rate by 1 percent compared with 2 percent for 2012, following a smaller increase in deferred tax assets in certain countries where future profits to utilize the assets are not sufficiently assured. Changes in tax rates and laws on previously recognized deferred tax assets and liabilities reduced the effective tax rate by 2 percent in 2013 compared with 1 percent in 2012, including a reduced tax rate in the UK.

The tax rate on restructuring and impairment was 22 percent in 2013, compared with 31 percent for 2012 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. 2012 included higher divestment losses in North America where the tax rate is higher than Syngenta's effective tax rate. 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 2013 was $1,644 million, 11 percent lower than the 2012 amount of $1,847 million primarily due to the non-recurring royalties described above that were recognized in 2012.

After related taxation, restructuring and impairment charges in 2013 were $141 million compared with $182 million in 2012.

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. Next to the Euro, the Swiss franc and the British pound, the Brazilian real gives rise to a major currency exposure. The exposure arises from the operations in Brazil where the Brazilian real is the functional currency of Syngenta's subsidiaries there. Sales prices to customers in Brazil are largely linked to the US dollar, but must be invoiced in Brazilian real to meet local legal requirements. During 2013, the Brazilian real depreciated approximately 14 percent against the US dollar. To manage its exposure to risks associated with fluctuations of the real, Syngenta has implemented programs to protect the US dollar value of trade receivables from customers and has hedged its balance sheet exposure using currency derivatives. Syngenta is not able to estimate the effect of any future depreciation or appreciation of the Brazilian real on operating income in future periods. At December 31, 2013, approximately 60 percent of Syngenta's cash and cash equivalents was held in US dollars. The remaining 40 percent was held mainly in Indian rupees (7 percent), Brazilian reals (6 percent), Russian rubles (4 percent) and Euros (4 percent). No other individual currency made up more than 2 percent.

Syngenta regularly monitors receivables exposure in all countries in which it operates. In the Eurozone, Greece, Italy, Ireland, Portugal and Spain have been experiencing financial difficulties. The following table outlines for the above named countries in the aggregate, gross trade receivables, those past due for more than 180 days and the related provision for doubtful receivables at December 31, 2013 and 2012.

($m)	2013	2012
Gross trade receivables	**138**	160
Past due for more than 180 days	**12**	7
Provision for doubtful trade receivables	**18**	14

Operating and Financial Review

Foreign operations and foreign currency transactions continued
In Latin America, Argentina is also experiencing financial difficulties. At December 31, 2013 for Argentina, Syngenta's gross trade receivables were $281 million, (December 31, 2012: $335 million), those past due for more than 180 days were $24 million, (2012 $19 million) and the related provision for doubtful receivables was $33 million, (December 31, 2012: $28 million). 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, which reduces its exposure to the Argentine peso. However, future legislation may limit or remove this protection or limit the ability of Syngenta to access US dollars in, or remit US dollars from, Argentina. Sales in Argentina are less than 5 percent of Syngenta's total sales.

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 in the US public debt market. 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 2014. 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 the unsecured non-current bonds issued in the US public debt market described above.

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

Syngenta reported cash and cash equivalents on December 31, 2013 and 2012 of $902 million and $1,599 million, respectively. At December 31, 2013 and 2012, Syngenta had current financial debt of $1,467 million and $980 million, respectively, and non-current financial debt of $1,739 million and $2,368 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 $1,500 million committed, revolving, multi-currency, syndicated credit facility. Syngenta entered into its Global Commercial Paper program in 2000 and amended it in 2007. At December 31, 2013, Syngenta had $250 million commercial paper issuances outstanding (December 31, 2012: none outstanding).

The $1,500 million syndicated credit facility (the "Credit Facility") was signed in November 2012. In 2013, the credit facility was extended by one year and will now mature in 2018, with a possibility to extend by one year which can be applied for in 2014. The Credit Facility provides for fixed interest rate, multi-currency short-term borrowings, with the interest rate based on LIBOR. The Credit Facility replaced the previous $1,200 million facility that had been scheduled to mature in 2013.

At December 31, 2013 and 2012, Syngenta had no borrowings under the Credit Facility.

Absent major acquisitions, Syngenta targets maintaining a solid 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 included in the consolidated financial statements.

The table below summarizes Syngenta's unsecured notes in issuance at December 31, 2013:

($m)	Carrying amount	Value at issue
4.000% Eurobond 2014	**687**	700
4.125% Eurobond 2015	**687**	641
5.110% US$ private placement 2020	**89**	75
3.125% US$ Notes 2022	**494**	500
5.350% US$ private placement 2025	**75**	75
5.590% US$ private placement 2035	**100**	100
4.375% US$ Notes 2042	**248**	250
Total	**2,380**	2,341

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 these sources 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 and other sources. 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 so 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:

	Year ended December 31,	
($m)	**2013**	2012
Cash flow from operating activities	**1,214**	1,359
Cash flow used for investing activities	**(772)**	(1,218)
Cash flow used for financing activities	**(1,114)**	(232)

Cash flow from operating activities
Cash flow from operating activities was $1,214 million in 2013, down from $1,359 million in 2012 mainly due to a lower income before tax after the reversal of non-cash items. Income before taxes was $182 million lower in 2013 for reasons described above. The reversal of non-cash items was $910 million in 2013 compared with $1,020 million in 2012. Within this category, charges in respect of provisions decreased to $103 million in 2013 compared with $183 million in 2012, largely from the provision in 2012 for the settlement of the Holiday Shores / City of Greenville litigation, while an increased add back for financial expenses, net, was offset by higher gains from associates in 2013 including the compensation from an energy supplier at Syngenta's CIMO joint venture to exit a supply

Cash flow from operating activities continued

contract. Cash outflows for financial expense, net, were slightly lower in 2013 than in 2012, while income taxes paid were $86 million lower, largely due to taxes paid on account in 2012 being higher than taxes finally due. Contributions to pension plans increased by $50 million from increased contributions to the Swiss and UK pension plans. Cash paid in respect of other provisions was $111 million lower than 2012 mainly due to the settlement in 2012 of the above mentioned Holiday Shores / City of Greenville litigation for payments totaling $105 million. Cash outflows from net working capital increases were $884 million in 2013 compared with $859 million in 2012. The change in inventories of $884 million was $329 million higher as inventories were built up to support sales growth and due to lower final quarter fungicide sales than planned in Latin America. The change in trade and other working capital assets of $365 million was $449 million lower partially due to the inclusion in 2012 of the receivables arising from the 604 corn rootworm trait royalty income recognized in the year. Change in trade and other working capital liabilities of $365 million was $145 million adverse to 2012 partially due to lower accrued staff incentives at the end of 2013.

Cash flow used for investing activities

Cash flow used for investing activities decreased to $772 million in 2013 from $1,218 million in 2012, largely as a result of a lower level of business acquisitions. Additions to property, plant and equipment increased by $117 million to $625 million from projects to increase production and research capacity; a further increase in expenditures is anticipated in 2014, although at a lower rate. Purchases of intangible assets decreased due to lower purchased product rights in 2013 following the 2012 purchase of licenses from Novozymes and, prior to its subsequent acquisition by Syngenta, Devgen. Investments in associates and other financial assets decreased by $32 million mainly due to lower investments by Syngenta into venture capital activities. Cash outflows for business acquisitions, net of cash acquired, decreased from $654 million in 2012 to $101 million in 2013, with the acquisition in 2013 of MRI whereas 2012 included Devgen, Pasteuria, Sunfield and the professional products business of DuPont. Business divestments in 2013 included closing adjustments to the 2012 Fafard growing media and Syngenta Horticultural Services flowers distribution and brokerage business divestments.

Cash flow used for financing activities

Cash flow used for financing activities was $1,114 million in 2013, $882 million higher than in 2012. In 2013, Syngenta repaid a CHF 500 million loan at maturity. In 2012, Syngenta issued US SEC registered bonds with maturities of 10 and 30 years for an amount of $750 million and repaid a CHF 375 million bond at maturity. Distributions paid to shareholders increased by $130 million due to an increased dividend. In 2013, there was a net purchase of treasury shares compared with a net disposal in 2012. In 2013, Syngenta repurchased 445,500 of its own shares, with 278,500 shares to be used for future requirements of share based payment plans and 167,000 related to a share repurchase program. Sales of treasury shares related to employee share and share option plans. Acquisitions of non-controlling interests in 2013 related to the purchase of further shares in Devgen, following the business acquisition in 2012 and the remaining equity interest in Syngenta Crop Protection Sdn Bhd that Syngenta did not already own.

Research and development (“R&D”)

Syngenta’s Research and Development function employs nearly 5,500 people working at R&D centers and field stations around the world and has been organized to continue to develop quality Crop Protection and Seeds products, while enabling the development of crop-focused solutions which integrate Syngenta’s technologies. Underpinning Syngenta’s core Seeds R&D and Crop Protection R&D structure are global competency platforms that include biotechnology, regulatory, product safety, as well as a global trialing capability.

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

The total spent on research and development was $1,376 million in 2013 and $1,257 million in 2012. Attribution of research and development costs for 2013 was $1,320 million for Syngenta’s integrated Crop Protection and Seeds business and $56 million in Lawn and Garden. In 2012, the attribution was $1,199 million for the integrated business and $58 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, 2013 Syngenta had the following contractual obligations to make future payments in the following periods:

($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	3,144	1,446	692	–	583	423
Interest on fixed rate financial debt	27	686	82	89	80	161	274
Other non-current liabilities	18	16	–	12	4	–	–
Capital lease payments	25	62	21	31	10	–	–
Operating lease payments	25	99	26	37	24	12	–
Capital expenditures	25	279	68	211	–	–	–
Pension contribution commitments	22	249	68	85	85	11	–
Unconditional purchase obligations	25	893	406	305	171	11	–
Long-term research agreements and other long-term commitments	25	190	58	53	29	50	–
Total		5,618	2,175	1,515	403	828	697

Contractual obligations, commitments and contingent liabilities
continued

Of the total financial debt, floating rate financial debt is $764 million (mainly local bank loans and overdraft facilities), $759 million 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.

Fixed rate debt of $2,380 million is comprised primarily of the outstanding Eurobonds, Swiss franc domestic bonds and US bonds and private placement notes. Fixed rate interest payments of $686 million on these are included above.

Other non-current liabilities arise from accruals for withholding tax on share based payment awards where the related cash flows are payable when the awards vest, as well as from deferred payments related to acquisitions.

Provisions for long-term liabilities totaling $766 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 2014. Note 19 to the consolidated financial statements presents the components of the estimated $288 million of provisions that are expected to be paid during 2014.

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 $249 million represent $224 million of unconditional fixed payments to the UK pension fund according to the schedule of contributions agreed during 2012 and a single unconditional $25 million payment to the Swiss pension fund in 2014 required in connection with the amendment to the fund rules. Not included in the above table are:

– Additional UK Pension Fund contributions of up to $25 million per year which are required to be paid if the actual return on UK pension plan assets over the period to March 31, 2019 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, Syngenta expects to pay $175 million of contributions to its defined benefit pension plans in 2014 excluding restructuring costs and excluding any accelerated payments which Syngenta may decide to make as business and financial market conditions develop during 2014.

The above table excludes income tax liabilities of $372 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, 2013, 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 30 to the consolidated financial statements.

Recent developments
Note 31 to the consolidated financial statements provides details of events which occurred between the balance sheet date and the date on which the consolidated financial statements were approved by the Board of Directors (February 4, 2014) that would require adjustment to or disclosure in the consolidated financial statements.

Trend and outlook
Crop prices for the major field crops of corn, soybean and cereals declined in 2013, particularly in the second half of the year. At the start of 2014, prices were at a similar level to those in the period 2009-2010 for corn and 2010-2011 for soybean. Despite these lower prices, it is estimated that grower profitability remains attractive in these crops, particularly for farmers who own the land they farm. In the major field crop countries of Brazil and Argentina, the decline in US dollar crop prices has been significantly offset by a weaker Brazilian real and Argentinian peso exchange rate, and local currency profitability remains strong. Markets for vegetable crops and sugar are less positive, with sugar cane partly impacted by weaker prices for ethanol. However, overall crop prices and grower profitability at the start of 2014 remained sufficiently strong to continue to drive further use of technology in both crop protection chemicals and high quality seeds, and markets for these products are expected to continue to grow, although possibly at a slower rate than seen in 2012 and 2013.

Looking at individual regions, although weaker than the previous year, farm incomes in North America in the 2013-2014 growing season are expected to be robust and therefore to continue to support technology adoption. In Europe, Africa and the Middle East, while credit is likely to remain tight in some Mediterranean countries in the Eurozone, there are early signs of economic recovery leading to stabilization in the market there for vegetable crops. A strong rate of growth in technology adoption in both chemicals and seeds is expected in the CIS and South East Europe. In Latin America, farmer profitability remains good as noted above and strong growth is expected in new fungicide technologies to address soybean rust. However, sovereign risk levels are currently high in both Argentina and Venezuela, and imports into these countries may be constrained either by foreign currency shortages or credit concerns. The second half of 2013 saw some economic slowdown in emerging market economies, including those in Asia Pacific, but further intensification of farming is expected to continue to drive growth in the region. In China, for example, agricultural modernization continues to be a key theme of the Chinese government.

Operating and Financial Review

Trend and outlook continued

Against this crop markets backdrop, Syngenta has now substantially completed implementing the strategy introduced in 2011 of offering integrated crop solutions to farmers. As the estimated market leader in crop protection chemicals also having a strong position in seeds for most key crops, and with leading commercial organizations in all four regions, Syngenta believes it is best placed to provide integrated solutions to meet grower needs. Supplemented by continuing investment in research and development into new chemical, germplasm and biotechnology products and now with a focus on overall crop solutions, Syngenta expects to be able to deliver market share growth over the longer term. In the nearer term, market share growth is also expected to be driven by increased chemicals sales, including from expansion of recently launched chlorantraniliprole and sedaxane products and the launches of Solatenol™, biological products from Pasteuria, and seeds sales, including HYVIDO® hybrid cereals. This near-term growth may be constrained, however, due to the risks of operating in high growth emerging markets, which overall represented slightly more than half of Syngenta sales in 2013, and the normal upside and downside uncertainties associated with operating in agricultural markets.

Syngenta continues to target premium prices and to seek opportunities for value pricing related to the incremental value its products bring to growers, though continued competitive markets may limit the scope of more general price increases. Syngenta has reduced and will continue to reduce sales of products in certain countries where gross profit margins are insufficient to justify the risk capital employed. Gross profit margin as a percentage of sales is expected to increase as sales price increases combined with operational cost savings are expected to more than offset the impact of inflation on salaries and other costs. Margins are also expected to be higher than in 2013 as the need for the unusually high additional seeds inventory provisions of approximately $170 million noted above is not expected to repeat in 2014. However, increases or decreases in crop commodity prices, which drive the cost of purchased seeds, or in oil prices and other chemical raw material prices may positively or negatively impact cost of goods sold.

Syngenta plans to further increase research and development expenditures as a percentage of sales in 2014, moving towards the upper end of its medium term target of 9-10 percent of sales. Otherwise, Syngenta is targeting a reduction over time in marketing and distribution and general and administrative costs (excluding restructuring) as a percentage of sales, with favorable results from savings programs expected to partially absorb the impacts of salary and other cost inflation and of higher marketing expenditures in areas targeted for expansion. In 2014, the impact of these savings programs will be offset by the non-recurrence of savings in 2013 from changes to the Swiss pension plan and the lower personnel incentive costs noted above, which together reduced expenses in 2013 by approximately $200 million.

Lawn and Garden achieved significantly improved operating margin as a percentage of sales in 2013 following restructuring and the divestment of low margin businesses, and will focus in the near term on continued market share growth while maintaining profitability. In 2014, the turf market for golf courses is expected to be broadly flat while further consumer spending recovery may drive moderate growth in the flowers market.

Excluding impairments, which cannot be forecast, the new cost saving program described above to drive improvements in operational leverage and lower the ratio of operating cost to sales is expected to result in increased restructuring charges in 2014. However, the timing of the recognition of charges for particular restructuring events, which is dependent on when irreversible commitment to the event occurs and, for retention payments within employee termination costs, on the length of any retention period, makes it difficult to predict this with certainty.

Syngenta has significant currency exposures, with a short position against the US dollar in Swiss francs and British pounds, and a long position in Canadian dollars and many emerging market currencies. Syngenta has a minor net long position in Euros over the course of a full year, but is long in the first half selling season and short in the second half due to Euro based operating costs including raw material costs. In Brazil and Argentina, a significant portion of sales effectively are priced in US dollars, resulting in a net short local currency exposure. Forecast transaction exposures in the major currencies are hedged under a rolling 12 month program, largely through forward contracts. In 2013, Syngenta estimates the impact on underlying sales and costs of exchange rate movements to have been broadly neutral, and the net hedging loss of $4 million was less than the $61 million net loss in 2012, resulting in a favorable year-on-year impact on operating income from exchange rate movements and related hedges of approximately $50 million when compared with 2012. At rates prevailing in January 2014, Syngenta expects an adverse impact on operating income from the underlying exposures, due to the adverse impact on sales of weaker emerging market currencies and on operating costs of the stronger Swiss franc and British pound, offset by gains in related 2014 hedges. The combined favorable year-on-year impacts of the change in the net hedging result and the loss from underlying exposures are estimated to total a net adverse variance of approximately $50 million. However, as emerging market currency exposures are largely unhedged, the actual impact may differ positively or negatively from this estimate. The net hedging result is reported within General and administrative in the consolidated income statement.

Over the next two to three years, Syngenta plans to continue increasing annual expenditures on tangible fixed assets over the prior year level broadly in line with sales growth. Despite further expected sales growth in emerging markets, where credit terms are typically longer than the overall average, Syngenta targets to hold trade receivables as a percentage of sales near its current level and to reduce inventories as a percentage of sales in 2014 from the increased level in 2013. Syngenta also expects to pursue further strategic acquisitions.

Subject to approval by the shareholders at the Annual General Meeting on April 29, 2014, the Board is recommending to increase the dividend to CHF 10.00 per share. Looking forward, Syngenta plans to continue to use dividends as the primary vehicle to return cash to shareholders, supplemented by tactical share repurchases.

Quantitative and qualitative disclosure about market risk

For quantitative and qualitative disclosure about market risk, see Notes 27, 28 and 29 to the consolidated financial statements.

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; and

– 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 and, beginning in 2011, the implementation of the integrated crop strategy. 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. 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.

Appendix A continued

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

2013 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before 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	Before 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

2011 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	2,009	(245)	2,254
Income/(loss) from associates and joint ventures	15	–	15
Financial expense, net	(165)	–	(165)
Income before taxes	1,859	(245)	2,104
Income tax expense	(289)	55	(344)
Net income	1,570	(190)	1,760
Attributable to non-controlling interests	(1)	–	(1)
Net income attributable to Syngenta AG shareholders	1,569	(190)	1,759
Tax rate	16%	22%	16%
Number of shares – basic (millions)	92		92
Number of shares – diluted (millions)	92		92
Basic earnings per share	17.07	(2.07)	19.14
Diluted earnings per share	16.98	(2.05)	19.03

Operating and Financial Review

Appendix A continued

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

2010 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	1,759	(177)	1,936
Income/(loss) from associates and joint ventures	25	(1)	26
Financial expense, net	(141)	–	(141)
Income before taxes	1,643	(178)	1,821
Income tax expense	(265)	42	(307)
Net income	1,378	(136)	1,514
Attributable to non-controlling interests	(5)	–	(5)
Net income attributable to Syngenta AG shareholders	1,373	(136)	1,509
Tax rate	16%	24%	17%
Number of shares – basic (millions)	93		93
Number of shares – diluted (millions)	93		93
Basic earnings per share	14.81	(1.47)	16.28
Diluted earnings per share	14.73	(1.45)	16.18

2009 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	1,800	(147)	1,947
Income/(loss) from associates and joint ventures	(3)	(2)	(1)
Financial expense, net	(122)	–	(122)
Income before taxes	1,675	(149)	1,824
Income tax expense	(278)	42	(320)
Net income	1,397	(107)	1,504
Attributable to non-controlling interests	(3)	–	(3)
Net income attributable to Syngenta AG shareholders	1,394	(107)	1,501
Tax rate	17%	28%	18%
Number of shares – basic (millions)	93		93
Number of shares – diluted (millions)	94		94
Basic earnings per share	14.96	(1.15)	16.11
Diluted earnings per share	14.86	(1.14)	16.00

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 for information on average exchange rates in 2013 and 2012. For example, if a European entity reporting in Euro sold Euro 100 million of products in 2013 and 2012, Syngenta's financial statements would report $133 million of revenues in 2013 (using 0.75 as the rate, which was the average exchange rate in 2013) and $128 million in revenues in 2012 (using 0.78 as the rate, which was the average exchange rate in 2012). The CER presentation would translate the 2013 results using the 2012 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.

Syngenta Group Consolidated Financial Statements

Consolidated Income Statement

(for the years ended December 31, 2013 and 2012)

($m, except share and per share amounts)	Notes	2013	2012[1]
Sales	4, 5	**14,688**	14,202
Cost of goods sold		**(7,986)**	(7,223)
Gross profit		**6,702**	6,979
Marketing and distribution		**(2,394)**	(2,423)
Research and development		**(1,376)**	(1,257)
General and administrative:			
Restructuring	6	**(179)**	(258)
Other general and administrative		**(667)**	(785)
Operating income		**2,086**	2,256
Income from associates and joint ventures		**48**	7
Interest income	28	**120**	116
Interest expense	28	**(164)**	(142)
Other financial expense		**(22)**	(20)
Currency gains/(losses), net	28	**(134)**	(101)
Financial expense, net		**(200)**	(147)
Income before taxes		**1,934**	2,116
Income tax expense	7	**(285)**	(266)
Net income		**1,649**	1,850
Attributable to:			
Syngenta AG shareholders	8	**1,644**	1,847
Non-controlling interests		**5**	3
Net income		**1,649**	1,850
Earnings per share ($):			
Basic earnings per share	8	**17.88**	20.16
Diluted earnings per share	8	**17.78**	20.05
Weighted average number of shares:			
Basic		**91,952,222**	91,644,190
Diluted		**92,459,306**	92,132,922

1 After effect of accounting policy change for employee benefits described in Note 2 below

The accompanying notes form an integral part of the consolidated financial statements.

All activities were in respect of continuing operations.

Syngenta Group Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

(for the years ended December 31, 2013 and 2012)

($m)	Notes	2013	2012[1]
Net income		**1,649**	1,850
Components of other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) of defined benefit post-employment plans	22	**146**	(118)
Income tax relating to items that will not be reclassified to profit or loss	7	**(55)**	20
		91	(98)
Items that may be reclassified subsequently to profit or loss:			
Unrealized gains/(losses) on available-for-sale financial assets	28	**17**	(1)
Gains on derivatives designated as cash flow and net investment hedges	29	**14**	108
Currency translation effects		**(39)**	86
Income tax relating to items that may be reclassified subsequently to profit or loss	7	**(62)**	(22)
		(70)	171
Total comprehensive income		**1,670**	1,923
Attributable to:			
Syngenta AG shareholders		**1,666**	1,921
Non-controlling interests		**4**	2
Total comprehensive income		**1,670**	1,923

1 After effect of accounting policy change for employee benefits described in Note 2 below

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Balance Sheet

(at December 31, 2013 and 2012 and January 1, 2012)

($m, except share amounts)	Notes	Dec 31, 2013	Dec 31, 2012[1]	Jan 1, 2012[1]
Assets				
Current assets:				
Cash and cash equivalents		**902**	1,599	1,666
Trade receivables	9, 28	**3,445**	3,191	2,736
Other accounts receivable	9, 28	**979**	932	690
Inventories	11	**5,576**	4,734	4,190
Derivative and other financial assets	28	**195**	251	269
Other current assets	10	**249**	257	199
Total current assets		**11,346**	10,964	9,750
Non-current assets:				
Property, plant and equipment	12	**3,506**	3,193	3,025
Intangible assets	13	**3,381**	3,501	2,869
Deferred tax assets	7	**960**	1,075	930
Financial and other non-current assets	14, 28	**819**	562	536
Investments in associates and joint ventures	14	**204**	143	131
Total non-current assets		**8,870**	8,474	7,491
Total assets		**20,216**	19,438	17,241
Liabilities and equity				
Current liabilities:				
Trade accounts payable	15, 28	**(3,817)**	(3,409)	(2,881)
Current financial debt and other financial liabilities	16, 27, 28	**(1,591)**	(1,048)	(955)
Income taxes payable		**(687)**	(574)	(547)
Other current liabilities	17, 28	**(973)**	(1,160)	(1,028)
Provisions	19	**(288)**	(236)	(232)
Total current liabilities		**(7,356)**	(6,427)	(5,643)
Non-current liabilities:				
Financial debt and other non-current liabilities	18, 27, 28	**(1,796)**	(2,514)	(2,374)
Deferred tax liabilities	7	**(794)**	(871)	(761)
Provisions	19	**(766)**	(841)	(928)
Total non-current liabilities		**(3,356)**	(4,226)	(4,063)
Total liabilities		**(10,712)**	(10,653)	(9,706)
Shareholders' equity:				
Issued share capital: 2013: 93,126,149 ordinary shares (2012: 93,126,149; 2011: 93,762,899)	20	**(6)**	(6)	(6)
Retained earnings		**(6,151)**	(5,295)	(4,466)
Reserves		**(3,815)**	(3,884)	(3,736)
Treasury shares: 2013: 1,375,688 ordinary shares (2012: 1,387,266; 2011: 2,508,759)	20	**481**	411	682
Total shareholders' equity		**(9,491)**	(8,774)	(7,526)
Non-controlling interests		**(13)**	(11)	(9)
Total equity		**(9,504)**	(8,785)	(7,535)
Total liabilities and equity		**(20,216)**	(19,438)	(17,241)

1 After effect of accounting policy change for employee benefits described in Note 2 below

The accompanying notes form an integral part of the consolidated financial statements.

Syngenta Group Consolidated Financial Statements

Consolidated Cash Flow Statement

(for the years ended December 31, 2013 and 2012)

($m)	Notes	2013	2012[1]
Income before taxes		**1,934**	2,116
Reversal of non-cash items	21	**910**	1,020
Cash (paid)/received in respect of:			
Interest received		**104**	135
Interest paid		**(187)**	(162)
Other financial receipts		**112**	62
Other financial payments		**(247)**	(260)
Income taxes		**(292)**	(378)
Restructuring costs	19	**(37)**	(55)
Contributions to pension plans, excluding restructuring costs	19	**(128)**	(78)
Other provisions	19	**(71)**	(182)
Cash flow before change in net working capital		**2,098**	2,218
Change in net working capital:			
Change in inventories		**(884)**	(555)
Change in trade and other working capital assets		**(365)**	(814)
Change in trade and other working capital liabilities		**365**	510
Cash flow from operating activities		**1,214**	1,359
Additions to property, plant and equipment	12	**(625)**	(508)
Proceeds from disposals of property, plant and equipment		**24**	30
Purchases of intangible assets	13	**(75)**	(112)
Purchases of investments in associates and other financial assets		**(27)**	(59)
Proceeds from disposals of intangible and financial assets		**14**	21
Net cash flows from (purchases)/disposals of marketable securities		**7**	(8)
Business acquisitions (net of cash acquired)		**(101)**	(654)
Business divestments		**11**	72
Cash flow used for investing activities		**(772)**	(1,218)
Increases in third party interest-bearing debt		**714**	1,256
Repayments of third party interest-bearing debt		**(775)**	(721)
Sales of treasury shares and options over own shares		**83**	105
Acquisitions of non-controlling interests		**(39)**	–
Purchases of treasury shares		**(176)**	(81)
Distributions paid to shareholders		**(921)**	(791)
Cash flow used for financing activities		**(1,114)**	(232)
Net effect of currency translation on cash and cash equivalents		**(25)**	24
Net change in cash and cash equivalents		**(697)**	(67)
Cash and cash equivalents at the beginning of the year		**1,599**	1,666
Cash and cash equivalents at the end of the year		**902**	1,599

1 After effect of accounting policy change for employee benefits described in Note 2 below

Of total cash and cash equivalents of $902 million (2012: $1,599 million), $153 million (2012: $125 million) is required to meet insurance solvency requirements of the Group's insurance subsidiaries and $nil (2012: $59 million) was held in escrow pursuant to Syngenta's takeover offer for Devgen. These amounts therefore were not readily available for the general purposes of the Group. There are no other significant restrictions on Syngenta's ability to use assets or settle liabilities.

At December 31, 2013, cash equivalents totalled $518 million (2012: $868 million) and consisted of bank and money market fund deposits.

The accompanying notes form an integral part of the consolidated financial statements.

Syngenta Group Consolidated Financial Statements

Consolidated Statement of Changes in Equity

(for the years ended December 31, 2013 and 2012)

($m)	Attributable to Syngenta AG shareholders: Par value of ordinary shares	Additional paid-in capital	Treasury shares, at cost	Fair value reserves	Cumulative translation adjustment	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
January 1, 2012	6	3,460	(682)	(149)	425	4,434	7,494	9	7,503
Accounting policy change: Adoption of IAS 19 (revised June 2011)	–	–	–	–	–	32	32	–	32
January 1, 2012 after accounting policy change	6	3,460	(682)	(149)	425	4,466	7,526	9	7,535
Net income[1]						1,847	1,847	3	1,850
OCI[1]				97	74	(97)	74	(1)	73
Total comprehensive income[1]	–	–	–	97	74	1,750	1,921	2	1,923
Share based compensation			153			26	179		179
Dividends paid						(791)	(791)		(791)
Share repurchases			(81)				(81)		(81)
Cancellation of treasury shares		(23)	199			(176)	–		–
Other and income taxes on share based compensation						20	20		20
December 31, 2012[1]	6	3,437	(411)	(52)	499	5,295	8,774	11	8,785
Net income						**1,644**	**1,644**	**5**	**1,649**
OCI				**17**	**(86)**	**91**	**22**	**(1)**	**21**
Total comprehensive income				**17**	**(86)**	**1,735**	**1,666**	**4**	**1,670**
Share based compensation			**106**			**44**	**150**		**150**
Dividends paid						**(921)**	**(921)**		**(921)**
Share repurchases			**(176)**				**(176)**		**(176)**
Other and income taxes on share based compensation						**(2)**	**(2)**	**(2)**	**(4)**
December 31, 2013	**6**	**3,437**	**(481)**	**(35)**	**413**	**6,151**	**9,491**	**13**	**9,504**

1 After effect of accounting policy change for employee benefits described in Note 2 below

The accompanying notes form an integral part of the consolidated financial statements.

The amount available for dividend distribution is based on Syngenta AG's shareholders' equity determined in accordance with the legal provisions of the Swiss Code of Obligations. In 2012, a dividend of CHF 8.00 ($8.82) per share was paid in respect of 2011. In 2013, a dividend of CHF 9.50 ($10.01) per share was paid in respect of 2012.

The Board of Directors recommends a dividend payment of CHF 10.00 per share (equivalent to $11.22 per share translated at the December 31, 2013 exchange rate) subject to shareholder approval at the Annual General Meeting (AGM) on April 29, 2014.

Included within the fair value reserves are (i) cash flow hedge reserves, which comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged items that have not yet been recognized in profit or loss, and (ii) fair value reserves, which comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognized or impaired. Movements in the cash flow hedge reserves are shown in Note 29. Neither the fair value reserves for available-for-sale financial assets nor any components of the movements in the fair value reserves for available-for-sale financial assets during the periods presented were material.

The cumulative translation adjustment comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of long-term monetary items that are part of net investments in foreign subsidiaries.

Notes to the Syngenta Group Consolidated Financial Statements

1. Basis of preparation of the consolidated financial statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS or IFRSs) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on an historical cost basis, except for items that are required by IFRSs to be measured at fair value, principally derivative financial instruments, available-for-sale financial assets and biological assets, which are valued at fair value less costs to sell.

The consolidated financial statements incorporate the financial statements of Syngenta AG, a company domiciled and incorporated in Switzerland, and all of its more than 150 subsidiaries globally (together referred to as "Syngenta") and Syngenta's interests in associates and joint ventures. Approximately 25 subsidiaries are significant legal entities. There are no material non-controlling interests or structured entities. Syngenta's main research and development facilities are located in Switzerland, UK, USA and India and its main production sites are in Switzerland, UK, USA, France, China, India and Brazil. Syngenta AG's principal executive offices are at Schwarzwaldallee 215, 4058 Basel, Switzerland.

The consolidated financial statements are presented in United States dollars ("$") as this is the major currency in which revenues are denominated. "$m" refers to millions of United States dollars. The functional currency of Syngenta AG is the Swiss franc ("CHF").

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 products.

Syngenta has global, integrated risk management processes. Within the scope of these processes, the Board of Directors of Syngenta AG evaluates the risks once a year in accordance with article 663b paragraph 12 of the Swiss Code of Obligations and discusses if any corresponding actions are necessary.

The preparation of financial statements requires management to exercise judgment when applying accounting policies and to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated. Note 2 below includes further discussion of certain critical accounting estimates.

The consolidated financial statements were approved by the Board of Directors on February 4, 2014.

2. Significant accounting policy changes, judgments and estimates

This note describes the impact on Syngenta's consolidated financial statements of new IFRSs and changes in other accounting policies that have had a material effect, significant accounting judgments made when applying IFRSs, critical assumptions and accounting estimates. Other new IFRSs and accounting policies are described in Note 30.

Adoption of IAS 19 (revised June 2011)

Syngenta adopts new IFRSs by following the transitional requirements of each new standard or, if there are no transitional requirements specified, by using the full retrospective application method, as required by IAS 8. Other changes in accounting policies are also implemented using the full retrospective application method. If full retrospective application of a change is impracticable, it is applied from the earliest period which is practicable. Retrospective application requires that the results of comparative periods and the opening balances of the earliest period shown be restated as if the new accounting policy had always been applied.

In these consolidated financial statements, Syngenta has adopted IAS 19 "Employee Benefits" (revised June 2011). Syngenta has also early adopted "Defined Benefit Plans: Employee Contributions", Amendments to IAS 19, issued November 2013. The main changes which the revised IAS 19 introduces are as follows:

– In respect of defined benefit (DB) post-employment plans and other post-retirement benefits:
    – actuarial gains and losses must be recognized in full in OCI, which was already Syngenta's accounting policy. Consequently, adoption of IAS 19 (revised) has changed neither when nor where Syngenta recognizes actuarial gains and losses, although the revised requirements described below have changed the amount of actuarial gains and losses recognized;
    – interest on the net recognized asset or liability must be recognized in profit or loss, in place of the previously separate recognition of interest cost on the benefit obligation and of an expected return on plan assets. This change increased pre-tax benefit expense for the year ended December 31, 2012 by $33 million, with a corresponding increase in actuarial gains recognized in OCI. Deferred income tax related to these amounts was also recognized;
    – past service cost arising from plan amendments must be recognized in full in profit or loss in the period in which the plan amendment occurs, in place of the previous requirement to recognize such costs over the vesting period for the amended benefits. At January 1, 2012, Syngenta had a $18 million pre-tax liability for unrecognized past service gains, mainly in respect of its Swiss pension plan. Upon adoption of the revised IFRS, Syngenta has recognized this past service gain retrospectively as an increase in retained earnings brought forward and reduction in provisions for defined benefit pensions at January 1, 2012. The impact on Syngenta's profit or loss for the year ended December 31, 2012 was immaterial;

Notes to the Syngenta Group Consolidated Financial Statements

2. Significant accounting policy changes, judgments and estimates continued

– for plans with employee contributions which vary with the employee's age or length of service, actuarial calculations now allocate both gross benefits and employee contributions to accounting periods separately in accordance with the projected unit credit actuarial method, rather than allocating only the gross benefit before deducting member contributions, and recognizing member contributions when paid, as has previously been actuarial practice. For Syngenta's Swiss pension plan, which has an age dependent scale of employee contribution rates, this requirement reduced the amount recognized for its defined benefit obligation by $25 million at December 31, 2012, before related deferred income tax effects. Syngenta has recognized this accounting change retrospectively as an increase in retained earnings brought forward and reduction in defined benefit pension provisions at January 1, 2012. The related impact on Syngenta's profit or loss for 2012 was immaterial. For plans where employee contributions throughout service are a constant percentage of pensionable pay, such as its UK pension plan, Syngenta has used the permitted practical expedient in IAS 19 and has reduced the service cost of the period in which the contributions are paid and the service is rendered. Syngenta believes the impact of applying this expedient, compared to allocating gross benefits and employee contributions separately, is not material and that the costs of separately allocating benefits and employee contributions would outweigh any related benefits;

– Deferred income taxes of $8 million related to the above recognition of past service gains and revised actuarial treatment of employee contributions have been recognized as a reduction in retained earnings brought forward and an increase in deferred tax liabilities at January 1, 2012;

– additional disclosures are required and have been provided in Note 22.

– In respect of termination benefits, restructuring costs incurred to retain the services of employees during a transition period in excess of applicable legal minimums will now be expensed over the required retention period, instead of being recognized in full when the restructuring and the retention benefits are communicated to employees. The impact of adopting this requirement on restructuring expense and provisions for the periods presented in these consolidated financial statements is immaterial.

IAS 19, "Employee Benefits" (revised June 2011), has been applied retrospectively and the effect on the comparative information presented for each financial statement line item is set out in the following tables. As explained above, there was no impact on consolidated retained earnings at January 1, 2011. Except for the effect on the accounting for the 2013 amendment to Syngenta's Swiss pension plan described in Note 22, the effect of adopting IAS 19 (revised June 2011) on each financial statement line item for the year ended December 31, 2013 is not materially different from the effect on the respective financial statement line item for the year ended December 31, 2012.

Adjustments to the consolidated income statement for the year ended December 31, 2012

($m, except share and per share amounts)	As reported	Adoption of IAS 19	After adoption of IAS 19
Sales	14,202	–	14,202
Cost of goods sold	(7,218)	(5)	(7,223)
Gross profit	6,984	(5)	6,979
Marketing and distribution	(2,418)	(5)	(2,423)
Research and development	(1,253)	(4)	(1,257)
General and administrative	(1,021)	(22)	(1,043)
Operating income	2,292	(36)	2,256
Income from associates and joint ventures	7	–	7
Financial expense, net	(147)	–	(147)
Income before taxes	2,152	(36)	2,116
Income tax expense	(277)	11	(266)
Net income	1,875	(25)	1,850
Attributable to:			
Syngenta AG shareholders	1,872	(25)	1,847
Non-controlling interests	3	–	3
Net income	1,875	(25)	1,850
Earnings per share ($):			
Basic earnings per share	20.43	(0.27)	20.16
Diluted earnings per share	20.32	(0.27)	20.05

Notes to the Syngenta Group Consolidated Financial Statements

2. Significant accounting policy changes, judgments and estimates continued

Adjustments to the consolidated statement of comprehensive income for the year ended December 31, 2012

($m)	As reported	Adoption of IAS 19	After adoption of IAS 19
Net income	1,875	(25)	1,850
Components of other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) of defined benefit post-employment plans	(151)	33	(118)
Income tax relating to items that will not be reclassified to profit or loss	31	(11)	20
	(120)	22	(98)
Items that may be reclassified subsequently to profit or loss	171	–	171
Total comprehensive income	1,926	(3)	1,923
Attributable to:			
Syngenta AG shareholders	1,924	(3)	1,921
Non-controlling interests	2	–	2
Total comprehensive income	1,926	(3)	1,923

Adjustments to the consolidated balance sheet at December 31, 2012

($m)	As reported	Adoption of IAS 19	After adoption of IAS 19
Assets			
Total current assets	10,964	–	10,964
Non-current assets:			
Deferred tax assets	1,075	–	1,075
Financial and other non-current assets	525	37	562
Other non-current assets	6,837	–	6,837
Total non-current assets	8,437	37	8,474
Total assets	19,401	37	19,438
Liabilities and equity			
Total current liabilities	(6,427)	–	(6,427)
Non-current liabilities:			
Financial debt and other non-current liabilities	(2,514)	–	(2,514)
Deferred tax liabilities	(863)	(8)	(871)
Provisions	(841)	–	(841)
Total non-current liabilities	(4,218)	(8)	(4,226)
Total liabilities	(10,645)	(8)	(10,653)
Shareholders' equity:			
Total shareholders' equity	(8,745)	(29)	(8,774)
Non-controlling interests	(11)	–	(11)
Total equity	(8,756)	(29)	(8,785)
Total liabilities and equity	(19,401)	(37)	(19,438)

2. Significant accounting policy changes, judgments and estimates continued

Adjustments to the consolidated cash flow statement for the year ended December 31, 2012

($m)	As reported	Adoption of IAS 19	After adoption of IAS 19
Income before taxes	2,152	(36)	2,116
Reversal of non-cash items	984	36	1,020
Cash flow from operating activities	1,359	–	1,359

Adjustments to the consolidated balance sheet at January 1, 2012

($m)	As reported	Adoption of IAS 19	After adoption of IAS 19
Assets			
Total assets	17,241	–	17,241
Liabilities and equity			
Total current liabilities	(5,643)	–	(5,643)
Non-current liabilities:			
Financial debt and other non-current liabilities	(2,374)	–	(2,374)
Deferred tax liabilities	(753)	(8)	(761)
Provisions	(968)	40	(928)
Total non-current liabilities	(4,095)	32	(4,063)
Total liabilities	(9,738)	32	(9,706)
Shareholders' equity:			
Total shareholders' equity	(7,494)	(32)	(7,526)
Non-controlling interests	(9)	–	(9)
Total equity	(7,503)	(32)	(7,535)
Total liabilities and equity	(17,241)	–	(17,241)

Application of critical accounting policies

Royalty and license income

Individual agreements licensing to third parties the right to use Syngenta technology can and do have unique terms and, consequently, the accounting judgments required to apply IAS 18 "Revenue" to each such agreement can differ significantly. Effective January 1, 2011, Syngenta granted Pioneer Hi-Bred International Inc. ("Pioneer"), a subsidiary of E.I. DuPont de Nemours and Co. ("DuPont") a non-exclusive, global license to its corn rootworm trait MIR604 (AGRISURE®) for corn seed. During 2012, Pioneer received U.S. EPA approval for a seed stack containing the MIR604 trait. That approval was the last substantive milestone relating to the cumulative contractual minimum consideration amount in the license agreement, which is measured in terms of a January 1, 2011 present value. As a result, Syngenta is virtually certain to receive at least that consideration in cash over the period to October 2016, with no remaining substantive performance obligations. Prior to the U.S. EPA approval, Syngenta had recognized non-refundable upfront payments received from Pioneer of $50 million as royalty revenue in each of 2011 and 2012. As specified in the agreement, actual royalty payments are discounted at 10 percent to determine how much of the minimum consideration they settle. Syngenta recognized the $206 million present value of the outstanding minimum consideration as revenue in 2012. Accretion of this amount to reflect the passage of time is recognized as financial income. $40 million of the corresponding receivable balance is included in other current assets at December 31, 2013 (2012: $50 million) and was received in cash in January following the year end. The remaining amount is included in financial and other non-current assets.

Impairment

For purposes of testing goodwill for impairment, goodwill is allocated to cash generating units (CGUs). Syngenta generally defines each crop protection product active ingredient and each seed crop as a CGU. However, where one active ingredient is sold in mixture with other active ingredients to a significant extent, the active ingredients concerned are grouped together into a single CGU because independent cash inflows only exist at this higher level. Each CGU is generally defined on a global basis, reflecting the international nature of the business, and contains tangible assets such as plant and equipment as well as intangible assets such as product and patent rights.

North America corn and soybean seeds are defined as a single CGU because of common intellectual property and other interdependencies between these two crops, which do not apply to other crops. Goodwill on certain major acquisitions, principally Zeneca agrochemicals business goodwill of $548 million, was allocated to each Syngenta operating segment in proportion to each such segment's relative value at the time Syngenta established its current basis of segmentation, and is tested for impairment at those levels by relating the allocated amount for each segment to the total cash flows of the respective segment. The goodwill amounts allocated to segments and significant other CGUs are disclosed in Note 13.

For CGUs to which no goodwill is allocated, a reduction in forecast sales within management's five year forecast horizon compared with the previous year's five year forecast cycle combined with a reduction in latest forecasts of current year sales compared with the current year budget, is considered an indicator of market related impairment and

Notes to the Syngenta Group Consolidated Financial Statements

2. Significant accounting policy changes, judgments and estimates continued

results in the performance of detailed impairment tests. Syngenta also performs detailed impairment tests when there are asset specific indicators of impairment such as withdrawal of or restrictions placed upon product registrations, plans to divest products or, for property, plant and equipment, plans to restructure or close a site. Higher discount rates are used to test property, plant and equipment for impairment in the case of restructuring because of the higher risk associated with remaining cash flows when operations are being physically relocated. The value in use calculation takes account of cash flows from the remaining period of operations and decommissioning costs.

If a CGU becomes impaired, the impairment loss is allocated first to any goodwill in the CGU, and then to reduce the CGU's other assets pro rata.

Pension asset ceiling

IFRSs require Syngenta to estimate the economic benefit it can obtain from the amount by which the fair value of assets held in a defined benefit plan exceeds the defined benefit obligation (DBO) measured in accordance with IAS 19 ("pension surplus"). This applies both when a surplus exists at the reporting date and when a surplus would arise when Syngenta meets an existing minimum funding obligation. Accounting recognition of a surplus in Syngenta's UK defined benefit pension plan is supported by the economic benefit of future contribution savings and, when this benefit is less than the surplus, also by the future refund, net of applicable taxes, which Syngenta believes will be unconditionally available to it when all liabilities have been settled. At December 31, 2013, pension provisions have been increased by $nil (2012: $45 million), representing the part of the projected UK plan surplus which does not meet the accounting recognition criteria. The surplus in Syngenta's Swiss and US plans is supported by the economic benefit of future contribution savings, measured as the excess of future service cost, net of employee contributions, over the present value of required employer contributions for future service ("excess service cost"). At December 31, 2013, in accordance with the guidance agreed between the Swiss audit and actuarial professions on applying the pension asset ceiling to Swiss DB pension plans, the economic benefit to Syngenta of the estimated excess service cost, capitalized as a perpetuity at the 2.25 percent discount rate used to measure the DBO, exceeds the $192 million reported surplus. The surplus has therefore been recognized in full as an asset at December 31, 2013. The result of the Swiss asset ceiling test is sensitive to the discount rate assumption. An increase in the discount rate would reduce excess service cost. At a 2.5 percent discount rate, the December 31, 2013 Swiss surplus would not have been recognized as an asset, and OCI would have been reduced by that amount, net of income taxes. At December 31, 2012, no asset ceiling restriction applied because the main Swiss plan was in deficit. The surplus disclosed for that balance sheet date in Note 22 relates to another Swiss plan.

Foreign currency translation

Syngenta has to make judgments on whether loans between subsidiaries are likely to be repaid in the foreseeable future in order to allocate foreign currency translation differences on those items to profit or loss if the loan will be repaid or to OCI if the loan is effectively part of the net investment in the borrowing subsidiary. When the functional currency of a subsidiary changes, the capital structure of the subsidiary, including the continuation of loans that are effectively part of the Group's investment in that subsidiary, may require review. In such cases, Syngenta applies any resulting change in the accounting treatment of foreign currency translation gains and losses on the loan from the same date that it applies the functional currency change.

Critical accounting estimates

Acquisition accounting

Applying the acquisition method of accounting requires significant management judgment to estimate the fair values and useful lives of the acquired assets, in particular intellectual property related to currently marketed products and in-process research and development (IPR&D). Fair value measurements are based on the forecast cash flows which Syngenta believes a typical potential buyer would use to value the assets, excluding any synergy benefits which are considered specific to Syngenta. Key assumptions for technologies under development include:

- the outcomes of research and development activities;
- the probability and likely timing of obtaining regulatory approvals for products based on the technology;
- market size and share;
- sales pricing trends and competitors' reaction;
- cost and efficiency of the production process for the products; and
- the period over which the products are likely to generate economic benefits given the likely impact of patent expirations.

Forecast cash flows for each asset are discounted using a rate developed from the estimated Weighted Average Cost of Capital (WACC) of the acquired company. The specific discount rates are estimated separately for each intangible asset and may vary significantly from one asset to another. Where Syngenta considers the risks applicable to an asset are not fully reflected in the forecast data available, it incorporates a risk premium into the discount rate. If actual cash flows are materially different from those used in calculating fair values, this may lead to changes in amortization expense or asset specific impairment losses in future periods.

Technology based companies acquired by Syngenta may have significant deferred tax assets, related in particular to tax losses carried forward resulting from research and development expenditure. The amount of tax losses available for carry forward upon acquisition is often affected by events which occurred several years before acquisition, which may make estimation difficult. IFRS requires recognition of a deferred tax asset for these losses at the acquisition date to the extent that Syngenta is more likely than not to utilize the losses before they expire, through offset against future taxable profits. Management judgment is required about whether possible tax planning strategies are likely to be acceptable to tax authorities in the relevant jurisdictions. If actual taxable profits and outcomes of tax rulings are materially different from the assumptions made at the acquisition date, the income tax expense of future periods could be materially affected.

The acquisition accounting values recognized for intangible assets and deferred tax assets for acquisitions made during the periods presented in these financial statements are given in Note 3 below.

Notes to the Syngenta Group Consolidated Financial Statements

2. Significant accounting policy changes, judgments and estimates continued

Impairment review

The recoverable amount for goodwill has been determined based on value in use of the relevant segment, CGU or group of CGUs to which the goodwill is allocated. The recoverable amounts of all material intangible assets and property, plant and equipment have also been based on their value in use.

The main assumptions used in determining the recoverable amounts for operating segments and other CGUs include market size and Syngenta's market share, future sales prices and volumes, future development expenditures required to maintain products' marketability and registration in the relevant jurisdictions, and products' lives. At operating segment level, the key assumptions related to sales volume and value are expressed separately for each product line, market segment and crop, and assumptions related to expenses are expressed by region. At CGU level, assumptions are expressed by product. The assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These assumptions can be subject to significant adjustment from such factors as changes in crop growing patterns in major markets (for example, as a result of movements in crop prices), changes in product registration, or pressure from competitor products. Estimated cash flows for operating segments and other CGUs are based on Syngenta management forecasts, cover a five year horizon and include a terminal value which assumes a 2.0 percent long-term growth rate (2012: 2.0 percent). Syngenta's forecasts for the North America corn and soybean seed CGU also include the following key assumptions for revenue from seed sales:

– for each of the two crops, market size expressed as acres planted, Syngenta's market share, crop commodity prices, and licensing revenues;
– for new genetic traits, the timing of regulatory approval and marketing launch, and seed pricing compared with existing products.

Management believes, based on recent and expected future growth in agricultural markets, that there are long-term prospects for continued growth in Syngenta's business.

The discount rates used to discount the estimated future cash flows included in the value in use calculations are based on a post-tax WACC of 7.2 percent (2012: 6.4 percent). There is considerable debate among financial market participants about what are the most appropriate input values, such as risk-free rate of return and equity risk premium, to use in a WACC calculation under current market conditions. In 2013, as in 2012, when calculating the discount rate, Syngenta has assumed a risk free rate equal to market yields on 10-year government bonds at the date of performing the annual impairment test and a 5.0 percent equity risk premium (2012: 5.0 percent). The discount rate determined in this way is considered to include market estimates of industry sector risk premium. Syngenta's CGUs generally reflect the global nature of its Crop Protection and Seeds product sales, and a country risk premium is applied only to those CGUs where the geographical scope of operations and cash flows is limited. The pre-tax discount rates used for all segments, CGUs and groups of CGUs ranged from 7.8 percent to 16.0 percent (2012: 7.2 percent to 10.7 percent).

At December 31, 2013, the largest amounts of goodwill were allocated to the Asia Pacific segment ($355 million) and the North America corn and soybean CGU ($315 million). The amount allocated to Asia Pacific increased compared with 2012 because of the allocation of $269 million goodwill in 2013 when the Devgen acquisition accounting measurements were finalized. The pre-tax discount rate used to test Asia Pacific goodwill for impairment was 8.8 percent (2012: 7.8 percent) and the forecast terminal growth rate was 2.0 percent (2012: 2.0 percent). The pre-tax discount rate used to test the North America corn and soybean CGU for impairment was 8.7 percent (2012: 7.5 percent) and the forecast terminal growth rate was 2.0 percent (2012: 2.0 percent).

In the opinion of Syngenta, the outcomes of the impairment tests are not sensitive to reasonably likely changes in any of the assumptions underlying the cash flow projections used for the impairment tests or in the discount rate in the periods presented for any segment, CGU or group of CGUs for which the carrying amount of goodwill is significant except as described below.

At December 31, 2013, one CGU included goodwill of $13 million and other intangible assets of $53 million. The value in use forecasts for this CGU were prepared using a 7.7 percent post-tax discount rate, equivalent to a 9.4 percent pre-tax discount rate. The recoverable amount of this CGU would be equal to its carrying amount if sales prices reduced by 4 percent, sales volumes by 6 percent, or cost of goods sold increased by 5 percent, compared to the assumptions in the 5 year forecast.

At December 31, 2013, one CGU located in Latin America included intangible assets of $nil (2012: $nil) and property, plant and equipment of $47 million (2012: $74 million). The value in use forecasts for this CGU were prepared using an 11.2 percent pre-tax discount rate (2012: 10.7 percent). The recoverable amount of the CGU would be equal to its carrying amount if forecast sales volumes and prices both decreased by 25 percent together with a 40 percent increase in forecast cost of goods sold.

For the year ended December 31, 2013, $23 million of impairment losses were reported for two intangible assets (2012: $13 million for two intangible assets). There were no impairments of property, plant and equipment (2012: $21 million on the retirement from use of production plant machinery in Brazil).

Adjustments to revenue and trade receivables

Syngenta's products are consumed mainly by growers. The timing and amount of cash inflows received by growers is impacted by a broad range of economic and political risks, including crop yields and prices, the availability of credit, and the cost of agricultural inputs such as the products sold by Syngenta and its competitors. The cash flows of distributors that supply Syngenta's products to growers and represent the majority of Syngenta's customers are also impacted by these factors. These distributors vary in size and nature from large publicly owned entities to small or medium sized owner-managed businesses. Syngenta's customer base reflects the geographical diversity of its operations, which encompass more than 90 countries and all significant agriculture areas. Considerable management effort and judgement is applied to actively manage and mitigate the risks to Syngenta from these factors and to determine the accounting estimates associated with them, which include:

– the estimated cost of incentive programs that provide rebates and discounts dependent upon achievement of sales targets, as well as cash discounts for punctual payment of accounts receivable. Syngenta records the estimated cost of these programs when the related sales are made, based on the programs' terms, market conditions and historical experience. At December 31, 2013, trade accounts payable includes $1,443 million (2012: $1,288 million) of accruals for rebates and returns.

2. Significant accounting policy changes, judgments and estimates continued

- accruals for estimated product returns, which are based on historical experience of actual returns where Syngenta considers these to be reliable estimates of future returns. Recognition of revenue and the related trade receivables is deferred in cases where past experience shows that actual returns can vary significantly from estimates. This may arise in market segments where the distribution channel holds several months' sales of Syngenta products at the reporting date, forecast consumption of those products by growers could be materially affected if market or weather conditions after the reporting date were significantly different from those expected and the volume of products returned by distributors varies with changes in grower consumption. In such cases, Syngenta estimates the amounts to be deferred by collecting from its distributors data that shows the quantities of Syngenta products held by them at the reporting date and applying average actual sales prices to those quantities. In 2013, recognition of $510 million (2012: $378 million) of revenue and trade receivables was deferred.

- allowances for doubtful receivables, which are estimated by critically analyzing individual receivable account balances, taking into account historical levels of recovery, the economic condition of individual customers, and the overall economic and political environment in relevant countries. As shown in Note 9 below, the provision for doubtful receivables at December 31, 2013 amounted to $226 million, or 6 percent (2012: $224 million or 7 percent) of total trade receivables. In 2013, Syngenta reported a $33 million bad debt expense (2012: $11 million). The increase from 2012 to 2013 reflects the net risk impact of business growth in Eastern Europe and Latin America and changes in local crop conditions, as mitigated by barter programs and appropriate security.

Syngenta records these estimates as separate allowances, but its estimation process recognizes their interdependency, as the level of credits to accounts receivable for discounts and product returns may affect the probability of receiving full payment of the net receivable balances.

Seeds inventory valuation and allowances

Seeds inventories are subject to the risk of loss through physical deterioration at all stages of the operating cycle. Syngenta accounts for normal losses which occur during production, both in the pre-harvest growing and the post-harvest processing stages, as part of the cost of inventories of in-process and finished seeds. Normal losses in production, which include the cost of seeds discarded before processing because they do not meet Syngenta's quality standards, are therefore expensed when the related finished seed is sold to customers. Losses of finished seeds are expensed as incurred. Syngenta records allowances against the cost of seeds inventories for both quality and obsolescence. Syngenta records allowances for quality for finished seed which is currently of defective quality and for finished seed which is expected to deteriorate physically before sale, based on past experience. Syngenta records allowances for obsolescence for excess seed for which there is insufficient forecast customer demand over the expected remaining commercial life of each seed variety. For excess seeds that Syngenta is likely to be able to sell in the commodity market, the allowance is the cost of the seed minus its net realizable value, which is estimated as the expected net proceeds of commodity sale. If commodity sale is not probable, the allowance is the full cost of the excess seed inventories.

To determine the allowances required, management effort and judgment is applied to analyze at crop, variety and batch level seed inventory quantity and quality and forecast sales data, developing commercial practices, available markets and the speed of expected product portfolio changes. The rapidly evolving combination of corn seed genetics and trait stacks in North America and Latin America result in shorter commercial lives of a typical hybrid than in other crops and regions, with variation between actual and previously forecast sales and consequent greater risk of excess seed at individual hybrid level. Excess seed quantities are also affected by harvest yield, which is influenced by unpredictable weather and growing conditions. In 2013, the North American corn harvest delivered significantly greater yields than the historical average, increasing excess seed quantities. In 2013, reflecting these factors, seeds inventory allowance expense was $312 million (2012: $132 million) and allowances at December 31, 2013 were $406 million against an inventory cost of $1,585 million (December 31, 2012: allowances of $260 million against inventory cost of $1,441 million).

Environmental provisions

Remediation of environmental damage at sites with which Syngenta is associated typically takes a long time to complete due to the substantial amount of planning and regulatory approvals normally required before remediation activities can begin. The assumptions used by Syngenta to estimate its environmental provisions may change significantly before or during the remediation period due to changes in the extent of remediation required or the method used to remediate the damage. In addition, increases in or releases of environmental provisions may be necessary whenever new developments occur or additional information becomes available. The major uncertainties which impact the outcome of remediation are:

- the extent of the contaminated land area, which is not always limited to land occupied by the Syngenta site. Ongoing monitoring or remediation work may identify changes in the area believed to be contaminated.

- the nature of the work Syngenta will be obliged to perform or pay for. This depends upon the current or proposed use of contaminated land, substantively enacted legislation, and land zoning by and negotiation with the relevant regulatory authorities. In Switzerland, proposed remediation plans at certain sites may be subject to public referenda.

- sharing of costs with other past and present occupiers of Syngenta's sites. At certain shared sites, Syngenta is responsible for an agreed proportion of remediation costs, which may change following discussions with authorities and the affected third parties. At other sites, third parties have agreed to reimburse Syngenta for some or all of the costs it incurs.

Consequently, environmental provisions can change significantly. Because of the inherent uncertainties in estimating such long-term future obligations, Syngenta periodically supplements its internal expertise with external expertise when determining environmental provisions.

IAS 37 requires reimbursements of provisions to be recognized only when they are virtually certain to be received. No reimbursements are recognized if the third parties are disputing the reimbursement. Syngenta has recorded a reimbursement asset of $24 million at December 31, 2013 (2012: $25 million). The movements in environmental provisions are set out in Note 19 below.

In 2013 and 2012, except for cash paid on provisions established in prior years, there were no material changes to the provisions.

Notes to the Syngenta Group Consolidated Financial Statements

2. Significant accounting policy changes, judgments and estimates continued

Proposals have been made suggesting remediation of the existing contamination on certain shared sites in preference to monitoring and containment. Syngenta will negotiate the proposals with the relevant authorities but the final adopted solution is subject to regulatory uncertainty and the ultimate liability may be higher or lower than the amount provided. Taken together, the provisions at December 31, 2013, for these shared sites comprise approximately 20 percent of total environmental provisions of $310 million (2012: $345 million). The top ten exposures at the end of 2013 comprise approximately 80 percent of the total environmental provisions. In the opinion of management, reasonably possible increases in the provisions related to these top 10 exposures would not exceed 30 percent of the total environmental provision recognized at December 31, 2013.

At Syngenta's Monthey, Switzerland, production site, the work needed to remediate groundwater and soil contamination that exists under and around the site, including investigation, assessment, control and monitoring activities, is ongoing. The responsibility for these activities lies with Syngenta and one other chemical enterprise. In management's opinion, based on its current knowledge, Syngenta's environmental provisions are adequate to cover Syngenta's share of the expected costs to perform this remediation and no significant change to the provision has been made in 2013. However, the extent of the remediation work required, the cost estimates and their allocation are subject to uncertainty.

Defined benefit post-employment benefits

Significant judgment is required when selecting key assumptions for measuring post-employment benefit expense for a period and the defined benefit obligation at the period end for each defined benefit plan. The specific assumptions used are disclosed in Note 22, along with the experience variances between actual and assumed results. These variances were caused principally by external financial market movements in corporate bond yields used to benchmark the discount rate, and in asset prices affecting the actual return on assets. These factors are outside Syngenta's direct control, and it is reasonably possible that future variances will be at least as great as past variances.

At December 31, 2013, for each of Syngenta's three largest DB pension plans, the sensitivity of the DBO to a change in each significant actuarial assumption is as follows:

($m)	Switzerland	UK	USA
Discount rate	72	133	21
Pension increase	n/a	99	n/a
Interest credit rate	18	n/a	n/a
Life expectancy	70	91	9

Each sensitivity amount is calculated assuming that all other assumptions are held constant. It should be noted that economic factors and conditions often affect multiple assumptions simultaneously. For the UK pension plan, the discount rate and pension increase sensitivities shown are relative to price inflation, because limited price indexation of pensions in payment and deferred pension rights is required both by the Syngenta UK pension plan rules and by UK pension regulations. For Syngenta's Swiss and US plans, the sensitivities are for changes in the nominal discount rates, because the rules and statutory regulations applicable to those plans contain no inflation linkage and indexation of benefits to inflation is not general market practice in those countries. For assumptions other than life expectancy, the above sensitivity amount is the effect of a 25 basis point (bp) change in the stated assumption. Syngenta is not able to predict the extent of likely future changes in these assumptions, but based on past experience, the discount rate for each plan could change by up to 100 bp within a twelve month period. The life expectancy sensitivity is the difference between the December 31, 2013 defined benefit obligation (DBO) and the DBO amount projected using a one year increase, compared to the assumptions actually used, in the life expectancy for each plan member. This alternative projection is calculated using mortality rates that produce an immediate increase of one year for a plan member at normal retirement date, with corresponding changes at other ages. Syngenta is not able to predict the extent of likely future changes in life expectancy. The sensitivity of the DBO to the assumed rate of increase in pensionable pay is not material for any of the above three plans.

To select the discount rate, Syngenta uses yields of AA rated corporate bonds. The relevant yield is determined either by analyzing a population of bonds whose cash flows collectively approximate the estimated cash flow profile of benefit payments by a Syngenta plan (UK and USA), or by using the yield of a published bond index and adjusting it in line with the relevant market yield curve to the extent that the average maturity of the bonds in the index is different from that of the relevant Syngenta benefits (Switzerland). Nominal discount rates at December 31, 2013 are as follows:

Switzerland	2.25 percent	(2012: 2.0 percent)
UK	4.4 percent	(2012: 4.5 percent)
USA	4.7 percent	(2012: 3.8 percent)

In valuing the UK DBO at December 31, 2013, the UK long-term rate of retail price inflation (RPI) is assumed to be 3.4 percent (2012: 2.8 percent). Future statutory pension increases are based on consumer price inflation (CPI). Most Syngenta UK pension plan members have benefits specifically linked to RPI in accordance with the plan rules, but some members will see increases linked to CPI. CPI is assumed to be 100 basis points (2012: 70 basis points) below RPI.

In recent years, life expectancy has increased in all major countries in which Syngenta sponsors pension plans. Syngenta sets mortality assumptions after considering the most recent statistics practicable. Syngenta uses generational mortality tables to estimate probable future mortality improvements. These tables assume that the trend of increasing life expectancy will continue, resulting in pension benefit payments to younger members being likely to be paid for longer time periods than older members' pensions, given that assumed retirement ages are those defined in the rules of each plan. In 2012, in the context of the triennial UK statutory valuation of the plan, Syngenta updated the mortality assumptions for its UK plan and now uses current mortality rates based on the UK Institute and Faculty of Actuaries' CMI SAPS Pensioner Amounts Light tables reflecting long cohort improvements from 2002-2012, with assumed future improvement of 1.25 percent per annum in line with the CMI Core Projections model 2013 (2012: CMI Core Projections model 2011). Syngenta's adoption of these mortality assumptions in 2012 increased the benefit obligation by $80 million (3.4 percent).

At December 31, 2013 and 2012, Syngenta valued the benefit obligation for its Swiss pension plan using mortality assumptions from the BVG 2010 generational table. Syngenta's adoption of these assumptions in 2011 increased the benefit obligation by $66 million (4.4 percent). No further changes were made to these assumptions in 2013 or 2012.

2. Significant accounting policy changes, judgments and estimates continued

At December 31, 2013, Syngenta used the RP 2000 generational tables with scale AA mortality improvements for its US pension plan, for all purposes other than calculation of lump sums. Adopting these assumptions had no significant impact on the benefit obligation compared to the previous assumptions.

Syngenta's major pension plans give members lump sum or annuity benefit payment options. Syngenta values its pension liabilities on the assumption that the choices made by members who will retire in the future will be consistent with choices made by members who have retired recently. For the US plan, Syngenta has assumed that all current active members will take the lump sum option at retirement date as, under current conditions, this results in a higher liability than the annuity option.

Deferred tax assets

At December 31, 2013, Syngenta's deferred tax assets are $960 million (2012: $1,075 million). Included in this balance are deferred tax assets for unused tax losses of $90 million (2012: $108 million). The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or in which tax losses can be utilized. The tax effect of unused tax losses is recognized as a deferred tax asset when it becomes probable that the tax losses will be utilized. In making assessments regarding deferred tax assets, management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. At December 31, 2013, based upon the level of historical taxable income and projections for future taxable income over the periods in which deferred tax assets are deductible, management believes that it is more likely than not that Syngenta will realize the benefits of these deductible differences. The amount of deferred tax assets considered realizable could however be reduced in subsequent years if estimates of future taxable income during their carry forward periods are reduced, or rulings by the tax authorities are unfavorable. Estimates are therefore subject to change due to both market related and government related uncertainties, as well as Syngenta's own future decisions on restructuring and other matters. Syngenta is unable to accurately quantify the future adjustments to deferred income tax expense that may occur as a result of these uncertainties.

The principal jurisdictions where deferred tax assets have not been recognized are Argentina and Brazil. For Argentina, no net deferred tax assets have been recognized at December 31, 2013 or 2012. At December 31, 2013, the carrying amount of deferred tax assets recognized in the consolidated balance sheet of one major Syngenta subsidiary in Brazil is $195 million (2012: $179 million) and the amount not recognized is $18 million (2012: $23 million). Syngenta has restricted the amount of deferred tax asset recognized for this subsidiary to the amount recoverable from the forecast taxable profits in the five years (2012: five years) following the balance sheet date.

Uncertain tax positions

Syngenta's supply chain is international, and intellectual property rights owned by Syngenta are used internationally within the Group. Transfer prices for the delivery of goods and charges for the provision of services by one Syngenta subsidiary to another, and arrangements to share research and development costs, may be subject to challenge by the national tax authorities in any of the countries in which Syngenta operates. Interpretation of taxation rules relating to financing arrangements between Syngenta entities and to foreign currency translation differences may also give rise to uncertain tax positions. Where a distribution of subsidiary retained earnings would incur withholding taxes, Syngenta also makes a management judgment whether a future distribution is probable.

Syngenta estimates and accrues taxes that will ultimately be payable when reviews or audits by tax authorities of tax returns are completed. These estimates include significant management judgments about the eventual outcome of the reviews and audits of all open years based on the latest information available about the positions expected to be taken by each tax authority. Actual outcomes and settlements may differ significantly from the estimates recorded in these consolidated financial statements. This may affect income tax expense reported in future years' consolidated income statements. At December 31, 2013, Syngenta's balance sheet includes assets of $138 million (2012: $130 million) included within Other accounts receivable, and liabilities of $687 million (2012: $574 million) shown separately on the face of the balance sheet, for current income taxes. These liabilities include $372 million in respect of the uncertain tax positions described above (2012: $284 million). The liability for uncertain income tax positions which Syngenta expects to be resolved in 2014 is approximately 10 percent of total recognized current income tax liabilities.

3. Acquisitions, divestments and other significant transactions

The following significant transactions occurred during 2013 and 2012.

2013

On October 31, 2013, Syngenta acquired 100 percent of the shares of MRI Seed Zambia Ltd. ("MRI Seed") and MRI Agro Zambia Ltd. ("MRI Agro") (collectively "MRI") for $84 million in cash, subject to final purchase price adjustment. MRI is a leading developer, producer and distributor of white corn seed in Zambia. Syngenta believes that the white corn market has high growth potential, and the crop is critical to Africa's future food security. MRI's corn germplasm is among Africa's most comprehensive and diverse, incorporating temperate, tropical and sub-tropical material. This unique portfolio will be developed to support expansion in high-growth East African markets and may be leveraged globally through Syngenta's elite breeding programs. MRI Agro also distributes crop protection chemicals and other agricultural inputs in Zambia.

3. Acquisitions, divestments and other significant transactions continued

The assets, liabilities and acquisition-date fair value of consideration recognized for this 2013 business combination were as follows. Because of the timing of the acquisition, the amounts recognized at December 31, 2013 for MRI's assets and liabilities are all provisional.

($m)	
Intangible assets	43
Other assets	25
Deferred tax and other liabilities	(6)
Net assets acquired	**62**
Purchase price	84
Unallocated purchase price	**22**

Costs related to the MRI acquisition were not material.

Cash flow from the MRI acquisition was as follows:

($m)	
Total cash paid for shares	84
Net cash acquired	(3)
Net cash outflow	**81**

Payments and receipts in 2013 of deferred and contingent consideration related to acquisitions and divestments completed in prior periods were $20 million and $9 million respectively.

On January 30 and March 8, 2013, Syngenta acquired the remaining equity interests in deVGen N.V. ("Devgen") that it did not already own after its initial takeover offer was settled in December 2012. This was accounted for as a settlement of the liability Syngenta had recognized at December 31, 2012 for non-controlling shareholders' put rights. On December 23, 2013, Syngenta acquired the remaining 15 percent equity interest in its Malaysian subsidiary, Syngenta Crop Protection Sdn Bhd, that it did not already own. Cash paid for these non-controlling interests was $39 million. This amount is shown within cash flows used for financing activities in the consolidated cash flow statement.

On December 31, 2013, Syngenta divested its Dulcinea Farms business ("Dulcinea") to Pacific Trellis Fruit LLC ("Pacific Trellis"), a US-based international grower and marketer of fresh produce.

2012

On October 1, 2012, Syngenta acquired from DuPont its professional products insecticide business, a leading supplier for the professional turf, ornamentals and home pest control markets, for a cash consideration of $128 million, including related inventories. The acquisition expanded the range of products which Syngenta offers to golf course and lawn care professionals and to ornamental growers, and also strengthened its portfolio for the control of home pests. The acquisition included the pest control brands Advion® and Acelepryn® and other intellectual property, transfer of certain employees, and exclusive supply and licensing agreements through which Syngenta can access the related active ingredients and formulated products from DuPont. Goodwill was $22 million and represents potential benefits from new product development derived from the acquired products and from combining them with existing Syngenta products. Syngenta expects to claim a tax deduction for this goodwill.

On November 8, 2012, Syngenta acquired control of Pasteuria Bioscience, Inc. ("Pasteuria"), a US-based biotechnology company. Syngenta now owns 100 percent of Pasteuria. Prior to taking control, Syngenta had held a 37 percent equity interest in Pasteuria indirectly through a venture capital fund which Syngenta consolidates in its financial statements. Syngenta recognized a $30 million gain on revaluing the interest to its fair value on November 8, 2012. This gain is reported within the General and administrative line in the 2012 consolidated income statement.

Since 2011, Syngenta and Pasteuria had been working in an exclusive global technology partnership to develop and commercialize biological products to control plant-parasitic nematodes, using the naturally occurring soil bacteria *Pasteuria spp*. The acquisition facilitates the introduction of key products to complement Syngenta's existing chemical nematicide range and to support integrated solutions across a broad variety of crops such as soybean, corn, cereals, sugarbeet and vegetables. Syngenta finalized the acquisition accounting during 2013 with no measurement period adjustments. Goodwill arising on acquiring Pasteuria was $37 million and mainly represents deferred income tax liabilities which, as required by IFRS 3 and IAS 12, are treated as an exception to the fair value principle applied when measuring other items in acquisition accounting. No tax deduction is expected to be available for the goodwill.

On November 29, 2012, Syngenta acquired 100 percent of the shares of Sunfield Seeds Inc. ("Sunfield"), a US-based provider of sunflower seeds production and processing services, for cash consideration. The acquisition represented an important step in the implementation of Syngenta's sunflower strategy by strengthening supply chain capabilities to enable future growth. Syngenta finalized the acquisition accounting during 2013. Measurement period adjustments to the provisional asset and liability amounts recognized at December 31, 2012 were not material. Goodwill was $31 million and mainly represents the benefits to Syngenta of integrating Sunfield's additional production and processing into Syngenta's operations. Syngenta does not expect to be able to claim a tax deduction for this goodwill.

On September 21, 2012, Syngenta announced a takeover offer for Devgen, a company listed on the Euronext stock exchange. On December 12, 2012, it was announced that on closing of the initial acceptance period, shares and warrants representing 94.11 percent of Devgen's total issued share capital had been tendered in acceptance of the offer, which was consequently declared unconditional. Syngenta considers December 12, 2012 to be the acquisition date as defined by IFRS 3. At December 31, 2012, Syngenta had paid EUR 375 million ($493 million) for the tendered shares and warrants.

Devgen is a global leader in hybrid rice and RNAi technology. The acquisition enables Syngenta to combine its leading crop protection portfolio with Devgen's best-in-class rice hybrids and broad germplasm diversity. Devgen also brings proven expertise in RNAi-based insect control, for which the two companies signed a global license and research agreement to develop spray applications in May 2012. In respect of that agreement, Syngenta recognized a $27 million intangible asset separately from the subsequent acquisition, and no gain or loss related to this arose upon acquisition. Syngenta finalized the acquisition accounting in 2013. Measurement period adjustments to the provisional asset and liability amounts recognized at December 31, 2012 were not material. Goodwill was $269 million and principally represents the expected future benefit to Syngenta's integrated Crop Protection and Seeds commercial strategy arising from the Devgen acquisition. Syngenta has not yet determined the amount of goodwill, if any, which is expected to be deductible for tax.

3. Acquisitions, divestments and other significant transactions continued

The assets, liabilities and acquisition-date fair value of consideration recognized for these 2012 business combinations were as follows:

($m)	Devgen	Other	Total fair values
Cash and cash equivalents	66	4	70
Trade receivables and other assets	23	78	101
Intangible assets	202	209	411
Deferred tax assets	43	9	52
Deferred tax and other liabilities	(73)	(120)	(193)
Net assets acquired	261	180	441
Purchase price	493	226	719
Non-controlling shareholders' put rights	37	–	37
Fair value of interests already held by Syngenta	–	44	44
Goodwill	269	90	359

Gross contractual amounts receivable were not materially different from the fair value of acquired receivables.

Cash flow from these 2012 acquisitions was as follows:

($m)	
Total cash paid for shares	723
Net cash acquired	(70)
Net cash outflow	653

Costs related to the above acquisitions were $8 million.

On June 11, 2012, Syngenta divested the Fafard peat unit of its Lawn and Garden business to Sun Gro Horticulture Canada Ltd. On November 13, 2012, Syngenta divested its US Flowers distribution and brokerage business, Syngenta Horticultural Services, to Griffin Greenhouse Supplies, Inc. Consideration consists of cash for both the above transactions and future consideration receivable is not material.

The income statement and cash flow effects of these transactions have been reported in Restructuring within General and administrative and in Business divestments, respectively. Both businesses were divested on a cash and debt free basis. Aggregate assets and liabilities divested were as follows:

($m)	Carrying amounts
Trade receivables and other assets	46
Inventories	29
Property, plant and equipment	28
Intangible assets	17
Other net liabilities	(10)
Net assets divested	110

4. Segmental breakdown of key figures for the years ended December 31, 2013 and 2012

Syngenta is organized on a worldwide basis into five operating segments: the four geographic regions, comprising the integrated Crop Protection and Seeds business, and the global Lawn and Garden business. Income and expense transactions in the integrated business have been attributed to the geographic regions based on the market destination to which they relate, rather than on the region in which they originated. Some costs of the integrated organization do not relate to a geographic destination and are reported as non-regional. Segment performance is managed based on segment operating income, which is the measure of segment profit or loss presented, and is based on the same accounting policies as consolidated operating income. No operating segments have been aggregated to form the reportable segments.

2013 ($m)	EAME[1]	North America	Latin America	Asia Pacific	Non-regional	Total integrated	Lawn and Garden	Group
Product sales – to third parties	4,184	3,709	3,987	1,931	–	13,811	688	14,499
Royalty income – from third parties	39	139	4	4	–	186	3	189
Total segment sales	4,223	3,848	3,991	1,935	–	13,997	691	14,688
Cost of goods sold	(1,958)	(2,169)	(2,290)	(1,041)	(215)	(7,673)	(313)	(7,986)
Gross profit	2,265	1,679	1,701	894	(215)	6,324	378	6,702
Marketing and distribution	(676)	(544)	(594)	(300)	(104)	(2,218)	(176)	(2,394)
Research and development	–	–	–	–	(1,320)	(1,320)	(56)	(1,376)
General and administrative:								
Restructuring	(18)	(27)	(5)	(6)	(101)	(157)	(22)	(179)
Other general and administrative	(141)	(61)	(87)	(54)	(297)	(640)	(27)	(667)
Operating income/(loss) – continuing operations	1,430	1,047	1,015	534	(2,037)	1,989	97	2,086
Included in the above operating income from continuing operations are:								
Personnel costs	(541)	(449)	(475)	(266)	(706)	(2,437)	(158)	(2,595)
Depreciation of property, plant and equipment					(320)	(320)	(18)	(338)
Amortization of intangible assets					(238)	(238)	(17)	(255)
Impairment of property, plant and equipment, intangible and financial assets					(34)	(34)	–	(34)
Other non-cash items including charges in respect of provisions					(61)	(61)	(11)	(72)
Gains/(losses) on hedges reported in operating income	–	(14)	25	–	(18)	(7)	15	8

1 EAME: Europe, Africa and Middle East

Segment operating income/(loss) reconciles to consolidated income before taxes as follows:

2013 ($m)	
Segment operating income	2,086
Income from associates and joint ventures	48
Financial expense, net	(200)
Income before taxes	1,934

Notes to the Syngenta Group Consolidated Financial Statements

4. Segmental breakdown of key figures for the years ended December 31, 2013 and 2012 continued

2012[2] ($m)	EAME[1]	North America	Latin America	Asia Pacific	Non-regional	Total integrated	Lawn and Garden	Group
Product sales – to third parties	3,939	3,574	3,709	1,824	–	13,046	754	13,800
Royalty income – from third parties	35	357	4	3	–	399	3	402
Total segment sales	3,974	3,931	3,713	1,827	–	13,445	757	14,202
Cost of goods sold	(1,864)	(1,807)	(2,057)	(973)	(154)	(6,855)	(368)	(7,223)
Gross profit	2,110	2,124	1,656	854	(154)	6,590	389	6,979
Marketing and distribution	(664)	(607)	(546)	(303)	(95)	(2,215)	(208)	(2,423)
Research and development	–	–	–	–	(1,199)	(1,199)	(58)	(1,257)
General and administrative:								
Restructuring	(25)	(27)	(37)	(12)	(119)	(220)	(38)	(258)
Other general and administrative	(146)	(153)	(103)	(46)	(291)	(739)	(46)	(785)
Operating income/(loss) – continuing operations	1,275	1,337	970	493	(1,858)	2,217	39	2,256
Included in the above operating income from continuing operations are:								
Personnel costs	(560)	(431)	(492)	(266)	(878)	(2,627)	(168)	(2,795)
Depreciation of property, plant and equipment					(317)	(317)	(16)	(333)
Amortization of intangible assets					(256)	(256)	(9)	(265)
Impairment of property, plant and equipment, intangible and financial assets					(40)	(40)	(5)	(45)
Other non-cash items including charges in respect of provisions					(98)	(98)	(33)	(131)
Gains/(losses) on hedges reported in operating income	–	18	8	–	(57)	(31)	(1)	(32)

1 EAME: Europe, Africa and Middle East

Segment operating income/(loss) reconciles to consolidated income before taxes as follows:

2012[2] ($m)	
Segment operating income	2,256
Income from associates and joint ventures	7
Financial expense, net	(147)
Income before taxes	**2,116**

2 After effect of accounting policy change for employee benefits as described in Note 2. $30 million expense allocated to Non-regional, $5 million to North America, $1 million to Lawn and Garden

Revenues by product group for the years ended December 31, 2013 and 2012 are as follows:

($m)	2013	2012
Crop Protection	**10,793**	10,208
Seeds	**3,204**	3,237
Lawn and Garden	**691**	757
Total	**14,688**	14,202

Summarized additional information on the nature of expenses for the years ended December 31, 2013 and 2012 is as follows:

($m)	2013	2012[1]
Salaries, short-term employee benefits and other personnel expense	**2,374**	2,607
Pension and other post-employment benefit expense	**141**	104
Share based payment expense	**80**	84
Total personnel costs	**2,595**	2,795
Depreciation of property, plant and equipment	**338**	333
Impairment of property, plant and equipment	**–**	29
Amortization of intangible assets	**255**	265
Impairment of intangible assets	**23**	13

1 After effect of accounting policy change for employee benefits as described in Note 2

Notes to the Syngenta Group Consolidated Financial Statements

4. Segmental breakdown of key figures for the years ended December 31, 2013 and 2012 continued

During 2012, as a result of the settlement of litigation related to the herbicide atrazine, a net expense of $80 million was recognized within North America's General and administrative.

5. Regional breakdown of key figures for the years ended December 31, 2013 and 2012

The following countries individually accounted for more than 5 percent of one or more of the respective Syngenta totals for the years ended December 31, 2013 and 2012 or at December 31, 2013 and 2012.

($m, except %)	Sales[1]				Total non-current assets[2]			
Country	2013	%	2012	%	2013	%	2012	%
Belgium	65	–	79	1	239	3	495	7
Brazil	2,715	18	2,466	17	271	4	286	4
France	684	5	651	5	158	2	139	2
Switzerland	70	–	69	–	3,003	40	2,947	40
UK	190	1	218	2	603	8	525	7
USA	3,486	24	3,745	26	1,882	25	1,842	25
Others	7,478	52	6,974	49	1,411	18	1,086	15
Total	14,688	100	14,202	100	7,567	100	7,320	100

1 Sales by location of third party customer
2 Excluding deferred tax assets, defined benefit pension assets and derivative financial assets

No single customer accounted for 10 percent or more of Syngenta's total sales.

6. Restructuring

Restructuring for the years ended December 31, 2013 and 2012, broken down into the main restructuring initiatives, consists of the following:

($m)	2013	2012
Operational efficiency programs:		
Cash costs		
Charged to provisions	6	7
Expensed as incurred	27	48
Non-cash costs		
Impairments	6	2
Integrated crop strategy programs:		
Cash costs		
Charged to provisions	7	4
Expensed as incurred	53	98
Acquisition and related integration costs:		
Cash costs		
Expensed as incurred	30	18
Non-cash items		
Reversal of inventory step-ups	–	7
Reacquired rights	11	14
Divestment losses	4	25
Other non-cash restructuring:		
Non-current asset impairment	35	42
Total restructuring	179	265

Restructuring for the years ended December 31, 2013 and 2012 is presented within the consolidated income statement as follows:

($m)	2013	2012
Reported as:		
Cost of goods sold	–	7
Restructuring	179	258
Total restructuring	179	265

2013

Operational efficiency programs

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

Integrated crop strategy programs

Cash costs of $60 million include $27 million of charges for consultancy and advisory services, re-training of employees and project management, $17 million for information system infrastructure projects, $8 million for legal entity merger projects to combine former Seeds and Crop Protection legal entities, $6 million to restructure the Research and Development function and $2 million for on-going integration of marketing and sales operations, mainly in Europe.

Acquisition and related integration costs

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

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

6. Restructuring continued

period than the expected economic life of the intellectual property rights underlying the license, which were generated internally within Syngenta. Syngenta views this significant amortization charge as an accounting effect of integrating Greenleaf into Syngenta. The resulting acceleration of amortization results in a final charge in 2013 of $11 million.

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

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

2012

Operational efficiency programs
During 2012, costs of $44 million were incurred on the projects to standardize and consolidate global back office operations. $3 million of costs were incurred for restructuring in the corporate headquarters, $4 million of costs were charged for restructuring at sales and distribution sites in France, Switzerland and the UK, and a further $4 million of other operational efficiency cash costs included charges for project management, standard process design and outsourcing of information systems. Impairment costs related to the sites in France and the UK.

Integrated crop strategy programs
Cash costs of $35 million were incurred for the continuing integration of commercial operations of sales and marketing teams in the regions. $58 million was charged to the regions for support function projects, including $15 million for severance and pension costs, $21 million for information system infrastructure projects and $22 million of other charges including consultancy and advisory services, re-training of employees and project management. $5 million of costs related to restructuring the organization of the global Research and Development function and $4 million of costs related to legal entity restructuring.

Acquisition and related integration costs
Included in acquisition and related integration costs are $6 million related to the acquisitions described in Note 3 above and $6 million of charges incurred for integrating previous acquisitions. The remaining charges related to divestments and incomplete transactions.

Reversal of inventory step-up related to the acquisitions of Maribo Seeds, the Pybas and Synergene lettuce companies and the purchase of the Greenleaf controlling interest.

Amortization of reacquired rights related to the Greenleaf exclusive licensing rights described above.

Divestment losses were incurred on the divestments of the Fafard peat unit and the Syngenta Horticultural Services business.

Other non-cash restructuring
Non-current asset impairments included $21 million for production plant machinery in Brazil, $12 million for the impairment of a product right and trademark where the technical and commercial success became less probable and $5 million for the write-down of land in the USA that was acquired as part of a business combination.

7. Income taxes

Income before taxes from continuing operations for the years ended December 31, 2013 and 2012 consists of the following:

($m)	2013	2012[1]
Switzerland	**1,241**	1,201
Foreign	**693**	915
Total income before taxes	**1,934**	2,116

1 After effect of accounting policy change for employee benefits as described in Note 2

Income tax (expense)/benefit on income from continuing operations for the years ended December 31, 2013 and 2012 consists of the following:

($m)	2013	2012[1]
Current income tax (expense):		
Switzerland	**(88)**	(84)
Foreign	**(281)**	(270)
Total current income tax (expense)	**(369)**	(354)
Deferred income tax (expense)/benefit:		
Switzerland	**(39)**	(14)
Foreign	**123**	102
Total deferred income tax (expense)/benefit	**84**	88
Total income tax (expense):		
Switzerland	**(127)**	(98)
Foreign	**(158)**	(168)
Total income tax (expense)	**(285)**	(266)

1 After effect of accounting policy change for employee benefits as described in Note 2

The components of current income tax (expense) on income from continuing operations for the years ended December 31, 2013 and 2012 are:

($m)	2013	2012
Current tax (expense) relating to current years	**(380)**	(375)
Adjustments to current tax for prior periods	**10**	19
Benefit of previously unrecognized tax losses	**1**	2
Total current income tax (expense)	**(369)**	(354)

The components of deferred income tax (expense)/benefit on income from continuing operations for the years ended December 31, 2013 and 2012 are:

($m)	2013	2012[1]
Origination and reversal of temporary differences	**67**	94
Changes in tax rates or legislation	**34**	24
Benefit of previously unrecognized deferred tax assets	**2**	18
Non recognition of deferred tax assets	**(19)**	(48)
Total deferred income tax (expense)/benefit	**84**	88

1 After effect of accounting policy change for employee benefits as described in Note 2

Notes to the Syngenta Group Consolidated Financial Statements

7. Income taxes continued

OCI and Income tax relating thereto, for each component of equity, for the years ended December 31, 2013 and 2012 is as follows:

	2013			2012[1]		
($m)	Pre-tax	Tax	Post-tax	Pre-tax	Tax	Post-tax
Items that will not be reclassified to profit or loss:						
Retained earnings: Actuarial gains/(losses)	146	(55)	91	(118)	20	(98)
Items that may be reclassified to profit or loss:						
Fair value reserves: Available-for-sale financial assets	17	(3)	14	(1)	–	(1)
Fair value reserves: Cash flow and net investment hedges	14	(11)	3	108	(10)	98
Currency translation effects	(39)	(48)	(87)	86	(12)	74
Total	138	(117)	21	75	(2)	73

1 After effect of accounting policy change for employee benefits as described in Note 2

The following tax was (charged)/credited to shareholders' equity for the years ended December 31, 2013 and 2012:

($m)	2013	2012
Current tax[1]	4	20
Deferred tax[1]	(3)	(3)
Total income tax (charged)/credited to equity	1	17

1 Current and deferred tax related to share based payments

Analysis of tax rate

The table below presents the main elements causing Syngenta's effective tax rate to differ from the statutory tax rate for the years ended December 31, 2013 and 2012. Syngenta's statutory rate consists of the domestic Swiss tax rate. Syngenta applies the domestic Swiss tax rate as it is more meaningful than using the weighted average tax rate. The domestic Swiss tax rate consists of the Swiss federal income tax rate (8.50 percent) and the income tax rate of the canton Basel (20.0 percent). Federal and canton tax rates are deductible from the tax basis, therefore the Swiss domestic tax rate is 22.18 percent in 2013. The decrease of the income tax rate of the canton Basel to 20 percent in 2013 from 20.5 percent in 2012 resulted in the decrease in the domestic Swiss tax rate to 22.18 percent in 2013 from 22.48 percent in 2012.

	2013 %	2012 %
Statutory tax rate	22	22
Effect of income taxed at different rates	(7)	(11)
Tax deduction for goodwill amortization not recognized for IFRS	(1)	–
Effect of other disallowed expenditures and income not subject to tax	(1)	–
Effect of changes in tax rates and laws on previously recognized deferred tax assets and liabilities	(2)	(1)
Effect of recognition of previously unrecognized deferred tax assets	–	(1)
Changes in prior year estimates and other items	3	2
Effect of non-recognition of deferred tax assets	1	2
Effective tax rate	15	13

Notes to the Syngenta Group Consolidated Financial Statements

7. Income taxes continued

The movements in deferred tax assets and liabilities during the year ended December 31, 2013 are as follows:

2013 ($m)	January 1	Recognized in net income	Recognized in equity and OCI	Currency translation effects	Other movements and acquisitions	December 31
Assets associated with:						
Inventories	493	174	(52)	(13)	20	622
Accounts receivable	211	59	–	(28)	–	242
Pensions and employee costs	174	(21)	(58)	1	–	96
Provisions	328	(43)	–	(18)	2	269
Unused tax losses	108	(26)	–	5	3	90
Financial instruments, including derivatives	16	(3)	2	(1)	–	14
Other	45	(12)	–	13	(39)	7
Deferred tax assets	1,375	128	(108)	(41)	(14)	1,340
Liabilities associated with:						
Property, plant and equipment	(312)	(7)	–	(4)	(4)	(327)
Intangible assets	(337)	72	–	(2)	(15)	(282)
Inventories	(76)	(79)	–	14	(21)	(162)
Financial instruments, including derivatives	(54)	23	12	–	–	(19)
Other provisions and accruals	(277)	(42)	–	(6)	–	(325)
Other	(115)	(11)	(3)	2	68	(59)
Deferred tax liabilities	(1,171)	(44)	9	4	28	(1,174)
Net deferred tax asset/(liability)	204	84	(99)	(37)	14	166

The movements in deferred tax assets and liabilities during the year ended December 31, 2012 are as follows:

2012[1] ($m)	January 1	Recognized in net income	Recognized in equity and OCI	Currency translation effects	Other movements and acquisitions	December 31
Assets associated with:						
Inventories	434	76	(14)	(3)	–	493
Accounts receivable	184	38	–	(11)	–	211
Pensions and employee costs	175	(20)	17	1	1	174
Provisions	309	22	–	(6)	3	328
Unused tax losses	33	33	–	–	42	108
Financial instruments, including derivatives	20	(1)	–	–	(3)	16
Other	78	(33)	–	3	(3)	45
Deferred tax assets	1,233	114	3	(16)	40	1,375
Liabilities associated with:						
Property, plant and equipment	(307)	(6)	1	(5)	5	(312)
Intangible assets	(305)	64	(1)	(4)	(91)	(337)
Inventories	(88)	9	–	4	(1)	(76)
Financial instruments, including derivatives	(60)	(8)	13	–	1	(54)
Other provisions and accruals	(223)	(49)	–	(5)	–	(277)
Other	(81)	(37)	(1)	–	4	(115)
Deferred tax liabilities	(1,064)	(27)	12	(10)	(82)	(1,171)
Net deferred tax asset/(liability)	169	88	15	(26)	(42)	204

1 After effect of accounting policy change for employee benefits as described in Note 2

Notes to the Syngenta Group Consolidated Financial Statements

7. Income taxes continued

The deferred tax assets and liabilities at December 31, 2013 and 2012 reconcile to the amounts presented in the consolidated balance sheet as follows:

($m)	2013	2012[1]
Deferred tax assets	**1,340**	1,375
Adjustment to offset deferred tax assets and liabilities[2]	**(380)**	(300)
Adjusted deferred tax assets	**960**	1,075
Deferred tax liabilities	**(1,174)**	(1,171)
Adjustment to offset deferred tax assets and liabilities[2]	**380**	300
Adjusted deferred tax liabilities	**(794)**	(871)

1 After effect of accounting policy change for employee benefits as described in Note 2
2 Deferred tax assets and liabilities relating to income taxes levied by the same taxation authority on the same taxable entity or on entities which intend to settle current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously are offset for presentation on the face of the consolidated balance sheet where a legal right of set-off exists

The gross value at December 31, 2013 and 2012 of unused tax loss carry forwards for which no deferred tax asset has been recognized, by expiration date, is as follows:

($m)	2013	2012
One year	**6**	1
Two years	**4**	7
Three years	**6**	1
Four years	**4**	10
Five years	**7**	5
More than five years	**538**	592
No expiry	**11**	5
Total	**576**	621

The above losses consist mainly of US state tax loss carry forwards. The applicable tax rate for these US state tax carry forwards is 5 percent of the gross amounts.

Deferred tax assets, other than those related to unused tax losses, are not subject to expiry.

A deferred tax asset or liability has not been recognized at December 31, 2013 and 2012 on the following items:

($m)	2013	2012
Temporary differences for which no deferred tax assets have been recognized	**311**	322
Temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized	**790**	685

There are no income tax consequences for Syngenta of paying a dividend to its shareholders.

8. Earnings per share

Basic earnings per share amounts are calculated by dividing net income for the year attributable to ordinary shareholders of Syngenta AG by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary shareholders of Syngenta AG by the sum of the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Treasury shares are deducted from total shares in issue for the purposes of calculating earnings per share.

The calculation of diluted earnings per share for the year ended December 31, 2013 excluded 261,854 (2012: 458,480) of Syngenta AG shares and options granted to employees, as their inclusion would have been antidilutive.

($m, except number of shares)	2013	2012[1]
Net income attributable to Syngenta AG shareholders	**1,644**	1,847
Weighted average number of shares		
Weighted average number of shares – basic	**91,952,222**	91,644,190
Adjustments for dilutive potential ordinary shares:		
Grants of options over Syngenta AG shares under employee share participation plans	**257,161**	254,995
Grants of Syngenta AG shares under employee share participation plans	**249,923**	233,737
Weighted average number of shares – diluted	**92,459,306**	92,132,922

1 After effect of accounting policy change for employee benefits described in Note 2

9. Trade and other accounts receivable

Trade receivables at December 31, 2013 and 2012 are as follows:

($m)	2013	2012
Trade receivables, gross	3,671	3,415
Provision for doubtful trade receivables	(226)	(224)
Trade receivables, net	**3,445**	3,191

Movements in the provision for doubtful trade receivables for the years ended December 31, 2013 and 2012 are as follows:

($m)	2013	2012
January 1	(224)	(246)
Amounts (charged)/credited to income	(33)	(11)
Amounts written off	5	19
Currency translation effects and other	26	14
December 31	(226)	(224)

The ages of trade and other accounts receivable at December 31, 2013 and 2012 that were past due, but not impaired, are as follows:

2013 ($m)	Total past due	0–90 days	90–180 days	More than 180 days
Trade receivables, gross	532	317	43	172
Provision for doubtful trade receivables	(174)	(4)	(20)	(150)
Other accounts receivable	301	143	67	91
Total	**659**	**456**	**90**	**113**

2012 ($m)	Total past due	0–90 days	90–180 days	More than 180 days
Trade receivables, gross	531	308	52	171
Provision for doubtful trade receivables	(173)	(4)	(19)	(150)
Other accounts receivable	208	118	28	62
Total	566	422	61	83

At the reporting date there are no indications that debtors whose accounts are neither overdue nor impaired will not meet their payment obligations.

The carrying amount of trade receivables transferred in full and partial recourse factoring arrangements, but not derecognized is $181 million (2012: $122 million). Related liabilities of $161 million (2012: $122 million) are disclosed in Note 16 and the remaining liabilities are included in trade accounts payable (2012: $nil). The fair value of these receivables and the related liabilities is not significantly different from their carrying amounts. The amount of these receivables before the transfer transactions was $368 million (2012: $175 million).

The fair value of trade receivables containing embedded exchange rate options that Syngenta has designated as at fair value through profit or loss at December 31, 2013 was $143 million (2012: $84 million). These amounts represent Syngenta's maximum exposure to credit risk relating to these types of trade receivables. Amounts charged to profit or loss in relation to these trade receivables for the years ended December 31, 2013 and 2012 were not material.

Other accounts receivable of $979 million (2012: $932 million) include income taxes recoverable of $138 million (2012: $130 million) and are net of immaterial provisions for doubtful accounts.

10. Other current assets

Other current assets at December 31, 2013 and 2012 are as follows:

($m)	2013	2012
Prepaid expenses	185	190
Other	64	67
Total	**249**	257

11. Inventories

Inventories at December 31, 2013 and 2012 are as follows:

($m)	2013	2012
Raw materials and consumables	1,275	1,002
Biological assets	33	37
Work in progress	941	814
Finished products	3,327	2,881
Total	5,576	4,734

Movements in inventory write-downs for the years ended December 31, 2013 and 2012 are as follows:

($m)	2013	2012
January 1	(321)	(313)
Additions charged to income	(355)	(177)
Reversals of inventory write-downs	21	30
Amounts utilized on disposal of related inventories	187	136
Currency translation effects and other	11	3
December 31	(457)	(321)

Reversals of inventory write-downs arise in the normal course of business when actual outcomes are more favorable than assumptions made in prior periods about Syngenta's future ability to sell inventories that are subject to risks of degradation and obsolescence, such as germination of seeds.

Movements in biological assets for the years ended December 31, 2013 and 2012 are as follows. These include amounts classified as other non-current assets.

($m)	2013	2012
January 1	68	51
Changes in fair value	159	173
Additions to cost	32	47
Sales and harvest	(220)	(201)
Currency translation effects and other	(3)	(2)
December 31	36	68
Of which: carried at fair value less costs to sell	32	33

Syngenta's inputs for measuring the fair value of those assets that are carried at fair value less costs to sell include both market data from actual sales and inputs based on the stage of growth of immature assets, which is not observable in the market. The fair values therefore represent a level 3 measurement in the fair value hierarchy as defined by IFRS 13. Their sensitivity to changes in the unobservable inputs is not material to the consolidated financial statements.

Quantities of biological assets in inventories at December 31, 2013 and 2012 are:

	2013	2012
(Millions of plants)		
Plants	71	69
Cuttings	488	520
(Thousands of hectares cultivated)		
Growing crops	2.8	7.2

12. Property, plant and equipment

Movements in property, plant and equipment for the year ended December 31, 2013 are as follows:

2013 ($m)	Land	Buildings	Machinery and equipment	Assets under construction	Total
Cost					
January 1	159	1,897	4,616	375	7,047
Additions	2	46	239	397	684
Disposals	(1)	(21)	(124)	–	(146)
Transfers between categories	–	104	150	(254)	–
Currency translation effects and other	(3)	23	59	(17)	62
December 31	157	2,049	4,940	501	7,647
Accumulated depreciation and impairment losses					
January 1	–	(1,056)	(2,798)	–	(3,854)
Depreciation charge	–	(62)	(276)	–	(338)
Depreciation on disposals	–	17	111	–	128
Currency translation effects and other	–	(23)	(54)	–	(77)
December 31	–	(1,124)	(3,017)	–	(4,141)
Net book value – December 31	157	925	1,923	501	3,506
Insured value – December 31					8,471

Additions to property, plant and equipment of $684 million (2012: $547 million) comprise $625 million (2012: $508 million) of cash purchases and $59 million (2012: $39 million) of other additions, including business combinations, initial recognition of finance leases and capitalized borrowing costs.

The net book value of property, plant and equipment accounted for as finance lease assets at December 31, 2013 was $107 million classified as Machinery and equipment (2012: $109 million).

Movements in property, plant and equipment for the year ended December 31, 2012 are as follows:

2012 ($m)	Land	Buildings	Machinery and equipment	Assets under construction	Total
Cost					
January 1	153	1,785	4,300	333	6,571
Additions	4	41	172	330	547
Disposals	(2)	(50)	(145)	(1)	(198)
Transfers between categories	–	89	182	(271)	–
Currency translation effects and other	4	32	107	(16)	127
December 31	159	1,897	4,616	375	7,047
Accumulated depreciation and impairment losses					
January 1	–	(999)	(2,547)	–	(3,546)
Depreciation charge	–	(60)	(273)	–	(333)
Impairment losses	–	(6)	(23)	–	(29)
Depreciation on disposals	–	33	118	–	151
Currency translation effects and other	–	(24)	(73)	–	(97)
December 31	–	(1,056)	(2,798)	–	(3,854)
Net book value – December 31	159	841	1,818	375	3,193
Insured value – December 31					8,178

Notes to the Syngenta Group Consolidated Financial Statements

13. Intangible assets

Movements in intangible assets for the year ended December 31, 2013 are as follows:

2013 ($m)	Goodwill	Product rights	Trademarks	Patents	Software	Other intangibles	Total
Cost							
January 1	1,923	3,304	96	70	373	328	6,094
Additions from business combinations	47	13	8	–	–	–	68
Other additions	–	17	–	–	31	54	102
Retirements and disposals	(4)	–	(14)	(2)	–	(2)	(22)
Currency translation effects	(17)	27	–	–	10	(1)	19
December 31	1,949	3,361	90	68	414	379	6,261
Accumulated amortization and impairment losses							
January 1	(280)	(1,877)	(40)	(32)	(247)	(117)	(2,593)
Amortization charge	–	(175)	(5)	(4)	(46)	(25)	(255)
Impairment losses	–	(15)	(6)	–	–	(2)	(23)
Retirements and disposals	–	–	14	–	–	3	17
Currency translation effects	–	(17)	1	–	(7)	(3)	(26)
December 31	(280)	(2,084)	(36)	(36)	(300)	(144)	(2,880)
Net book value – December 31	1,669	1,277	54	32	114	235	3,381

Other additions in 2013 and 2012 include intangible assets arising from license agreements involving non-monetary exchanges or where the cash flows related to the acquisition of the asset are payable over several years. Cash paid to acquire intangible assets was $75 million (2012: $112 million).

Amortization is included partly within cost of goods sold and partly within general and administrative expenses.

Other intangibles consist principally of values assigned to leases, supply contracts and customer relationships acquired in business combinations.

Movements in intangible assets for the year ended December 31, 2012 were as follows:

2012 ($m)	Goodwill	Product rights	Trademarks	Patents	Software	Other intangibles	Total
Cost							
January 1	1,598	2,793	100	68	334	322	5,215
Additions from business combinations	322	417	7	–	–	36	782
Other additions	–	74	–	1	36	13	124
Retirements and disposals	(4)	(3)	(12)	–	(8)	(46)	(73)
Currency translation effects	7	23	1	1	11	3	46
December 31	1,923	3,304	96	70	373	328	6,094
Accumulated amortization and impairment losses							
January 1	(279)	(1,670)	(41)	(27)	(204)	(125)	(2,346)
Amortization charge	–	(185)	(5)	(4)	(47)	(24)	(265)
Impairment losses	–	(12)	–	(1)	–	–	(13)
Retirements and disposals	4	3	7	–	7	33	54
Currency translation effects	(5)	(13)	(1)	–	(3)	(1)	(23)
December 31	(280)	(1,877)	(40)	(32)	(247)	(117)	(2,593)
Net book value – December 31	1,643	1,427	56	38	126	211	3,501

13. Intangible assets continued

The net book value at December 31, 2013 and 2012 of goodwill is allocated to Syngenta's operating segments and other CGUs as summarized below:

($m)	2013	2012
Allocated to operating segments:		
Europe, Africa and Middle East (EAME)	**235**	229
North America	**197**	175
Latin America	**173**	167
Asia Pacific	**355**	108
Lawn and Garden	**37**	14
Total allocated to operating segments	**997**	693
Allocated to other individual CGUs:		
North America Corn and Soybean seed	**315**	315
Other, not individually significant	**357**	325
Total allocated to other individual CGUs	**672**	640
Goodwill on recent acquisitions not yet allocated	**–**	310
Total goodwill	**1,669**	1,643

At December 31, 2012, goodwill arising on the acquisitions of the DuPont professional products business, Pasteuria and Devgen had not yet been allocated to CGUs because those acquisitions occurred close to year end and, in the last two cases, the acquisition measurement period was not complete.

14. Financial and other non-current assets

Financial and other non-current assets at December 31, 2013 and 2012 are as follows:

($m)	2013	2012[1]
Equity securities available-for-sale	**118**	79
Other non-current receivables	**358**	404
Defined benefit post-employment benefit asset (Note 22)	**287**	58
Long-term derivative financial assets (Note 28)	**56**	21
Total financial and other non-current assets	**819**	562
Investments in associates and joint ventures	**204**	143
Total	**1,023**	705

1 After effect of accounting policy change for employee benefits described in Note 2

None of Syngenta's investments in associates and joint ventures are publicly quoted. At December 31, 2013, these investments consist mainly of $119 million (2012: $67 million) for a 50 percent ownership of CIMO Compagnie Industrielle de Monthey SA, Switzerland, which provides manufacturing services to Syngenta and other occupants of the Monthey manufacturing site, $40 million (2012: $38 million) for a 49 percent ownership of Sanbei Seeds Co. Ltd., China and $39 million (2012: $31 million) for a 40 percent ownership of Maisadour Semences SA, France (Maisadour). The latter two entities produce and sell seeds. Maisadour sells seeds to Syngenta.

Syngenta's share of CIMO's net income for 2013 was $40 million (2012: $3 million) , which includes a contract termination penalty receipt and the deferred tax effect of a revised tax ruling. With that exception, neither effects on Syngenta's consolidated income statement for the periods presented, nor any financial statement line items of the above associates and joint ventures themselves, are material.

Transactions between Syngenta and its associates and joint ventures during the year ended December 31, 2013 are as follows:

- Goods and services provided by Syngenta to its associates and joint ventures $12 million (2012: $16 million)
- Goods and services provided by associates and joint ventures to Syngenta $134 million (2012: $111 million)

At December 31, 2013 Syngenta has accounts receivable and accrued income from associates and joint ventures of $18 million (2012: $22 million) and accrued liabilities to associates and joint ventures of $44 million (2012: $12 million).

A bank overdraft guarantee of $29 million (2012: $33 million) has been provided to an associate.

On November 12, 2013 Syngenta agreed to advance EUR 9 million ($12 million at December 31, 2013 currency translation rates) to its associated company Maisadour for 7 years to help finance the planned expansion of corn seed processing capacity in Maisadour Ukraine LLC, a subsidiary of Maisadour, which is a supplier of corn seeds to Syngenta. This current account advance will be made in instalments when called by Maisadour and bears a market rate of interest. By a deed between Syngenta, Maisadour and the European Bank for Reconstruction and Development (EBRD), repayment of the principal is subordinated to a loan between the EBRD and Maisadour Ukraine LLC which is guaranteed by Maisadour.

Notes to the Syngenta Group Consolidated Financial Statements

15. Trade accounts payable

The contractual maturities of trade accounts payable at December 31, 2013 and 2012 are as follows:

($m)	Total	0–90 days	90–180 days	180 days–1 year
2013	**3,817**	**2,767**	**121**	**929**
2012	3,409	2,372	46	991

16. Current financial debt and other financial liabilities

Current financial debt at December 31, 2013 and 2012 is as follows:

($m)	2013	2012
Bank and other financial debt	**598**	297
Receivables factored with recourse	**161**	122
Current portion of financial debt (Note 18)	**708**	561
Total current financial debt	**1,467**	980
Short-term derivative and other financial liabilities (Note 28)	**124**	68
Total	**1,591**	1,048

The following table presents additional information related to short-term borrowings at December 31, 2013:

2013 ($m)	Amount outstanding at December 31	Weighted average interest rate on outstanding balance	Average amount outstanding for the year	Weighted average interest rate on average outstanding balance	Maximum month-end amount during the year
Bank and other financial debt	**598**	**3.0%**	**846**	**2.0%**	**2,111**
Receivables factored with recourse	**161**	**8.4%**	**122**	**8.4%**	**166**
Current portion of financial debt (Note 18)	**708**	**4.6%**	**541**	**4.6%**	**708**
Total	**1,467**	**4.4%**	**1,509**	**3.5%**	**–**
2012	980	5.3%	1,156	4.6%	–

The contractual maturities of current financial debt at December 31, 2013 and 2012 are as follows:

($m)	Total	0–90 days	90–180 days	180 days–1 year
2013	**1,467**	**539**	**784**	**144**
2012	980	313	557	110

The maturities of short-term derivative and other financial liabilities are presented in Note 27.

Information about fair values of financial liabilities is presented in Note 28.

17. Other current liabilities

Other current liabilities at December 31, 2013 and 2012 consist of the following:

($m)	2013	2012
Accrued short-term employee benefits	**169**	332
Taxes other than income taxes	**120**	152
Accrued interest payable	**41**	54
Accrued utility costs	**90**	66
Social security and pension contributions	**106**	116
Other payables	**259**	246
Other accrued expenses	**188**	194
Total	**973**	1,160

The maturities of other current liabilities are as follows. For liabilities without a contractual maturity date, the analysis represents the estimated timing of cash outflows.

($m)	Total	0–90 days	90–180 days	180 days–1 year
2013	**973**	**617**	**133**	**223**
2012	1,160	659	232	269

18. Financial debt and other non-current liabilities

Financial debt and other non-current liabilities at December 31, 2013 and 2012 are as follows:

($m)	2013	2012
3.375% CHF domestic bond 2013	–	546
4.000% Eurobond 2014	687	658
4.125% Eurobond 2015	687	658
$ private placement notes	264	266
3.125% $ Notes 2022	494	497
4.375% $ Notes 2042	248	248
Unsecured bond issues and US private placement notes	**2,380**	2,873
Liabilities to banks and other financial institutions	5	8
Finance lease obligations	62	48
Total financial debt (including current portion)	**2,447**	2,929
Less: current portion of financial debt (Note 16)	(708)	(561)
Non-current derivative financial liabilities	–	51
Other non-current liabilities and deferred income	57	95
Total	**1,796**	2,514

Information about fair values of financial liabilities is presented in Note 28.

Other non-current liabilities and deferred income relates to license agreements with several counterparties. Related cash flows of $16 million (2012: $16 million) are payable between one and four years and $41 million of deferred income at December 31, 2013 (2012: $79 million) will be recognized in income as related licensed product sales occur.

The weighted average interest rate on non-current bank and other financial debt is 4.4 percent per annum (2012: 4.6 percent per annum).

The weighted average interest rate on the combined current and non-current bank and other financial debt is 4.0 percent per annum (2012: 4.9 percent per annum). The weighted average interest rates include the cost of financing emerging market borrowings.

Interest paid on non-current financial debt was $110 million (2012: $112 million). All non-current debt ranks equally.

Syngenta AG has fully and unconditionally guaranteed on a senior unsecured basis the due and punctual payment of the principal of and any premium and interest on the debt securities issued by Syngenta Finance NV, which is an indirect, wholly-owned finance subsidiary. The guarantees will rank equally with all of Syngenta's other unsecured and unsubordinated debt. No other subsidiary of Syngenta guarantees such debt securities.

19. Provisions

Provisions at December 31, 2013 and 2012 are as follows:

($m)	2013	2012
Restructuring provisions	39	59
Employee benefits:		
Pensions (Note 22)	400	302
Other post-retirement benefits (Note 22)	18	61
Other long-term employee benefits	70	61
Environmental provisions	308	343
Provisions for legal and product liability settlements	132	148
Other provisions	87	103
Total	**1,054**	1,077

($m)	2013	2012
Current portion of:		
Restructuring provisions	28	41
Employee benefits	108	40
Environmental provisions	60	68
Provisions for legal and product liability settlements	37	48
Other provisions	55	39
Total current provisions	288	236
Total non-current provisions	766	841
Total	**1,054**	1,077

The timing of payment in respect of non-current provisions is, with few exceptions, not contractually fixed and cannot be estimated with certainty. Key assumptions and sources of estimation uncertainty are discussed in Note 2.

At December 31, 2013, Syngenta recognized $35 million (2012: $38 million) in Financial and other non-current assets in respect of virtually certain reimbursements.

Syngenta has recorded provisions for environmental liabilities at some currently or formerly owned, leased and third party sites throughout the world. These provisions are estimates of amounts payable or expected to become payable and take into consideration the number of other potentially responsible parties at each site and the identity and financial positions of such parties in light of the joint and several nature of certain of the liabilities. The material components of Syngenta's environmental provisions consist of a risk assessment based on investigation of the various sites.

Provisions for legal and product liability settlements, all of which are individually immaterial, relate to various legal proceedings incidental to the normal conduct of Syngenta's business, including proceedings involving product liability claims, commercial claims, employment and wrongful termination claims, patent infringement claims, competition law claims, tax assessment claims, regulatory compliance claims, waste disposal claims and tort claims relating to the release of chemicals into the environment.

Other provisions mainly comprise provisions for long-term contractual obligations under license agreements.

Notes to the Syngenta Group Consolidated Financial Statements

19. Provisions continued

Movements in provisions for the year ended December 31, 2013 are as follows:

($m)	January 1	Charged to income	Release of provisions credited to income	Payments	Actuarial (gains)/losses	Transfers offset in defined benefit pension assets	Currency translation effects/other	December 31
Restructuring provisions:								
Employee termination costs	45	12	(1)	(29)	–	–	–	27
Other third party costs	14	6	(1)	(8)	–	–	1	12
Employee benefits:								
Pensions	302	91	–	(128)	(97)	218	14	400
Other post-retirement benefits	61	4	(2)	(11)	(39)	7	(2)	18
Other long-term employee benefits	61	9	–	(7)	–	–	7	70
Environmental provisions	343	8	(10)	(35)	–	–	2	308
Provisions for legal and product liability settlements	148	16	(22)	(5)	–	–	(5)	132
Other provisions	103	21	(28)	(13)	–	–	4	87
Total	**1,077**	**167**	**(64)**	**(236)**	**(136)**	**225**	**21**	**1,054**

Provisions for employee termination costs include severance, pension and other costs directly related to these employees.

Provisions for other third party costs principally include payments for early termination of contracts with third parties related to redundant activities.

20. Share capital

Each Syngenta ordinary share carries one vote at the shareholders' meetings of Syngenta. Voting rights may be exercised only after a shareholder has been registered in Syngenta's share register. Registration as a shareholder with voting rights is subject to certain declarations on the ownership of Syngenta shares. The number of ordinary shares of par value CHF 0.10 that were authorized, issued and outstanding at, and the movements during the years ended, December 31, 2013 and 2012, are presented in the table below.

The Board of Directors of Syngenta AG was authorized on April 24, 2012 to repurchase registered shares up to a maximum value of 10 percent of the company's share capital, for the purpose of capital reduction. On the basis of this authorization, Syngenta has established a second trading line on the SIX Swiss Exchange ("SIX") through which a maximum of 9,312,614 registered shares can be repurchased between July 25, 2013 and July 22, 2016. Up to December 31, 2013, 167,000 shares have been repurchased.

	2013		2012	
(Millions of shares)	Shares in issue	Treasury shares held	Shares in issue	Treasury shares held
January 1	93.1	(1.4)	93.8	(2.5)
Cancellation of treasury shares	–	–	(0.7)	0.7
Share repurchases	–	(0.4)	–	(0.2)
Issue of ordinary shares under employee share purchase and option plans	–	0.4	–	0.6
December 31	**93.1**	**(1.4)**	93.1	(1.4)

At December 31, 2013 and 2012 Syngenta had no open options accounted for as equity instruments.

Notes to the Syngenta Group Consolidated Financial Statements

21. Non-cash items included in income before taxes

The following table analyzes non-cash items included in income before taxes for the years ended December 31, 2013 and 2012:

($m)	2013	2012[1]
Depreciation, amortization and impairment of:		
Property, plant and equipment	**338**	362
Intangible assets	**278**	278
Financial assets	**11**	3
Deferred revenue and gains	**(34)**	(35)
Losses/(gains) on disposal of non-current assets	**3**	(17)
Charges in respect of equity-settled share based compensation	**67**	74
Charges in respect of provisions (Note 19)	**103**	183
Financial expense, net	**200**	147
(Gains)/losses on hedges reported in operating income	**(8)**	32
Income from associates and joint ventures	**(48)**	(7)
Total	**910**	1,020

1 After effect of accounting policy change for employee benefits described in Note 2

22. Post-employment benefits

Syngenta has, apart from legally required social security arrangements, numerous independent pension plans, which are either "defined contribution" plans where company contributions and resulting benefit costs are a set percentage of employees' pay or "defined benefit" plans where benefits are generally based on employees' length of service and pensionable pay. Syngenta's contributions to defined contribution plans were $42 million for the year ended December 31, 2013 (2012: $38 million). Approximately 35 percent of Syngenta's employees are members of defined benefit plans and a significant proportion of these are members of both defined benefit and defined contribution plans. All of Syngenta's major defined benefit plans are funded through legally separate trustee administered funds. The cash funding of these plans, which may from time to time involve special payments, is designed to ensure that present and future contributions should be sufficient to meet future liabilities. Syngenta's main defined benefit pension plans are in the UK, Switzerland and the USA.

UK

In accordance with its rules, Syngenta's UK Pension Fund (the UK Fund) is governed by a company (the Trustee) that is controlled by a publicly listed independent professional trustee corporation. That corporation appoints the Trustee's directors, including its own representative, Syngenta nominated and member nominated directors. The Trustee manages the UK Fund and appoints professional advisers independently to assist it in doing so. The Fund is subject to UK pensions legislation, is regulated by the UK Pensions Regulator and is exempt from most UK taxation through its registered status. The defined benefit section of the UK Fund has been closed since 2002. New employees since that date join a defined contribution pension plan. At retirement date, defined benefit members have the right to take up to 25 percent of the value of their benefits as a lump sum, with the balance being paid as an annuity. The Trustee is required by the UK Fund's rules to increase pensions in payment and accrued deferred pension rights each year by the lower of 5 percent and price inflation, as measured by the UK Retail Price Index (RPI) or Consumer Price Index (CPI), as applicable. An independent actuary is required to value the Fund's liabilities in accordance with UK pension regulations and certify the required contributions, both for future service and elimination of any deficit, at least every three years. Following each such valuation, employer contribution amounts must be formally agreed between Syngenta and the Trustee, subject to review by the Pensions Regulator, and remain binding until re-assessed in the following valuation. The solvency of the UK Fund, defined as its ability to pay benefits as they fall due, is guaranteed by the sponsoring subsidiary, Syngenta Ltd. Syngenta AG has irrevocably and unconditionally undertaken to ensure Syngenta Ltd. will honor that guarantee. In addition, certain benefits under the Plan are guaranteed by the UK Pension Protection Fund.

The Trustee agrees the investment strategy for the UK Fund's assets and implements it through an investment sub-committee (the UK Investment Committee) it appoints from among the Trustee directors. The investment objectives are to ensure the assets are appropriately diversified and liquid to generate sufficient returns to meet the benefit liability and control the long term costs of the UK Fund. These objectives are achieved through appointing and monitoring a number of third party investment managers, each with specific investment mandates that collectively cover a wide range of investment classes and geographical markets and utilize both asset liability matching and return seeking strategies. Asset liability matching is achieved both through underlying investment class selection (e.g. fixed interest) and through using derivatives to limit the potential impact of changes in interest rates, price inflation and foreign currency exchange rates on the benefits payable by and assets of the UK Fund.

Notes to the Syngenta Group Consolidated Financial Statements

22. Post-employment benefits continued

Switzerland

The Swiss federal law on occupational old age, survivors' and disability pensions ("BVG") sets minimum standards for occupational pension plans, which Syngenta's Swiss pension fund (the Swiss Fund) exceeds. All employees having had an employment contract for more than three months with any of Syngenta's Swiss subsidiaries or with its CIMO joint venture entity (see Note 14) and whose age and income exceed the minimum stipulated by BVG are automatically insured in the Swiss Fund. The benefits payable on retirement are calculated according to the capital sums that each member accumulates through transfer of benefits from previous employments, employer and employee contributions during service with Syngenta, interest and member voluntary contributions. Disability and survivors' death in service benefits are defined on the basis of the member's insured remuneration. Leavers before retirement are required to transfer their accumulated retirement and capital savings to the occupational pension plan of their new employment. The Swiss Fund is governed by a twelve member Board of Trustees. Six members, including the President, are nominated by Syngenta, and six are elected by insured plan members from among the employees. Its decisions regarding certain items, including rates of service and interest credits, conversion rates on retirement and plan asset investment strategy require a two-thirds majority vote. Legal conformity of the Swiss Fund's regulations is verified by the Swiss Pension Inspectorate. Syngenta's legal obligations, including required employer contributions, are defined in the pension fund rules which are agreed by the Board of Trustees.

Employer and employee contributions are payable according to an age related scale of percentages of pay. Under BVG, the Swiss Fund guarantees the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the Board of Trustees. Members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the balance converted to a fixed annuity at the rates defined in the Fund's rules. The Board of Trustees may increase the annuity at their discretion subject to the Swiss Fund's funded status including sufficient free funds as determined according to Swiss statutory valuation rules. Syngenta accounts for the Swiss Fund as a defined benefit pension plan.

An actuarial balance sheet is usually drawn up annually, but at least every three years by the Swiss Fund's actuary. If the balance sheet reveals a deficit, the Board of Trustees defines appropriate measures to eliminate the deficit. If necessary, and after consultation with the actuary, the contributions payable by employees and by Syngenta may be increased or the benefits, including current pensions, may be adjusted to the funds available. The Board of Trustees manages the Swiss Fund's assets in conformity with the investment policy rules laid down by Swiss law, with the objectives of achieving investment that is secure, produces an appropriate yield and meets the liquidity needs of the Swiss Fund. This is implemented through an investment sub-committee similar to the UK Investment Committee mentioned above.

In May 2013, the Board of Trustees of Syngenta's Swiss pension plan adopted revised rules for the plan. The principal change has aligned the required annuity conversion rates for retirement benefits more closely with current actuarial rates, resulting in a reduction in Syngenta's defined benefit obligation. Syngenta has accounted for the changes as a plan amendment. Based on an actuarial valuation at the date of the change, Syngenta recognized a past service gain of $41 million. This amount has been recognized in full within General and administrative for 2013 because no meaningful allocation of the gain by function is possible. The valuation discount rate used to measure the defined benefit obligation was 2.0 percent (December 31, 2012: 2.0 percent) and the only change in other valuation assumptions compared with December 31, 2012 was to reflect the impact of the revised rules on retirement age. If the previous version of IAS 19 had still been applied, Syngenta estimates that the past service gain amount recognized in 2013 would have been greater, mainly because of the impact of different requirements for recognizing vesting conditions associated with the changes.

USA

Syngenta's main US defined benefit pension plan (the US Plan) is a non-contributory defined benefit pension plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and the US Internal Revenue Code of 1986, as amended (Code). In addition, certain benefits under the Plan are guaranteed by the US Pension Benefit Guaranty Corporation. The US Plan was closed to new members effective January 1, 2009. Employees joining Syngenta after that date participate in a defined contribution pension plan. The defined benefits of existing members of the US Plan were not affected by this change. The US Plan offers members the choice of taking their retirement benefits, which are generally based on their age, pay and years of service, as a full lump sum at retirement date or as a fixed annuity. In these financial statements, the benefit obligation has been valued assuming that current eligible members will take the lump sum option at normal retirement or other permissible commencement dates. Under current market conditions, this values the benefit obligation at a higher amount than would result if members selected the annuity option.

Plan assets are held in a separate trust with State Street Bank and Trust Company as trustee and custodian. The assets must generally remain in the trust until all pension benefits are paid. An Investment Committee of Syngenta employees (the US Investment Committee), appointed by the Board of Directors of Syngenta Corporation, a wholly owned subsidiary of Syngenta AG, oversees the investment of the plan assets, either directly or through the appointment of investment managers. The US Investment Committee develops and implements an investment strategy that takes into account the liability profile of the US Plan. Asset classes are selected that include equities, fixed income and alternative assets. Interest rate derivatives may be used to hedge the interest rate risk of the US Plan. The Plan's key risks include interest rate risk that impacts the value of the liability and the fixed income assets of the US Plan, investment performance volatility, and to a lesser degree inflation and longevity risk. An actuarial valuation is required each year and is used to determine the valuation and characteristics of the liability of the US Plan.

Syngenta Corporation's funding policy is to contribute to the Plan amounts necessary on an actuarial basis to at least satisfy the minimum funding requirements of the Code. Additional discretionary contributions above the minimum funding requirements can be made and are generally based on the annual service cost along with an adjustment for any over/under funding.

22. Post-employment benefits continued

The status of Syngenta's defined benefit plans at December 31, 2013 and 2012 using actuarial assumptions determined in accordance with IAS 19 is summarized below. The following tables provide reconciliations of benefit obligations, plan assets and funded status of the defined benefit pension plans to the amounts recognized in the consolidated balance sheet at December 31, 2013 and 2012:

($m)	2013	2012[1]
Benefit obligations		
January 1	5,777	5,181
Current service cost	124	111
Past service cost/(gain)	(37)	–
Employee contributions	41	38
Interest cost	201	209
Actuarial (gains)/losses:		
From changes in demographic assumptions	(30)	80
From changes in financial assumptions	115	255
From actual experience compared to assumptions	42	(12)
Benefit payments	(238)	(220)
Other movements	(14)	(32)
Currency translation effects	123	167
December 31	**6,104**	5,777
Of which arising from:		
Funded plans	5,915	5,593
Wholly unfunded plans	189	184

($m)	2013	2012
Plan assets at fair value		
At January 1	5,584	5,075
Actual return on plan assets	376	476
Employer contributions	131	83
Employee contributions	41	38
Benefit payments	(238)	(220)
Other movements	(11)	(35)
Currency translation effects	111	167
December 31	**5,994**	5,584

Actual return on plan assets can be analyzed as follows:

($m)	2013	2012[1]
Interest on plan assets	193	205
Actuarial gains/(losses)	183	271
Total	**376**	476

($m)	2013	2012
Funded status	(110)	(193)
Effect of asset ceiling[2]	(13)	(52)
Net accrued benefit liability	**(123)**	(245)
Amounts recognized in the balance sheet:	2013	2012[1]
Prepaid benefit costs (Note 14)	280	58
Accrued benefit liability	(403)	(303)
Net amount recognized	**(123)**	(245)

1 After effect of accounting policy change for employee benefits described in Note 2
2 All material changes in the amount shown for the asset ceiling arose from the effect of applying the ceiling at each period end. Changes due to interest and foreign currency translation were immaterial

Of the accrued benefit liability for pensions of $403 million at December 31, 2013, $400 million is included in Note 19 as pension provisions and $3 million as restructuring provisions (2012: $302 million as pension; $1 million as restructuring).

The following table shows the estimated undiscounted future defined benefit payments that are projected to occur within ten years from the balance sheet date. Actual payments may differ from those shown because of uncertain future events, including members' choice of benefit options as described above.

($m)	
2014	245
2015	256
2016	262
2017	282
2018	291
Years 2019–2023	1,600
Total 2014–2023	**2,936**

Syngenta's estimate of employer contributions to be paid to defined benefit plans in 2014 is $175 million, which includes a non-recurring $25 million additional contribution to the Swiss plan required in connection with the plan amendment described above. Actual payments could differ materially from this estimate if any new funding regulations or laws are enacted or due to business and market conditions, which may result in Syngenta prepaying contributions. Additional contributions, the amount and timing of which are uncertain, may also be required as Syngenta's restructuring programs are implemented.

In accordance with UK pension regulations, fixed deficit recovery contributions of $40 million per year to 2019 were agreed with the UK pension plan Trustee during the 2012 valuation. $15 million of prepaid contributions carried forward at December 31, 2012 were offset against this commitment during 2013 and $25 million of fixed deficit recovery contributions were paid. At December 31, 2013, no prepaid contributions were available for offset against contributions payable in future years. Additional variable contributions of up to $25 million per year are also required to be paid if the actual percentage return on plan assets is less than the agreed assumption. No fixed deficit recovery contributions were required to be made in 2012. No additional variable contributions were required to be made in 2013 or 2012 as the actual percentage return on plan assets during these years exceeded the agreed assumption in the applicable valuation.

22. Post-employment benefits continued

The fair values of assets and the liabilities of the major defined benefit pension plans, together with aggregated data for other defined benefit plans are as follows. Unquoted investments represent investments in pooled funds in which the underlying investments are unquoted or those where the pooled fund does not have liquidity on at least a weekly basis:

	Fair value at December 31 ($m, except assumptions)					
2013	Switzerland	UK	USA	Other plans	Total	%
Investments quoted in active markets:						
Equities	439	403	221	48	1,111	19
Real estate funds	173	–	–	–	173	3
Bonds	866	605	314	29	1,814	30
Other assets	38	183	3	207	431	7
Unquoted investments:						
Equities	16	623	34	–	673	11
Real estate	–	13	–	1	14	–
Bonds	61	480	–	1	542	9
Other assets	345	403	153	–	901	15
Cash and cash equivalents	131	172	30	2	335	6
Fair value of assets	2,069	2,882	755	288	5,994	100
Benefit obligation	(1,880)	(3,075)	(687)	(462)	(6,104)	
Funded status	189	(193)	68	(174)	(110)	
Significant actuarial assumptions:						
Discount rate (%)	2.3	4.4	4.7	–	3.7	
Inflation (RPI) (%)	n/a	3.4	n/a			
Pensionable pay increase (%)	2.0	3.9	4.0			
Pension increase (%)	–	3.4	n/a			
Interest credit rate (%)	1.5	n/a	n/a			
Weighted average duration of benefit obligation (years)	20	18	11			

22. Post-employment benefits continued

	Fair value at December 31 ($m, except assumptions)					
2012	Switzerland	UK	USA	Other plans	Total	%
Investments quoted in active markets:						
Equities	383	300	199	51	933	17
Real estate funds	200	–	–	–	200	4
Bonds	841	574	343	30	1,788	32
Other assets	31	227	2	182	442	8
Unquoted investments:						
Equities	16	538	27	–	581	10
Bonds	54	321	–	–	375	7
Other assets	306	612	172	–	1,090	19
Cash and cash equivalents	65	73	33	4	175	3
Fair value of assets	1,896	2,645	776	267	5,584	100
Benefit obligation[1]	(1,849)	(2,634)	(813)	(481)	(5,777)	
Funded status[1]	47	11	(37)	(214)	(193)	
Significant actuarial assumptions:						
Discount rate (%)	2.0	4.5	3.8	–	3.6	
Inflation (RPI) (%)	n/a	2.8	n/a			
Pensionable pay increase (%)	2.0	3.3	4.0			
Pension increase (%)	–	2.8	n/a			
Interest credit rate (%)	1.5	n/a	n/a			
Weighted average duration of benefit obligation (years)	18	18	12			

1 After effect of accounting policy change for employee benefits described in Note 2

The following table provides an analysis of the benefit costs recorded in the consolidated income statement for the defined benefit pension plans for the years ended December 31, 2013 and 2012:

($m)	**2013**	2012[1]
Current service cost	**124**	111
Past service cost/(gain)	**(37)**	–
Interest on the net defined benefit liability/(asset)	**8**	4
Net periodic benefit cost	**95**	115

1 After effect of accounting policy change for employee benefits described in Note 2

Amounts recognized in OCI were as follows for the years ended December 31, 2013 and 2012:

($m)	**2013**	2012[1]
Amounts recognized during the period:		
Actuarial (gains)/losses	**(56)**	52
Effect of asset ceiling	**(41)**	50

The sensitivity of the benefit obligation to the significant actuarial assumptions is discussed in Note 2 “critical accounting estimates”.

Other post-retirement benefits[1]
Syngenta’s net liability for other post-retirement benefits at December 31, 2013 was $11 million (December 31, 2012: $61 million) which comprised a defined benefit obligation of $156 million (2012: $188 million) and plan assets of $145 million (2012: $127 million). $7 million is reported within Defined benefit post-employment benefit asset in Note 14 (2012: $nil) and $18 million as Other post-retirement benefits provision in Note 19 (2012: $61 million). Actuarial gains recognized in OCI for the period were $39 million (2012: actuarial losses of $20 million). In 2012, amendments to other post-retirement benefit plans, principally the introduction of an annual cap on future medical expenses to be reimbursed to participants in Syngenta’s US post-retirement healthcare plan, resulted in past service gains of $50 million recognized in the 2012 consolidated income statement. Except for these past service gains, expense recognized in the consolidated income statement, contributions to the other post-retirement benefit plans and benefit payments by the plans were not material for 2013 or 2012.

The assumed healthcare cost trend rate at December 31, 2013 was 7.2 percent, decreasing in each successive year from 2013 onwards, to reach an ultimate rate of 5.0 percent in 2020 (December 31, 2012: 7.6 percent decreasing to 5.0 percent in 2020).

1 After effect of accounting policy change for employee benefits described in Note 2

23. Employee share participation plans

Employee and management share participation plans exist as follows. All plans are equity-settled except where stated.

Syngenta Long-Term Incentive Plan (LTI)

The Syngenta Long-Term Incentive Plan provides selected executives and key employees of Syngenta with the opportunity to obtain the right to purchase shares of Syngenta. The grant of options for Syngenta shares is at the discretion of the Compensation Committee, whose members are appointed by the Board of Directors of Syngenta.

The following table sets out share option activity under this plan during 2012 and 2013, including the equivalent American Depositary Shares (ADS) that are offered to Syngenta employees in the USA, and summarizes information about share options outstanding at December 31, 2012 and 2013.

	Exercise price	Outstanding at January 1	Granted	Exercised	Forfeited/ other	Outstanding at December 31	Exercisable	Remaining contractual life
	(CHF)			(thousands of options)				(years)
Year ended December 31, 2012								
Awarded in 2002	98.0	8.4	–	(8.0)	(0.4)	–	–	–
Awarded in 2002	98.0	9.3	–	(7.0)	–	2.3	2.3	0.25
Awarded in 2003	59.7	22.4	–	(20.5)	–	1.9	1.9	0.25
Awarded in 2003	59.7	20.6	–	(9.2)	–	11.4	11.4	1.25
Awarded in 2004	89.3	56.0	–	(29.2)	–	26.8	26.8	1.25
Awarded in 2004	89.3	46.2	–	(14.8)	–	31.4	31.4	2.25
Awarded in 2005	127.4	70.5	–	(26.0)	–	44.5	44.5	2.25
Awarded in 2006	185.0	92.9	–	(41.6)	–	51.3	51.3	3.25
Awarded in 2007	226.7	113.7	–	(45.4)	(0.1)	68.2	68.2	4.25
Awarded in 2008	301.5	178.9	–	(56.9)	(2.1)	119.9	119.9	5.25
Awarded in 2009	233.4	339.1	–	(163.5)	(1.7)	173.9	173.9	6.25
Awarded in 2010	283.7	161.7	–	(8.3)	(3.8)	149.6	1.3	7.25
Awarded in 2011	308.7	186.7	–	(1.7)	(4.7)	180.3	4.4	8.25
Awarded in 2012	300.4	–	281.1	(0.9)	(4.9)	275.3	3.7	9.25
Total for year ended December 31, 2012		1,306.4	281.1	(433.0)	(17.7)	1,136.8	541.0	

	Exercise price	Outstanding at January 1	Granted	Exercised	Forfeited/ other	Outstanding at December 31	Exercisable	Remaining contractual life
	(CHF)			(thousands of options)				(years)
Year ended December 31, 2013								
Awarded in 2002	98.0	2.3	–	(0.3)	(2.0)	–	–	–
Awarded in 2003	59.7	1.9	–	(1.6)	(0.3)	–	–	–
Awarded in 2003	59.7	11.4	–	(4.5)	–	6.9	6.9	0.25
Awarded in 2004	89.3	26.8	–	(16.2)	–	10.6	10.6	0.25
Awarded in 2004	89.3	31.4	–	(12.1)	–	19.3	19.3	1.25
Awarded in 2005	127.4	44.5	–	(13.8)	(0.3)	30.4	30.4	1.25
Awarded in 2006	185.0	51.3	–	(7.8)	(0.3)	43.2	43.2	2.25
Awarded in 2007	226.7	68.2	–	(13.5)	(0.2)	54.5	54.5	3.25
Awarded in 2008	301.5	119.9	–	(44.3)	(0.2)	75.4	75.4	4.25
Awarded in 2009	233.4	173.9	–	(44.6)	(0.2)	129.1	129.1	5.25
Awarded in 2010	283.7	149.6	–	(69.5)	–	80.1	80.1	6.25
Awarded in 2011	308.7	180.3	–	(6.6)	(1.1)	172.6	3.2	7.25
Awarded in 2012	300.4	275.3	–	(8.5)	(2.8)	264.0	2.5	8.25
Awarded in 2013	391.4	–	260.6	–	(2.8)	257.8	0.2	9.25
Total for year ended December 31, 2013		1,136.8	260.6	(243.3)	(10.2)	1,143.9	455.4	

All fully vested options are exercisable.

For the 2013 and 2012 awards, the closing share price on the SIX at the grant date was used to set the equity grant value and exercise price.

23. Employee share participation plans continued

Until the 2012 award, the exercise prices were equal to either the weighted average share price on the SIX for the five business days preceding the grant date, or the share price on the SIX at the grant date, with the Compensation Committee having determined which of the two exercise prices were used for each grant year. Options over ADSs are priced at one-fifth of the exercise price of a Swiss option, converted to US dollars at the exchange rate at the grant date, which may vary from the exchange rate at the exercise date. Standard options vest in full and are exercisable after completion of three years service and terminate after 10 or 11 years from the grant date. Vesting can occur after less than three years in particular circumstances including redundancy and retirement. None of the options vest on a pro rata basis during the vesting period.

The Long-Term Incentive Plan also grants selected executives and key employees of Syngenta restricted share units (RSUs) (or equivalent restricted ADSs for relevant Syngenta employees in the USA). RSUs (or equivalent restricted ADSs) are rights to receive the equivalent number of Syngenta AG shares for no payment at the end of a three-year vesting period. RSUs do not carry rights to dividends and the grant date fair value is reduced to reflect this. None of the RSUs or equivalent ADSs vest on a pro rata basis during the vesting period.

The following table sets out RSU activity under this plan during 2012 and 2013 (including the equivalent restricted ADS for relevant Syngenta employees in the USA), and summarizes information about RSUs outstanding at December 31, 2012 and 2013.

RSUs	Grant date fair value	Outstanding at January 1	Granted	Distributed	Forfeited/ other	Outstanding at December 31	Remaining life
	(CHF)		(thousands of shares)				(years)
Year ended December 31, 2012							
Awarded in 2009	218.1	72.6	–	(72.6)	–	–	–
Awarded in 2010	265.0	95.9	–	(3.2)	(8.3)	84.4	0.25
Awarded in 2011	287.4	87.3	–	(0.5)	(6.1)	80.7	1.25
Awarded in 2012	277.0	–	92.6	(0.4)	(3.9)	88.3	2.25
Total for year ended December 31, 2012		255.8	92.6	(76.7)	(18.3)	253.4	
Year ended December 31, 2013							
Awarded in 2010	**265.0**	**84.4**	**–**	**(84.4)**	**–**	**–**	**–**
Awarded in 2011	**287.4**	**80.7**	**–**	**(4.8)**	**(1.5)**	**74.4**	**0.25**
Awarded in 2012	**277.0**	**88.3**	**–**	**(2.4)**	**(2.0)**	**83.9**	**1.25**
Awarded in 2013	**359.7**	**–**	**77.3**	**(0.5)**	**(2.0)**	**74.8**	**2.25**
Total for year ended December 31, 2013		**253.4**	**77.3**	**(92.1)**	**(5.5)**	**233.1**	

Share option valuation assumptions

The fair value of options granted was measured using the Black-Scholes-Merton formula. The effect of early exercise has been incorporated into the model by using an estimate of the option's expected life rather than its contractual life. The measurement of fair value was not adjusted for any other feature of the option grant and no option grant was subject to a market condition.

The weighted average assumptions used in determining the fair value of options granted were as follows:

	2013	2012
Dividend yield	**2.7%**	2.6%
Volatility	**20.9%**	23.4%
Risk-free interest rate – shares (CHF)	**0.8%**	0.7%
Risk-free interest rate – ADSs ($)	**2.0%**	2.0%
Expected life	**7 years**	7 years
Exercise price (CHF per share)	**391.4**	300.4

The dividend yield and volatility are management estimates for the life of the option, as no warrants or options over Syngenta shares for this period are widely traded. Both actual dividend yield and volatility may vary from the assumptions used above. The estimate of volatility takes into account the historical volatility of the Syngenta share price, and the implied volatilities of such longer dated warrants that have been traded in the market. The volatility assumption for 2013, as measured at the grant date, was based on the 120-month historical volatility of Syngenta AG shares on the SIX.

Syngenta Deferred Share Plan

The Syngenta Deferred Share Plan provides selected senior executives with an opportunity to obtain shares of Syngenta. The plan entitles participants to defer part of their annual short-term incentive awards in favor of Syngenta shares and to receive matching shares according to the rules of the plan. The grant date value of a deferred share and the corresponding matching share is the Syngenta share price on the grant date adjusted for the absence of dividend entitlement during the deferral period. Shares are deferred for a period of three years starting on the grant date. At the end of the deferral period, Syngenta matches the deferred shares on a one-for-one basis. A mandatory part of the short-term incentive is allocated as deferred shares. Additional voluntary deferrals within the limits of the plan can be made at the discretion of the participants. Vesting can occur before the end of three years in particular circumstances including retirement. None of the shares vest on a pro rata basis during the vesting period.

23. Employee share participation plans continued

The following table sets out activity under this plan during 2012 and 2013 including the equivalent ADSs that are offered to Syngenta employees in the USA:

	Outstanding at January 1	Granted	Distributed	Outstanding at December 31	Remaining life
		(thousands of shares)			(years)
Year ended December 31, 2012					
Awarded in 2009	50.1	–	(50.1)	–	–
Awarded in 2010	21.1	–	(1.9)	19.2	0.25
Awarded in 2011	28.2	–	(1.2)	27.0	1.25
Awarded in 2012	–	55.2	(1.2)	54.0	2.25
Total for year ended December 31, 2012	99.4	55.2	(54.4)	100.2	
Year ended December 31, 2013					
Awarded in 2010	**19.2**	**–**	**(19.2)**	**–**	**–**
Awarded in 2011	**27.0**	**–**	**(2.0)**	**25.0**	**0.25**
Awarded in 2012	**54.0**	**–**	**(2.5)**	**51.5**	**1.25**
Awarded in 2013	**–**	**26.9**	**(0.2)**	**26.7**	**2.25**
Total for year ended December 31, 2013	**100.2**	**26.9**	**(23.9)**	**103.2**	

At the end of the deferral period, employees would be entitled to the following additional shares:

	Grant date fair value (CHF)	Thousands of shares
Awarded in 2011	287.4	25.0
Awarded in 2012	277.0	51.5
Awarded in 2013	**359.7**	**26.7**
Total		**103.2**

None of these shares are vested as at December 31, 2013.

Employee share purchase plans

Syngenta has employee share purchase plans in various countries, which entitle employees to subscribe for shares in Syngenta AG at discounts from market value varying between 25 percent and 50 percent. Shares issued under the plans vest immediately and are subject to blocking periods of between two and three years, with the exception of the UK plan, for which completion of three years service is required before vesting. Maximum annual subscription amounts per employee vary between $500 and $3,000. In 2013, a total of 68,086 (2012: 64,923) shares were subscribed under these plans and settled through a release of treasury shares.

Compensation expense

The compensation expense associated with employee share participation plans, which is measured indirectly by reference to the fair value of the equity instruments granted, is as follows for the years ended December 31, 2013 and 2012:

($m)	2013	2012
Long-Term Incentive Plan	**39**	36
Deferred Share Plan	**26**	36
Employee Share Purchase Plans	**15**	12
Total	**80**	84
Of which:		
Equity-settled	**67**	74
Cash-settled	**13**	10
Total	**80**	84

The LTI plan rules related to vesting of RSUs and the DSP plan vesting rules require plan members in certain countries to sell part of their share award upon vesting to cover withholding tax. As a result Syngenta recognized a $15 million share based payment liability at December 31, 2013 (December 31, 2012: $16 million).

23. Employee share participation plans continued

Other information regarding the plans is as follows:

	2013	2012
Weighted average fair value of options granted during year (CHF per option)	**57.0**	51.1
Weighted average share price at exercise date for options exercised during year (CHF per option)	**390.2**	320.0

Fair value of shares granted during year:		
Deferred Share Plan (CHF per unit) – combined value of basic and matching share award	**719.4**	553.9
Employee Share Purchase Plans (CHF per share)	**180.2**	173.3
Employee Share Purchase Plan ($ per ADS)	**26.2**	25.2

Cash received from exercise of options and subscription for shares ($m)	**83**	105

Syngenta has a policy of utilizing treasury shares to satisfy share option exercises and to meet share subscriptions and entitlements.

24. Transactions and agreements with related parties

Key management personnel are considered to be the members of the Syngenta Executive Committee and the Board of Directors ("Board"). Their compensation is as follows for the years ended December 31, 2013 and 2012:

($m)	2013	2012
Fees, salaries and other short-term benefits	**13**	14
Post-employment benefits	**2**	2
Share based compensation	**15**	16
Total	**30**	32

Members of the Syngenta Executive Committee and Board of Directors receive their cash compensation in Swiss francs. The compensation amounts presented above have been converted into US dollars using the average currency exchange rate in effect during each year reported. The average Swiss franc per US dollar exchange rate for the year ended December 31, 2013 is 0.93 (2012: 0.93).

The amount disclosed for share based compensation is the expense for the period calculated in accordance with IFRS 2, "Share Based Payment" and as described in Note 30, relating to key management personnel. The cost of a share based compensation award is spread over the vesting period of the award. Therefore the charge for each year comprises parts of that year's awards and those of preceding years that had not already vested at the start of the year.

Members of the Board, excluding the Chairman and the Chief Executive Officer, are eligible for the share plan for non-executive Directors. Eligible Directors define a percentage of their annual fee for compensation in shares and, in addition, choose between blocked shares or freely tradable shares. The Chairman receives a fixed part of his compensation in the form of blocked shares. Under these plans, members of the Board were allocated a total of 3,035 shares in lieu of cash compensation. These shares vest immediately and had a combined fair value at grant of $1 million (2012: $1 million).

Detailed disclosures regarding executive remuneration required by Swiss Company Law are included in the Syngenta AG statutory financial statements.

Transactions and balances between Syngenta and its employee post-retirement benefit plans are disclosed in Note 22.

25. Commitments and contingencies

Commitments

Minimum future lease payments at December 31, 2013 for finance leases are $61 million (2012: $48 million), of which $20 million is due within one year (2012: $15 million), $30 million after more than one but less than five years (2012: $25 million) and $11 million thereafter (2012: $8 million).

Fixed-term, non-cancelable operating lease commitments total $99 million at December 31, 2013 (2012: $110 million) of which $26 million is due within one year (2012: $30 million), $61 million after more than one and less than five years (2012: $69 million) and $12 million thereafter (2012: $11 million). Operating lease payments relate to leases of buildings and office equipment. Operating lease expense in 2013 is $32 million (2012: $45 million).

Commitments for the purchase of property, plant and equipment at December 31, 2013 are $279 million (2012: $241 million).

25. Commitments and contingencies continued

At December 31, 2013 and 2012, Syngenta has entered into long-term commitments to purchase minimum quantities of certain raw materials, long-term research agreements with various institutions to fund various research projects, and other commitments. The estimated timing of minimum future committed payments is as follows:

	2013		2012	
($m)	Materials purchases	Other	Materials purchases	Other
Within one year	**406**	**58**	601	79
From one to two years	**241**	**28**	258	58
From two to three years	**64**	**25**	343	57
From three to four years	**154**	**14**	38	54
From four to five years	**17**	**15**	5	4
After more than five years	**11**	**50**	13	35
Total	**893**	**190**	1,258	287

Notes to the Syngenta Group Consolidated Financial Statements

25. Commitments and contingencies continued

Syngenta has no material contingent liabilities related to associates and joint ventures.

Syngenta's sales are made subject to normal warranties, which cover product technical specifications and, in some cases, products' performance effect on grower crop yields. Certain license agreements indemnify the other party against liabilities arising from claims related to the intellectual property licensed to or by Syngenta. Leases may require indemnification for liabilities Syngenta's actions may create for the lessor or lessee. Syngenta has also issued warranties to purchasers of businesses or product lines relating to events that arose before the sales. It is not possible to predict the maximum future payments possible under these or similar provisions because it is not possible to predict whether any of these contingencies will occur.

Syngenta has obtained licenses from others for the rights to sell certain products, or products containing certain technology, under agreements which require Syngenta to pay royalties based on its future sales of those products or that technology.

Contingencies

Litigation matters

Litigation is subject to many uncertainties, and the outcome of individual matters cannot be predicted with certainty. Syngenta maintains general liability insurance, including product liability insurance, covering claims on a worldwide basis with coverage limits and retention amounts which management believes to be adequate and appropriate in relation to Syngenta's businesses and the risks to which it is subject.

Syngenta believes that its provisions for legal and product liability matters are adequate based on currently available information, but it is reasonably possible that the final resolution of some of these matters could require Syngenta to make expenditures in excess of established reserves, over an extended period of time and in a range of amounts that cannot be reasonably estimated. Such expenditure in excess of established reserves, could have a material effect on Syngenta's consolidated operating results and cash flows for a particular reporting period, but management does not believe they will have a materially adverse effect on Syngenta's consolidated financial position or liquidity, although there can be no assurances in this regard.

Significant recent or on-going legal proceedings are described below.

Atrazine related litigation

Holiday Shores. The Holiday Shores Sanitary District filed a class action complaint in the Circuit Court for the Third Judicial Circuit, Madison County, Illinois against Syngenta Crop Protection, Inc. ("SCPI") and its distributor Growmark, Inc. in July 2004 purportedly on behalf of a class consisting of all Illinois community water systems ("CWS") who had, allegedly, suffered contamination of their water sources on account of the presence at any measurable level of the product atrazine, a herbicide manufactured since the late 1950s by SCPI and its predecessors in interest, Novartis Crop Protection, Inc., Ciba-Geigy and Geigy Chemical Corporation. The name of SCPI is now Syngenta Crop Protection, LLC.

The claims asserted in this lawsuit were released under the terms of a Settlement Agreement entered into on May 23, 2012 with respect to the City of Greenville lawsuit (see below) and the lawsuit was dismissed with prejudice on January 11, 2013.

City of Greenville. In March 2010 plaintiffs' counsel in Holiday Shores filed a new federal lawsuit in the US District Court for the Southern District of Illinois (City of Greenville et al. v. Syngenta Crop Protection, Inc. and Syngenta AG) on behalf of seventeen CWS located in six mid-Western states; an Amended Complaint filed late in March 2010 added seven new plaintiffs, five of which are subsidiaries of American Water Company, a large private utility, in five of the six states implicated in the litigation. The claims in this lawsuit were dismissed also under the terms of the Settlement Agreement entered into on May 23, 2012 referred to above and the lawsuit was dismissed with prejudice on October 23, 2012 by an Order Granting Final Approval of the settlement issued by the federal court.

Subsequent to the settlement of the above cases, a personal injury complaint relating to atrazine has been filed in state court in St Clair County, Illinois against Syngenta Crop Protection LLC, Syngenta AG, Growmark, Inc. and three local dealers, and other claims may be filed in the future. Syngenta regards the allegations in the filed lawsuit as without factual or scientific foundation and the lawsuit will be vigorously defended.

Tax matters

Significant management judgment is required to estimate the tax provisions related to the eventual outcome of reviews and audits by tax authorities of tax returns filed by Syngenta's subsidiaries. Tax returns filed by many of Syngenta's subsidiaries during the past several years are either currently under examination by tax authorities or are open for future examination until expiry under statutes of limitation. Syngenta is also subject to certain tax claims pending before the judiciary. In Syngenta's opinion, the likelihood is remote that a material amount in excess of current provisions will result from the resolution of any such examination or case. However, actual outcomes and settlements may differ significantly from estimates.

Environmental matters

In the opinion of Syngenta, it is not possible to estimate reliably the remediation costs that may be incurred in the future for environmental damage that has occurred at sites currently in operation and having no present obligation for environmental damage remediation because it is neither possible to determine a time limit beyond which the sites will no longer be operated, nor what remediation costs may be required upon their eventual closure.

In the USA, Syngenta and/or its indemnitors or indemnitees, have been named under federal legislation (the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended) as a potentially responsible party ("PRP") in respect of several sites. Syngenta expects to be indemnified against a proportion of the liabilities associated with a number of these sites by the sellers of the businesses associated with such sites and, where appropriate, actively participates in or monitors the clean-up activities at the sites in respect of which it is a PRP.

Other matters

Syngenta has been asked to provide information to US regulatory authorities concerning possible violations of applicable anti-corruption laws in Russia. Syngenta is cooperating and responding to requests. The investigation is on-going and it is not possible at this time to predict the nature, scope or outcome of the investigation, including the extent to which, if at all, it will result in any liability to Syngenta.

Contingencies summary

Syngenta believes that its provisions are adequate based upon currently available information. However, given the inherent difficulties in estimating liabilities relating to litigation, tax, environmental and certain other matters due to uncertainty concerning both the amount and timing of future expenditures, it cannot be guaranteed that additional costs will not be incurred materially beyond the amounts accrued.

26. Principal currency translation rates

Year end rates used for the consolidated balance sheets at December 31, to translate the following currencies into $, are:

	2013 per $	2012 per $
Swiss franc	**0.89**	0.92
British pound sterling	**0.61**	0.62
Euro	**0.73**	0.76
Brazilian real	**2.34**	2.05

Average rates during the years ended December 31, used for the consolidated income and cash flow statements, to translate the following currencies into $, are:

	2013 per $	2012 per $
Swiss franc	**0.93**	0.93
British pound sterling	**0.64**	0.63
Euro	**0.75**	0.78
Brazilian real	**2.16**	1.95

27. Risk management of financial risks

Risk management framework

The nature of Syngenta's business and its global presence exposes it to a range of financial risks. These risks include (i) market risks, which include potential unfavorable changes in foreign exchange rates, interest rates, commodity prices and other market prices (equities, credit spreads etc.), (ii) counterparty risk and (iii) liquidity and refinancing risk.

A financial risk management framework is in place in the form of a Treasury policy, approved by the Board of Directors. This policy provides guidance over all Treasury and finance related matters, is underpinned by delegated authority guidelines and is additionally supported by detailed procedures in place across Syngenta. In accordance with its Treasury policy, Syngenta actively monitors and manages financial risk with the objectives of reducing fluctuations in reported earnings and cash flows from these risks and providing economic protection against cost increases. These objectives are achieved through (a) monthly assessment of the impact of market risks against defined risk limits (see following section), which take into account the risk appetite of Syngenta and (b) the use of a variety of derivative and non-derivative financial instruments.

Financial instruments available for use to mitigate these risks are selected by Syngenta according to the nature of the underlying risk. These instruments are designed to economically hedge underlying risks arising from operational activities and from funding and investment positions. Syngenta does not enter into any speculative financial transactions.

Syngenta seeks to apply, wherever possible, hedge accounting to present its financial statements in accordance with the economic purpose of the hedging activity. Derivative financial instruments for which hedge accounting is not adopted either (a) do not meet the requirements for hedge accounting treatment under IFRS or (b) when combined with the accounting for the underlying hedged items, impact the financial statements in a manner aligned with the economic purpose of the hedging transaction, without the need to adopt hedge accounting treatment.

Assessment of the impact of market risks

The impact of market risks is assessed using a variety of Value-at-Risk (VaR) methods, including Earnings-at-Risk (EaR) methods. The exact method selected depends on the nature of the underlying risk. The specific methods used to assess the impact of financial risks are described below:

Risk	Method	Exposure (financial statement item)	Time horizon (months)
Foreign exchange risk			
Transaction – committed	VaR	Monetary asset and liability carrying amounts	1
Transaction – uncommitted	EaR	Operating income	12
Translation	VaR	Cumulative translation adjustment in OCI	1
Interest rate risk	EaR	Interest expense	12
Commodity price risk	EaR	Operating income	12

VaR and EaR calculations are risk management tools designed to statistically estimate with a pre-set probability the maximum amount of potential losses in value (VaR) or earnings (EaR) over a specific (holding) time period given current and forecast positions and possible movements in market prices. The VaR and EaR methods used by Syngenta estimate the gross impact on the consolidated financial statements if the underlying items were not hedged and the net impact of the combined underlying hedged items and the related hedging instruments. VaR and EaR calculations attempt to recognize that holding different assets and liabilities or incurring different future cash flow exposures may reduce portfolio risk through diversification. Such diversification effects are captured within the calculations, which aim to present the risk to the whole portfolio of the individual market risks. Using historical data, the VaR and EaR calculations are designed to predict possible changes in the markets in the future at a 99 percent confidence level, with a 1 percent probability that actual results will be worse than calculated.

The assessment of the impact of market risks is performed monthly and the results are compared against annually defined risk limits. In cases where the net impact is higher than a risk limit, Syngenta enters into derivative financial instrument transactions to be in line with the risk limits. Breaches of risk limits, should they occur, are immediately reported to senior management.

Syngenta cannot accurately predict future movements in risk variables, therefore calculations of the impact of market risks neither represent actual losses nor consider the effects of potential favorable movements in underlying risk variables. Accordingly, these calculations may only be an indication of future movements to the extent the historic market patterns repeat in the future.

27. Risk management of financial risks continued

Foreign exchange risk

Operating worldwide in over 90 countries exposes Syngenta to foreign exchange transaction and translation risk at both the Group and subsidiary level. Syngenta's policy is to not hedge foreign exchange translation risk.

Foreign exchange transaction risk – committed

Syngenta's individual subsidiaries predominantly transact their operational activities in their respective functional currencies. However, the globally integrated nature of Syngenta's business results in its subsidiaries bearing some amount of transactional balance sheet risk, because some monetary items (including financial liabilities) are denominated in foreign currencies.

Such committed foreign currency exposures are largely generated by the routing of products from Syngenta's central manufacturing sites to its foreign locations. These committed exposures are normally fully hedged, unless otherwise approved by Group Treasury, for example where not deemed cost-effective or where there is no forward market for a specific currency. The committed exposures are hedged using foreign exchange forward contracts and cross-currency swaps.

Net committed transactional currency exposures are identified and reported on a monthly basis by business units. VaR calculations for committed exposures relate to the revaluation of exposures relative to spot rates over a monthly period. The impact of interest differentials and other factors is not included in these calculations.

($m)	December 31, 2013 Value-at-Risk			December 31, 2012 Value-at-Risk		
Underlying currency (1-month holding period)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Swiss franc	114	1	99%	113	0	100%
Brazilian real	55	6	89%	31	1	97%
Euro	32	4	88%	21	1	95%
British pound sterling	30	2	93%	17	1	94%
Other core currencies[1]	27	1	96%	13	0	100%
Rest of world	109	20	82%	61	11	84%
Total undiversified	368	33	91%	256	14	95%
Diversification	(258)	(25)	90%	(178)	(11)	94%
Net VaR	110	8	93%	78	2	97%

1 Other core currencies include the Canadian dollar, Australian dollar and Japanese yen

At December 31, 2013, the Value-at-Risk for a one month holding period, after hedges, at a 99 percent confidence level was $8 million (December 31, 2012: $2 million).

The largest exposures arise in Swiss franc, Brazilian real, British pound sterling and Euro. Switzerland and Great Britain house large research and manufacturing sites, whereas the Euro zone represents a large sales market. In recent years, due to the growth of Syngenta sales, exposures are increasing in emerging markets (particularly Brazil).

Foreign exchange transaction risk – uncommitted

Syngenta also manages transactional risk by protecting future uncommitted cash flows with foreign exchange forward and currency option contracts. Uncommitted cash flows are highly probable future cash flows from expected future transactions for which Syngenta does not yet have a contractual right or obligation. The objective is to minimize the impact of changes in foreign exchange rates on the cash flows and operating income forecasted to result from these transactions.

The US dollar represents the biggest single currency for both sales and costs. However, currency mismatches arise from Syngenta having a centralized cost base, denominated mainly in Swiss francs, British pounds and US dollars, against a local selling base, denominated mainly in US dollars, Euros and various other currencies, including those in emerging markets. In addition, due to the seasonality of Syngenta's business, the majority of sales occur during the first half of the year whereas costs tend to occur more linearly throughout the year. Syngenta collects information about anticipated cash flows over a twelve-month future period for major currencies at Group level and hedges significant mismatches in currency flows within clearly defined risk limits.

The Earnings-at-Risk calculation is performed for anticipated net transactional currency flows for the following year taking into account related currency hedges.

27. Risk management of financial risks continued

($m)	December 31, 2013 Earnings-at-Risk			December 31, 2012 Earnings-at-Risk		
Underlying currency (12-month holding period)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Swiss franc	157	99	37%	123	81	34%
Brazilian real	172	138	20%	85	58	32%
Euro	38	41	(8)%	45	41	9%
British pound sterling	29	25	14%	23	9	61%
Other core currencies[1]	43	34	21%	43	28	35%
Rest of world	124	122	2%	149	148	1%
Total undiversified	563	459	18%	468	365	22%
Diversification	(296)	(262)	11%	(295)	(232)	21%
Net EaR	267	197	26%	173	133	23%

1 Other core currencies include the Canadian dollar, Australian dollar and Japanese yen

At December 31, 2013, the total potential adverse movement for 2014 net transactional flows after hedges relative to year-end at spot levels, at a 99 percent confidence level, was $197 million (December 31, 2012: $133 million). In line with the objective of the hedging program, Syngenta aims to minimize the potential adverse movement for the entire portfolio of the net transactional flows, rather than on an individual currency basis. As a result, negative risk reduction for a single currency can occur.

The net resulting Earnings-at-Risk figures at December 31, 2013 increased compared with December 31, 2012 due to higher volatilities and the growth of the business. Earnings-at-Risk exposures are greatest for the Swiss franc, where Syngenta has a significant cost base in Switzerland with no material offsetting sales, and the Brazilian real, where a significant cost base is only partially offset by sales because sales in Brazil are largely dollarized.

Foreign exchange translation risk
Translation exposure arises from consolidation of foreign currency denominated financial statements of Syngenta's subsidiaries. This is reported as currency translation effects in OCI.

Translation risk can be significant; however, Syngenta regards its equity base to be of sufficient magnitude generally to absorb the short- to medium-term impact of exchange rate movements.

Syngenta can use both foreign currency denominated debt and net investment hedging to manage this exposure. The latter incorporates specific actions to protect the value of temporary excess foreign currency denominated cash positions. The exposure is deemed to be mitigated by the large net asset base of Syngenta and consequently no additional management of the exposure was undertaken in 2013 and 2012.

The table below presents the 1-month translation Value-at-Risk:

($m)	December 31, 2013 Value-at-Risk	December 31, 2012 Value-at-Risk
Currency of net investment in subsidiary (1-month holding period)	Gross impact	Gross impact
Brazilian real	107	76
Swiss franc	286	163
Euro	29	37
British pound sterling	61	44
Other core currencies[1]	13	14
Rest of world	101	68
Total undiversified	597	402
Diversification	(182)	(91)
Net VaR	415	311

1 Other core currencies include the Canadian dollar, Australian dollar and Japanese yen

At December 31, 2013, the Value-at-Risk for a one month holding period at a 99 percent confidence level was $415 million (December 31, 2012: $311 million). The Value-at-Risk at December 31, 2013 increased compared with December 31, 2012 due to higher volatilities and exposure volumes.

The two largest single exposures arise in the Swiss franc and Brazilian real, driven by the large operations and investments in facilities in Switzerland and Brazil.

27. Risk management of financial risks continued

Interest rate risk

Syngenta is exposed to fluctuations in interest rates on its borrowings (including forecasted borrowings) and excess cash. While the majority of Syngenta's borrowings have fixed interest rates, portions of Syngenta's net borrowings, including its short-term commercial paper program and local borrowings, are subject to changes in short-term interest rates.

Syngenta monitors its interest rate exposures, analyzes the potential impact of interest rate movements on net interest expense and enters into derivative transactions with the objective to manage its interest rate risk within approved risk limits. At December 31, 2013, the net amount of Earnings-at-Risk on floating rate debt due to potential changes in interest rates (a parallel shift of 100 bps was applied) was $12 million (2012: $4 million). The net amount of Earnings-at-Risk on net debt, as defined below, due to potential changes in interest rates was immaterial at December 31, 2013 and 2012.

Commodity price risks

Operating in the agribusiness sector, changes in certain commodity prices affect Syngenta's reported operating results and cash flows. On a limited basis, Syngenta enters into derivative transactions to hedge the exposure of its cost base to commodity prices. This activity comprises oil and natural gas hedging in the UK and USA, as well as soft commodity hedging for corn and soybean purchases by the Seeds business in the USA, Canada, Brazil and Argentina, where Syngenta contracts to purchase various seed crops from growers and hedges the cost of the purchases. In barter arrangements where Syngenta sells products in exchange for receiving a certain amount of a commodity crop, Syngenta hedges the value of the crop.

Syngenta has indirect exposure to oil price fluctuations mainly through the impact of oil prices on the cost of both raw materials, especially chemical intermediates in the Crop Protection business, and distribution activities. Natural gas exposure occurs in Syngenta's primary manufacturing sites.

The main objective of managing commodity price risk is to reduce the impact of commodity price changes on operating income and to provide economic protection against future cost increases. Syngenta uses fixed price contracts and derivatives (both Over-the-Counter (OTC) and exchange traded instruments, including commodity option and futures contracts) to achieve this objective.

At December 31, 2013, there was no hedge protection in place for oil for 2014 (December 31, 2012: no hedge protection in place for oil for 2013). As the exposure to oil is indirect, Syngenta does not calculate the Earnings-at-Risk due to potential changes in oil prices. Earnings-at-Risk due to potential changes in natural gas and soft commodity prices assuming a 12-month holding period are presented below.

	December 31, 2013 Earnings-at-Risk			December 31, 2012 Earnings-at-Risk		
Natural gas ($m)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Total undiversified	12	4	67%	14	6	57%
Diversification	(2)	(1)	50%	(4)	(1)	75%
Net EaR	**10**	**3**	**70%**	10	5	50%

	December 31, 2013 Earnings-at-Risk			December 31, 2012 Earnings-at-Risk		
Soft commodities ($m)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Total undiversified[1]	54	35	35%	119	101	15%

1 As the main soft commodities are largely correlated to each other, the impact of diversification is immaterial

The Earnings-at-Risk of soft commodities is driven by their high price volatility compared to other asset classes. The hedging program reduces overall 12-month Earnings-at-Risk at December 31, 2013 to $35 million (December 31, 2012: $101 million). The decrease in net risk in 2013 is mainly due to lower price levels and lower exposure volumes.

Credit risk

Credit risk arises from the possibility that counterparties involved in transactions with Syngenta may default on their obligation, resulting in financial losses to Syngenta. Credit risk relates both to financial assets (including derivatives, marketable securities and money market contracts) as well as to operational assets managed by Syngenta's businesses (such as trade receivables).

Syngenta's maximum exposure to credit risk is the carrying values of its financial assets and receivables, including derivatives with positive market values. These amounts are disclosed in Note 28.

Syngenta has policies and operating guidelines in place to ensure that financial instrument transactions are only entered into with high credit quality banks and financial institutions. These include limits in respect of counterparties to ensure that there are no significant concentrations of credit risk. Syngenta continuously monitors the creditworthiness of its counterparties based on credit ratings and credit default swap data.

At December 31, 2013, Syngenta had no treasury or derivative transactions representing a significant concentration of credit risk. No credit losses have been incurred from investments in derivative financial instruments during the years ended December 31, 2013 and 2012.

27. Risk management of financial risks continued

To minimize its exposure to derivative positions, Syngenta enters into netting agreements under an International Swaps and Derivatives Association (ISDA) master agreement with its respective counterparties. In addition, for certain derivative positions, Syngenta has entered into Credit Support Annex contracts (CSAs) under which cash is exchanged as collateral. The CSA contracts cumulatively limit either Syngenta's or the counterparty's aggregate credit risk exposure to no more than $7.5 million per counterparty for the positions for which CSA contracts have been agreed.
At December 31, 2013, an asset amounting to $1 million (2012: $41 million), and a liability amounting to $49 million (2012: $21 million) were recorded representing cash paid and received by Syngenta as collateral under these CSAs.

The impact of credit risk on the fair value of derivatives is considered through market observable credit default swap spreads for Syngenta and its counterparties. The impact on the fair value of Syngenta's derivative positions at December 31, 2013 and 2012 of the risk of default by financial counterparties was not material.

The credit risk to operational assets is partially mitigated through commercial activities, which include barter operations and cash sales incentives.

The following tables show the effect of set off rights that apply to financial assets and liabilities under the above ISDA and CSA agreements at December 31, 2013 and 2012. Syngenta's rights under these arrangements would become enforceable in the event of a future default of the respective counterparty.

				Related amounts not set off		
2013 ($m)	Financial assets (gross)	Offsetting financial liabilities (gross)	Financial assets (net)	Financial instruments	Cash collateral received	Net
Derivative assets	**248**	**–**	**248**	**(75)**	**(49)**	**124**

				Related amounts not set off		
($m)	Financial liabilities (gross)	Offsetting financial assets (gross)	Financial liabilities (net)	Financial instruments	Cash collateral pledged	Net
Derivative liabilities	**75**	**–**	**75**	**(75)**	**–**	**–**

				Related amounts not set off		
2012 ($m)	Financial assets (gross)	Offsetting financial liabilities (gross)	Financial assets (net)	Financial instruments	Cash collateral received	Net
Derivative assets	223	–	223	(78)	(21)	124

				Related amounts not set off		
($m)	Financial liabilities (gross)	Offsetting financial assets (gross)	Financial liabilities (net)	Financial instruments	Cash collateral pledged	Net
Derivative liabilities	119	–	119	(78)	(41)	–

Liquidity risk and refinancing risk

Within Syngenta's risk management framework, liquidity risk is defined as the risk of being unable to raise funds to meet payment obligations when they fall due.

Refinancing or funding risk is defined as the risk of being unable, on an ongoing basis, to borrow in the market to fund actual or proposed commitments. Syngenta mitigates its liquidity and refinancing risk by maintaining: a limit system; a committed unsecured funding facility; ongoing discussions with its core banks to best monitor its funding capacity; simulations; and diversification of its debt portfolio.

Syngenta's liquidity risk policy is to maintain at all times sufficient liquidity reserves both at Group and subsidiary level in order to meet payment obligations as they become due and also to maintain an adequate liquidity margin. The planning and supervision of liquidity is the responsibility of the subsidiaries and Group Treasury. Liquidity requirements are forecasted on a weekly basis. Syngenta operates regional or country cash pools to allow efficient use of its liquidity reserves.

27. Risk management of financial risks continued

Short-term liquidity

Although Syngenta operates globally, two of its largest markets are Europe, Africa and the Middle East (EAME) and North America. Both sales and operating profit in these two regions are seasonal and are weighted towards the first half of the calendar year, reflecting the northern hemisphere planting and growing cycle. This results in a seasonal working capital requirement.

Syngenta's principal source of liquidity consists of cash generated from operations. Working capital fluctuations due to the seasonality of the business are supported by short-term funding available from a $2.5 billion Global Commercial Paper program supported by a $1.5 billion committed, revolving, multi-currency syndicated credit facility. In 2013, the credit facility was extended by one year and will now mature in 2018, with a possibility to extend by one year which can be applied for in 2014. The amount drawn under the Global Commercial Paper program at December 31, 2013 was $250 million (2012: $nil). The average outstanding balance under the Global Commercial Paper program for the year 2013 was $569 million (2012: $7 million).

The maturity analyses for Syngenta's current financial liabilities other than short-term derivative liabilities are presented in Notes 15 to 17.

The maturities of short term derivative and other financial liabilities are as follows:

($m)	Total	0–90 days	90–180 days	180 days–1 year
2013	**124**	**102**	**20**	**2**
2012	68	57	8	3

Long-term financing

Long-term capital employed is currently partly financed through four unsecured bonds and through unsecured notes issued under the Note Purchase Agreement in the US Private Placement market. During 2013, the Swissbond 2013 with the principal of CHF 500 million matured.

During 2012, Syngenta issued two unsecured non-current $ bonds, pursuant to its automatic shelf registration statement filed with the US Securities and Exchange Commission in 2011. The issuances consisted of a 10 year $500 million security with a fixed interest rate of 3.125 percent and a 30 year $250 million security with a fixed interest rate of 4.375 percent.

The following table shows Syngenta's contractually agreed (undiscounted) interest and principal repayments on long-term financing-related non-derivative financial liabilities and the related derivatives held at December 31, 2013 and 2012. Non-derivative financial liabilities are recorded at amortized cost (less related issuance costs) unless subject to fair value hedge accounting, in which case the liability is adjusted for the change in fair value of the hedged risk to the extent the hedge relationship is effective. Derivative financial liabilities are recorded at fair value. The table therefore shows the total carrying amount of Syngenta's financial debt adjusted for the effect, if any, of applying fair value hedge accounting.

	Non-derivative financial liabilities (Unsecured bonds and notes)			Derivative financial liabilities (Interest rate and cross-currency swaps)		
2013 ($m)	Fixed rate interest	Principal repayment	Total	Fixed rate interest	Repayment[1]	Total
Less than 1 year	82	688	770	6	12	18
1-3 years	89	688	777	–	–	–
3-5 years	80	–	80	–	–	–
5-10 years	161	574	735	–	–	–
More than 10 years	274	425	699	–	–	–
Total payments	**686**	**2,375**	**3,061**	**6**	**12**	**18**
Net carrying amount			2,380			19[1]

	Non-derivative financial liabilities (Unsecured bonds and notes)			Derivative financial liabilities (Interest rate and cross-currency swaps)		
2012 ($m)	Fixed rate interest	Principal repayment	Total	Fixed rate interest	Repayment[1]	Total
Less than 1 year	98	546	644	7	–	7
1-3 years	129	1,319	1,448	8	41	49
3-5 years	80	–	80	–	–	–
5-10 years	180	575	755	–	–	–
More than 10 years	295	425	720	–	–	–
Total payments	782	2,865	3,647	15	41	56
Net carrying amount			2,873			51[1]

1 The repayments above (and the net carrying amount of the derivative financial liabilities) do not include the amounts paid as collateral, as described in Note 27

27. Risk management of financial risks continued

Forecast data for liabilities that may be incurred in the future is not included in the table above. Amounts in foreign currency were translated to US dollars at the closing rate at the reporting date. Variable payments at each year end arising from financial instruments were calculated based on the forward interest rate yield curve and the spread that Syngenta pays on its outstanding debt and open derivatives at December 31, 2013 and 2012, respectively. Non-derivative financial liabilities, repayment of which can be demanded by the counterparty at any time, have been assigned to the earliest possible time period.

Capital structure

Absent major acquisitions, Syngenta targets maintaining a solid 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 manages capital by monitoring levels of net debt, as calculated below, and equity against targets. Capital is returned to shareholders primarily through dividend payments, with the aim of continuous dividend growth, complemented by tactical share repurchases.

The net debt to equity ratio was 24 percent at December 31, 2013 (19 percent at December 31, 2012, after the effect of accounting policy change for employee benefits described in Note 2).

The components of net debt at December 31, 2013 and 2012 are as follows:

($m)	2013	2012
Current financial debt	**1,467**	980
Non-current financial debt	**1,739**	2,368
Cash and cash equivalents	**(902)**	(1,599)
Marketable securities[1]	**(4)**	(11)
Financing-related derivatives[2]	**(35)**	(32)
Net debt at December 31	**2,265**	1,706

1 Included within 'Derivative and other financial assets' and 'Financial and other non-current assets'
2 Included within 'Derivative and other financial assets' and 'Financial and other non-current assets' or 'Current financial debt and other financial liabilities' and 'Financial debt and other non-current liabilities'

Notes to the Syngenta Group Consolidated Financial Statements

28. Financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and liabilities by category of financial instrument and reconciliation to where they are presented in the balance sheet at December 31, 2013. The fair value hierarchy level is shown for those financial assets and liabilities that are carried at fair value in the balance sheet.

	Carrying amount (based on measurement basis)				
2013 ($m)	Amortized cost	Fair value level 1	Fair value level 2	Total	Comparison fair value
Cash and cash equivalents	902	–	–	902	902[1]
Trade receivables, net:					
Loans and receivables	3,302	–	–	3,302	3,302[1]
Designated as at fair value through profit or loss	–	–	143	143	143
Total				3,445	3,445
Other accounts receivable:					
Loans and receivables	462	–	–	462	462[1]
Non-financial assets	–	–	–	517	–[2]
Total				979	
Derivative and other financial assets:					
Derivative financial assets	–	6	187	193	193
Loans and receivables	1	–	–	1	1[1]
Available-for-sale financial assets	–	1	–	1	1
Total				195	195
Financial and other non-current assets:					
Loans and receivables	293	–	–	293	300[3]
Available-for-sale financial assets	–	5	116	121	121
Other, not carried at fair value	–	–	–	349	–[2]
Derivative financial assets – non-current	–	–	56	56	56
Total				819	
Trade accounts payable:					
Measured at amortized cost	3,817	–	–	3,817	3,817[1]
Current financial debt and other financial liabilities:					
Measured at amortized cost	1,516	–	–	1,516	1,516[1]
Derivative financial liabilities – current	–	–	75	75	75
Total				1,591	
Other current liabilities:					
Financial liabilities	306	–	–	306	306[1]
Non-financial liabilities	–	–	–	667	–[2]
Total				973	
Financial debt and other non-current liabilities:					
Measured at amortized cost	1,743	–	–	1,743	1,794[4]
Non-financial liabilities	–	–	–	53	–[2]
Total				1,796	

1 Carrying amount approximates the estimated fair value due to the short-term nature of the financial instruments

2 Fair value is not required to be disclosed for non-financial assets and non-financial liabilities, including defined benefit pension assets

3 Fair values of these receivables are measured by discounting their cash flows at interest rates derived using observable yields on government bonds with maturities and currencies that match those of the respective receivable and the estimated credit risk of each receivable. Of the total fair value disclosed, $175 million represents a level 2 fair value measurement.because credit risk was determined from yields on actively traded bonds issued by the counterparty, and $125 million due from counterparties which have not issued traded bonds represents a level 3 fair value measurement

4 Financial liabilities represent both exchange traded bonds and non-exchange traded private placement notes issued by Syngenta. Except for one private placement note with a fair value of $127 million, which is a level 3 measurement because market interest rates and credit rates are not observable for all of the period until its maturity date in 2035, the fair value disclosed consists of level 2 fair value measurements derived from observable price quotations for these bonds

Notes to the Syngenta Group Consolidated Financial Statements

28. Financial assets and liabilities continued

The following table shows the carrying amounts and fair values of financial assets and liabilities by category of financial instrument and reconciliation to where they are presented in the balance sheet at December 31, 2012. The fair value hierarchy level is shown for those financial assets and liabilities that are carried at fair value in the balance sheet.

	Carrying amount (based on measurement basis)				
2012 ($m)	Amortized cost	Fair value level 1	Fair value level 2	Total	Comparison fair value
Cash and cash equivalents	1,599			1,599	1,599[1]
Trade receivables, net:					
Loans and receivables	3,107	–	–	3,107	3,107[1]
Designated as at fair value through profit or loss	–	–	84	84	84
Total				3,191	3,191
Other accounts receivable:					
Loans and receivables	437	–	–	437	437[1]
Non-financial assets	–	–	–	495	–[2]
Total				932	
Derivative and other financial assets:					
Derivative financial assets	–	5	197	202	202
Loans and receivables	41	–	–	41	41
Available-for-sale financial assets	–	8	–	8	8
Total				251	251
Financial and other non-current assets:					
Loans and receivables	328	–	–	328	349[3]
Available-for-sale financial assets	–	12	70	82	82
Other, not carried at fair value[4]	–	–	–	131	–[2]
Derivative financial assets – non-current	–	–	21	21	21
Total				562	
Trade accounts payable:					
Measured at amortized cost	3,409	–	–	3,409	3,409[1]
Current financial debt and other financial liabilities:					
Measured at amortized cost	980	–	–	980	980[1]
Derivative financial liabilities – current	–	–	68	68	68
Total				1,048	
Other current liabilities:					
Financial liabilities	213	30	7	250	250[1]
Non-financial liabilities	–	–	–	910	–[2]
Total				1,160	
Financial debt and other non-current liabilities:					
Measured at amortized cost	2,383	–	–	2,383	2,606[5]
Derivative financial liabilities – non-current	–	–	51	51	51
Non-financial liabilities	–	–	–	80	–[2]
Total				2,514	

1 Carrying amount approximates the estimated fair value due to the short-term nature of the financial instruments
2 Fair value is not required to be disclosed for non-financial assets and non-financial liabilities, including defined benefit pension assets
3 Fair values of these receivables are measured by discounting their cash flows at interest rates derived using observable yields on government bonds with maturities and currencies that match those of the respective receivable and the estimated credit risk of each receivable. Of the total fair value disclosed, $208 million represents a level 2 fair value measurement because credit risk was determined from yields on actively traded bonds issued by the counterparty, and $141 million due from counterparties which have not issued traded bonds represents a level 3 fair value measurement
4 After effect of accounting policy change for employee benefits described in Note 2
5 Financial liabilities represent both exchange traded bonds and non-exchange traded private placement notes issued by Syngenta. Except for one private placement note with a fair value of $153 million, which is a level 3 measurement because market interest rates and credit rates are not observable for all of the period until its maturity date in 2035, the fair value disclosed consists of level 2 fair value measurements derived from observable price quotations for these bonds

28. Financial assets and liabilities continued

The levels of fair value hierarchy used above are defined as follows:

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of unquoted equity securities is not material. There were no transfers during the years ended December 31, 2013 and 2012 between level 1 and level 2 of the fair value hierarchy or between the fair value and amortized cost categories. There were no transfers during the years ended December 31, 2013 and 2012 into or out of level 3 of the fair value hierarchy.

Income, expense, gains and losses relating to financial instruments recognized in profit or loss during the years ended December 31, 2013 and 2012 are as follows:

2013 ($m)	Loans and receivables[1]	Available-for-sale financial assets	Derivative assets and liabilities	Liabilities carried at amortized cost	Total
Recognized within Financial expense, net[2]:					
Interest income	120	–	–	–	120
Interest expense	(5)	–	(8)	(151)	(164)
Currency gains/(losses), net	–	–	(134)	–	(134)
Recognized within Operating income:					
Impairment charges	(33)	(11)	–	–	(44)
Total	82	(11)	(142)	(151)	(222)

2012 ($m)	Loans and receivables[1]	Available-for-sale financial assets	Derivative assets and liabilities	Liabilities carried at amortized cost	Total
Recognized within Financial expense, net[2]:					
Interest income	116	–	–	–	116
Interest expense	(5)	–	26	(163)	(142)
Currency gains/(losses), net	–	–	(101)	–	(101)
Recognized within Operating income:					
Impairment charges	(11)	(3)	–	–	(14)
Reclassified from OCI on disposal or on acquisition of control	–	30	–	–	30
Total	100	27	(75)	(163)	(111)

1 Includes immaterial amounts relating to financial assets designated as at fair value through profit or loss
2 Financial expense, net also includes $22 million of bank charges (2012: $20 million)

Reported gains and losses on revaluation of available-for-sale financial assets for the years ended December 31, 2013 and 2012 were as follows:

($m)	2013	2012
Impairment losses reported in profit or loss	**(11)**	(3)
Unrealized gains/(losses) reported in OCI	**17**	(1)

29. Derivatives and hedge accounting

The following table shows fair values, notional amounts and maturities of Syngenta's derivative financial instruments held at December 31, 2013 and 2012, classified by the individual risks being hedged and the applied accounting treatment:

	Fair value		Notional amounts					
2013 ($m)	Positive	Negative	<90 days	90 – 180 days	180 days – 1 year	1 – 5 years	>5 years	Total
Foreign exchange and interest rate risk:								
Cash flow hedges	99	(21)	378	1,082	460	641	–	2,561
Fair value hedges	1	–	–	–	–	–	500	500
Undesignated	133	(54)	5,397	761	176	10	–	6,344
Total foreign exchange and interest rate risk	233	(75)	5,775	1,843	636	1,151	500	9,405
Commodity price risk:								
Cash flow hedges	3	–	4	5	6	–	–	15
Undesignated	12	–	76	19	52	–	–	147
Total commodity price risk	15	–	80	24	58	–	–	162

	Fair value		Notional amounts					
2012 ($m)	Positive	Negative	<90 days	90 – 180 days	180 days – 1 year	1 – 5 years	>5 years	Total
Foreign exchange and interest rate risk:								
Cash flow hedges	116	(55)	479	841	593	1,341	–	3,254
Undesignated	89	(63)	5,761	1,912	333	10	–	8,016
Total foreign exchange and interest rate risk	205	(118)	6,240	2,753	926	1,351	–	11,270
Commodity price risk:								
Cash flow hedges	1	(1)	20	11	3	–	–	34
Undesignated	17	–	25	56	27	–	–	108
Total commodity price risk	18	(1)	45	67	30	–	–	142

For cash flow hedges, the periods when the cash flows for the underlying hedged items are expected to occur and affect profit or loss are not significantly different from those of the hedging instruments as presented in the table above.

Fair value hedges

Syngenta maintains interest rate swaps that qualify for fair value hedge accounting. Hedge effectiveness for these hedges is measured on a quarterly basis by comparing the movement in the period of the present value of future coupon bond payments to the movement in the value of the associated swaps. There is an immaterial amount of hedge ineffectiveness on these swaps.

In addition, Syngenta maintained a number of fair value hedging relationships which have been discontinued either due to termination of the hedging instruments or due to re-designation of the hedging instruments in other hedging relationships. These hedging relationships originally comprised of interest rate swaps (or a combination of interest rate swaps and cross-currency swaps) and were accounted for as highly effective hedges of interest rate risk (or a combination of interest rate and foreign exchange risks) relating to future interest and principal payments of bond liabilities.

Gains/(losses) on fair value hedges recognized in profit or loss for the years ended December 31, 2013 and 2012 are as follows:

($m)	2013	2012
Total gains/(losses) from hedging instruments	5	–
Underlying hedged items	(5)	–

Cash flow hedges and hedges of net investment in foreign operations

Syngenta maintains the following derivatives that qualify for cash flow hedge accounting:

- Cross currency swaps designated as hedges of foreign exchange risk of future interest and principal payments on bond liabilities.
- Foreign exchange forward contracts and net purchased currency options designated as hedges of foreign exchange risk of forecast foreign currency cash flows (uncommitted foreign exchange transaction risk) arising from (i) forecast sales and purchases between Syngenta subsidiaries and (ii) forecast transactions with third parties.
- Commodity forwards and futures designated as hedges of commodity price risks of anticipated and committed future purchases.

Hedge effectiveness for these hedges is measured on a quarterly or semi-annual basis. Syngenta uses the forward rate methodology to measure the effectiveness of the foreign exchange or commodity forward contracts. Hedge effectiveness for the swaps is measured by comparing the movement in the present value of future coupon bond payments to the movement in the present value of forecast future cash flows of the associated swaps. There is an immaterial amount of hedge ineffectiveness related to these hedges.

Notes to the Syngenta Group Consolidated Financial Statements

29. Derivatives and hedge accounting continued

Gains/(losses) on derivative instruments recognized as cash flow hedges and hedges of net investments in foreign operations during the years ended December 31, 2013 and 2012 were as follows:

	2013			2012		
($m)	Foreign exchange and interest rate	Commodity risk	Net investment hedges	Foreign exchange and interest rate	Commodity risk	Net investment hedges
Opening balance of (losses)/gains recognized in OCI	(5)	18	(72)	(88)	3	(72)
Income taxes	(13)	2	–	(11)	1	–
(Losses)/gains recognized in OCI	(8)	1	(1)	18	4	–
(Gains)/losses removed from OCI and recognized in profit or loss:						
Cost of goods sold	–	(4)	–	–	10	–
General and administrative	5	–	–	54	–	–
Financial expense, net	21	–	–	22	–	–
Closing balance of gains/(losses) recognized in OCI	–	17	(73)	(5)	18	(72)

Undesignated hedges

Gains and losses on hedging instruments that were not designated for hedge accounting purposes were as follows:

- Foreign currency forward contracts that are effective economic hedges of balance sheet exposures as part of Syngenta's committed exposure program. The fair value movements of the hedges and the retranslation of the underlying exposures are recorded in profit or loss and largely offset.
- Foreign currency forward contracts that are effective economic hedges of forecast cash flows arising from anticipated sales and purchases between Syngenta affiliates and third parties. The amount recorded in profit or loss in 2013 is a gain of $1 million (2012: loss of $8 million).
- Purchased foreign currency options that are effective economic hedges of the exposure arising from written foreign currency options offered to customers as part of a sales contract. The fair values of both the purchased and written foreign currency options are recorded in profit or loss and largely offset.
- Commodity derivative contracts that are effective economic hedges of the anticipated purchases of raw materials or purchases and sales of crops in barter arrangements. The amount recorded in profit or loss in respect of these derivatives in 2013 is a loss of $13 million (2012: gain of $31 million). The profit or loss impact from the corresponding forecasted transactions occurs when the related finished product inventories are sold, which is generally in the year following recognition of the gain or loss on the hedge.

30. Other new IFRSs and accounting policies

Other new IFRSs

Syngenta has adopted the following new or revised IFRSs from January 1, 2013. Except where stated otherwise, these IFRSs have not been early adopted and their adoption had no impact on these consolidated financial statements:

- IFRS 10, "Consolidated Financial Statements", establishes the control concept as the sole criterion for consolidation, and clarifies that control is an investor's ability to use its power over another entity to affect the variable returns derived from its involvement with that entity. Syngenta's consolidation scope and the accounting treatment of its investments in other entities was unaffected by the adoption of IFRS 10.
- IFRS 11, "Joint Arrangements" contains revised guidance for distinguishing joint operations, where each party accounts for its own rights and obligations, from jointly controlled entities, for which IFRS 11 requires the equity method of accounting. Syngenta previously applied the equity method to its jointly controlled entities in accordance with IAS 31, "Joint Ventures", which has been replaced by IFRS 11. The accounting treatment of Syngenta's joint arrangements was unaffected by the adoption of IFRS 11.
- IFRS 12, "Disclosures of Interests in Other Entities", requires additional disclosures in Syngenta's annual consolidated financial statements.The disclosures relevant to these consolidated financial statements have been included in Notes 1 and 14.
- IFRS 13, "Fair Value Measurement", introduced guidance on how to measure fair value. As part of adopting IFRS 13, Syngenta is required to disclose additional information about the fair values of certain assets and liabilities in its consolidated financial statements, and about the methods, data and assumptions which underlie those fair value measurements. Most Syngenta assets and liabilities for which fair value is either presented in the consolidated balance sheet or disclosed in the notes to the financial statements are financial in nature. Fair value measurement methods for these financial assets and liabilities are described in the relevant accounting policies within Note 30, and their fair values at December 31, 2013 and 2012 are presented in Note 28. Adoption of IFRS 13 has had no material impact on how Syngenta measures fair value or on the resulting fair value amounts included in these consolidated financial statements.
- Syngenta has adopted the amendments in "Annual Improvements to IFRSs, 2009-2011 Cycle", other than those which it had already early adopted in its 2012 consolidated financial statements.These had no impact on the consolidated financial statements.
- "Disclosures – Offsetting Financial Assets and Financial Liabilities", Amendments to IFRS 7, requires disclosures both about assets and liabilities that have been offset in the balance sheet and about amounts covered by conditional set-off rights which do not meet the criteria for offsetting. See Note 27 for information about set-off rights that apply to certain Syngenta financial assets and liabilities.
- "Recoverable Amount Disclosures for Non-Financial Assets", Amendments to IAS 36, was issued in May 2013 and clarifies the disclosure requirements related to impairment tests for these assets. Syngenta has adopted the amendments early, in these financial statements.

Notes to the Syngenta Group Consolidated Financial Statements

30. Other new IFRSs and accounting policies continued

The relevant new or revised IFRSs that Syngenta has not yet adopted are the following:

– IFRS 9, "Financial Instruments", is being issued in separate chapters. In November 2009 and October 2010, chapters containing new measurement and classification rules for financial assets and financial liabilities were issued. Under these requirements, financial assets which are debt instruments and according to Syngenta's business model are held to collect contractual cash flows consisting of payments of principal and/or interest on defined dates would be measured at amortized cost, and all other financial assets would be measured at fair value. Gains and losses which Syngenta currently recognizes in OCI on remeasuring assets classified as available-for-sale would be recognized in profit or loss under IFRS 9. There is an exception for equity instruments which are not held for trading, for which Syngenta may make an irrevocable election on their initial recognition to present all gains and losses within OCI. Gains and losses on equity instruments for which this election is made would no longer be reclassified from OCI into profit or loss on disposal or on a significant or prolonged decline in value. For financial liabilities which are measured at fair value in accordance with the fair value option, changes in fair value which are due to changes in own credit risk will be reported in OCI, instead of in profit or loss. Syngenta currently does not apply the fair value option to any of its financial liabilities.

  In addition, in November 2013 the chapter containing the hedge accounting rules was issued. These new rules require hedge accounting relationships to be based upon Syngenta's own risk management strategy and objectives, and to be discontinued only when the relationships no longer qualify for hedge accounting. This permits a wider range of designations than IAS 39. For example, a bond issued in Euros and a Euro to US Dollar cross currency swap may now be designated together as a single hedged item in a hedge of US Dollar interest rate risk; and the corn futures price risk can now be hedged separately as a component of the cash flows related to corn seed purchases and sales. The new rules also: introduce revised effectiveness testing requirements for hedge accounting relationships; require gains and losses on hedges of forecast purchases of non-financial assets to be included in the carrying amount of the purchased hedged asset when it is first recognized; require revaluation gains and losses arising on the time value of options when excluded from hedge designation, and permit revaluation gains and losses arising on the forward points in forward currency contracts and basis spreads in foreign currency swaps, to be accounted for through OCI during the life of the hedging instrument, and to be included in the carrying amount of the hedged item or amortized into profit and loss on a rational basis, depending on whether a transaction or a time period exposure is being hedged.

– The IASB has not yet set an effective date by which IFRS 9 must be adopted, but all published parts of IFRS 9 are available for early adoption. Syngenta has not adopted IFRS 9 in these financial statements, but is currently assessing whether to adopt it early and, if so, whether to adopt with effect from January 1, 2014 or from a later date. In making this decision, Syngenta will take into account that the IASB have not yet completed all parts of IFRS 9 and that further amendments to the published classification and measurement model are planned. On the basis of the financial instruments Syngenta has at December 31, 2013, Syngenta does not expect adoption of the classification and measurement requirements to have a material impact on its financial statements. These requirements are mostly required to be applied retrospectively. The IFRS 9 hedge accounting requirements must be applied prospectively, except for the revised accounting for the time value of options, which must be applied retrospectively. Syngenta expects the new hedge accounting requirements to allow designation of hedges that are currently undesignated, including certain of the commodity derivatives described in Note 29. Such designation would synchronize the impact of these derivatives on cost of goods sold with that of the related hedged commodity purchases. Based on the extent to which it has used options as hedging instruments in the past, Syngenta does not believe that the revised accounting for the time value of options will have a material impact on its financial statements.

– "Offsetting Financial Assets and Financial Liabilities", Amendments to IAS 32, was published in December 2011, and permits financial assets and financial liabilities to be offset against each other for balance sheet presentation only where a currently existing, legally enforceable, unconditional right of offset applies to all counterparties of the financial instruments in all situations, including both normal operations and insolvency. Syngenta must adopt the amendments effective January 1, 2014. Syngenta does not believe that the amendments will have a material impact on its consolidated financial statements.

– IFRIC 21 "Levies" was published in May 2013, and contains guidance on when to recognize the liability for a government levy. Syngenta must adopt IFRIC 21 with effect from January 1, 2014. Syngenta does not believe that adoption of IFRIC 21 will have a material impact on its consolidated financial statements.

– "Derivative Novation: Continuation of Hedge Accounting", Amendments to IAS 39, was published in June 2013, and requires that hedge accounting is continued when a derivative is novated to a central clearing counterparty in consequence of changes to regulations. Syngenta must adopt the amendments effective January 1, 2014. Syngenta does not believe that the amendments will have any impact. Syngenta has not novated any derivatives to central clearing counterparties and currently does not believe that the current or proposed regulations that are likely to apply to it will require Syngenta to novate any derivatives in this way.

– The "Annual Improvements to IFRSs" amendments for the 2010-12 and 2011-13 annual improvement cycles were issued in December 2013, and generally their adoption is required for Syngenta with effect from January 1, 2015. Syngenta does not believe that the amendments will have a material impact on its consolidated financial statements.

Future changes in IFRS

IFRSs are undergoing a process of revision with a view to increasing harmonization of accounting rules internationally. Proposals to issue new or revised IFRSs, as yet unpublished, on financial instruments, revenue recognition, leases, and other topics may change existing standards, and may therefore affect the accounting policies applied by Syngenta in future periods. Transition rules for these potential future changes may require Syngenta to apply them retrospectively to periods before the date of adoption of the new standards.

30. Other new IFRSs and accounting policies continued

Principles of consolidation

Subsidiaries

Subsidiaries are those entities which Syngenta controls. Control over an entity exists when: Syngenta has power, defined as existing rights that give Syngenta the current ability to direct the activities which affect the entity's returns; Syngenta is exposed to or has rights to returns which may vary depending on the entity's performance; and Syngenta has the ability to use its power to affect its own returns from its involvement with the entity. Syngenta controls all its subsidiaries through ownership of a majority of their voting rights. Syngenta fully consolidates the income, expenses, assets, liabilities and cash flows of subsidiaries from the date it acquires control up to the date control ceases.

Associates and joint ventures

Associates are those entities in which Syngenta has significant influence, but not control, and in which Syngenta generally has between 20 percent and 50 percent of voting rights. Joint ventures are those enterprises over whose activities Syngenta has joint control, established by contractual agreement. Syngenta has no interests in entities that it does not consolidate that would meet the definition of joint operations. Syngenta accounts for both associates and joint ventures using the equity method. Under this method, the consolidated financial statements show Syngenta's investment in and its share of the total recognized gains and losses and transactions with shareholders of associates and joint ventures, from the date that significant influence or joint control commences until the date they cease. Any premium over net asset value paid to acquire an interest in an associate or joint venture is recognized as goodwill, within the same line as the underlying investment. When Syngenta's share of accumulated losses reduces the carrying amount of an associate or joint venture to nil, no further losses are recognized unless Syngenta has an obligation to meet those losses.

Transactions eliminated on consolidation

Intercompany income and expenses, including profits from internal Syngenta transactions, and intercompany receivables and payables have been eliminated upon consolidation. Profits on transactions between Syngenta and its associates and joint ventures are eliminated in proportion to Syngenta's ownership share in the associate or joint venture, but losses are eliminated only if no impairment has occurred.

Business combinations

Syngenta accounts for business combinations in accordance with IFRS 3, (revised January 2008), using the acquisition method. At the date it acquires control of another business, Syngenta records the fair value of the agreed consideration payable, including the estimated fair value of any contingent consideration, and of any existing ownership interest it holds in the acquired entity, but excluding any amounts which are not part of the business combination, such as amounts which settle pre-existing relationships or relate to services Syngenta will receive post-acquisition. Any gain or loss arising on revaluing an existing interest in the acquired entity is recognized in profit or loss. Direct acquisition transaction costs are expensed as incurred. The assets and liabilities of acquired businesses are identified and recorded in the consolidated financial statements at their acquisition date fair values, with certain exceptions as set out in IFRS 3. Acquired intangible assets are generally valued based on the income approach: the relief from royalty method is used for brand names and product technology rights, and the residual income method for customer relationships. Acquired land and buildings are valued based on the market approach and specialized plant and equipment based on the cost approach. Non-controlling interests which either consist of actively traded financial instruments or which do not represent a proportionate ownership interest in the acquired entity to which they relate are recorded at their fair value. All other non-controlling interests are recorded at their proportionate share of the fair value of the acquired business's net assets.

If the sum of the amounts paid or payable upon acquisition of a controlling interest plus the fair value of any existing Syngenta ownership interest in the acquiree and any non-controlling interest exceeds the fair value of the acquiree's net assets, the excess is recognized as goodwill. If the fair value of the acquiree's net assets exceeds the sum of those amounts, the excess is immediately recognized as a gain in profit or loss at the acquisition date.

Once Syngenta has acquired control of a business, any further transaction that changes Syngenta's ownership interest but does not result in Syngenta losing control is accounted for as a transaction between shareholders. Any difference between the amount paid for the change in ownership interest and the corresponding share of the carrying amount of the net assets is charged or credited to shareholders' equity.

Business combinations completed before January 1, 2010 have been accounted for in accordance with the IFRSs which applied at the date they were completed. The successive changes which have been made over time to the IFRSs for business combinations have not been required to be applied retrospectively to business combinations completed before those changes were introduced.

Business divestments

Disposal or loss of Syngenta control of a business or of a controlling interest in a subsidiary is accounted for by derecognizing the underlying assets and liabilities disposed of and any related goodwill and third party non-controlling interests, at their carrying amounts. If Syngenta retains a non-controlling ownership interest, this is recognized at fair value. The difference between those carrying amounts and the total fair value of the disposal proceeds and of any retained Syngenta interest is recognized in profit or loss together with related currency translation gains and losses (see "Foreign currencies" below).

Syngenta recognizes the proceeds of disposals in profit or loss at the date on which it loses control of the divested business, separately from amounts receivable for any services Syngenta is obliged to continue to provide, which are recognized over the periods in which Syngenta performs the related obligations. If completion of a disposal within 12 months is highly probable in accordance with the definition in IFRS 5, the assets and liabilities to be disposed of are reclassified as held-for-sale in the consolidated balance sheet. If a separate major line of business is to be divested and has met the highly probable criterion, its post-tax result of operations for each period presented in the consolidated income statement is presented within discontinued operations, together with related impairment losses. Any profit or loss on disposal which is recognized is also presented within discontinued operations.

30. Other new IFRSs and accounting policies continued

Other accounting policies

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost or fair value, are translated into the functional currency at the foreign exchange rate prevailing at the date of the transaction or the date the fair value was determined, respectively. Foreign currency transactions are translated into the relevant functional currency at the exchange rate prevailing at the date of the transaction. With exceptions for certain regional supply centers, holding and finance subsidiaries, each Syngenta subsidiary uses the local currency of its country of operations as its functional currency. Unrealized gains or losses related to equity loans, designated cash flow and net investment hedging arrangements and gains and losses on retranslating equity instruments that are available-for-sale financial assets are recognized in OCI. All other resulting foreign exchange transaction gains and losses are recognized in profit or loss. Equity loans are intercompany loans to subsidiaries that are not expected to be repaid in the foreseeable future and therefore considered part of Syngenta's net investment in the subsidiary.

Income, expense and cash flows of foreign operations are translated into US dollars using average exchange rates prevailing during the period. Assets and liabilities of foreign operations are translated to US dollars using exchange rates prevailing at the balance sheet date. Foreign exchange differences arising on these translations are recognized directly in OCI. Upon disposal or loss of control of a foreign subsidiary, the cumulative currency translation difference relating to the subsidiary is reclassified from equity to profit or loss as part of the gain or loss on disposal.

Revenue

Revenue is measured as the fair value of the consideration received or receivable. If the consideration is receivable more than 12 months after the transaction date and the effect of discounting is material, the revenue amount recognized is discounted to its present value at the transaction date. Revenue from sales of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, which is usually upon delivery, at a fixed or determinable price, and when collectability is reasonably assured. Delivery is defined based on the terms of the sale contract. Revenue is reported net of sales taxes, returns, discounts and rebates. Rebates to customers are provided for in the same period that the related sales are recorded based on the contract terms.

In certain markets, sales terms allow customers to exchange purchased products at a later date for other Syngenta products of their choice, to the same value. Revenue is recognized upon delivery of the original products, and is reduced by a provision for products expected to be exchanged. This provision is released, and the corresponding revenue is recorded, when the substitute products are delivered or the period available to exchange the products expires, whichever is earlier.

In certain markets, sales terms allow customers the option of a one-time, non-repeatable extension of credit, for a defined additional period, in respect of a defined proportion of purchases made during a defined period, if the customers still have the inventories on hand upon expiration of the initial agreed credit period. Customers have no right to return these inventories, and must pay unconditionally when the additional credit period expires. In accordance with IAS 18, revenue for these sales is recognized upon product delivery.

Where a right of return exists, revenue is recognized when a reasonable estimate of returns can be made, or when the right of return expires, whichever is earlier. Where Syngenta's distributors hold inventories and have the right of return, or Syngenta's commercial practice is to accept returns from distributors, and it is not possible to make a reasonable estimate of returns, Syngenta recognizes revenue when its distributors sell the inventories to their customers.

Where third parties hold Syngenta inventories on a consignment basis, revenue is recognized in the period that inventories are withdrawn from consignment and delivered to customers.

Syngenta periodically enters into prepayment contracts with customers whereby it receives advance payments for products to be delivered in a future period. These advance payments are recorded as liabilities and presented as part of Trade accounts payable. Advance payment liabilities are released and revenues associated with such advance payment transactions are recognized upon delivery of and transfer of title, ownership, and risk of loss of the related products to the customer.

Royalty income is recognized when earned. If the license agreement contains performance obligations for Syngenta, the related income is considered earned when Syngenta has performed the obligations. Contractual minimum royalty income is considered earned when there are no substantive performance obligations or contingencies associated with its receipt other than the passage of time. Amounts received in advance of performance are deferred in the consolidated balance sheet. If the license agreement provides for royalties based on sales made by the licensee, income is considered earned in the period that the related sales occur.

Cash rebates and discounts granted to customers are classified as a reduction of revenue. Awards of free or discounted products or services supplied by Syngenta in connection with customer loyalty programs are recognized as revenue when the customer redeems the credits. Awards supplied by a third party are recognized as revenue when the third party becomes obliged to supply the awards if Syngenta is an agent for the third party, and when Syngenta has performed its obligations to the customer if Syngenta is a principal. Net profit from programs where Syngenta is an agent is shown as part of Sales. Revenue related to programs where Syngenta is a principal is presented as part of Sales, and associated costs are presented within Cost of goods sold or Marketing and distribution expense as appropriate. Syngenta determines whether it is a principal or an agent according to whether it is exposed to the risks and rewards of supplying the third party products or services. Liabilities associated with customer loyalty programs are classified within Trade accounts payable.

Barter transactions

For certain customers in certain markets, trade receivables are settled either with proceeds from sales by such customers of agricultural commodities or by delivery of commodities to Syngenta by such customers. For these arrangements, Syngenta recognizes revenue when it has a legally enforceable receivable, the amount of which is reliably measurable based on an agreed price for the Syngenta products. Where Syngenta has a contract with the customer for physical delivery of a commodity at a fixed price, an embedded derivative is recognized for the fair value of the contract until physical delivery. When it subsequently sells the commodity, Syngenta classifies additional revenue as sales only to the extent that the original contract for the sale of Syngenta products included revenue that was contingent upon the commodity sales proceeds. Any remaining gains or losses on the commodity sale are recorded in Marketing and distribution expense in the consolidated income statement.

Notes to the Syngenta Group Consolidated Financial Statements

30. Other new IFRSs and accounting policies continued

Research and development

Research expenses are charged to the consolidated income statement when incurred. Internal development costs are capitalized as intangible assets only when there is an identifiable asset that can be completed and is expected to generate future economic benefits and when the cost of such an asset can be measured reliably. Costs incurred internally to develop new chemical or biological crop protection products based on active ingredients that have not yet obtained regulatory approval, or to develop new seed varieties which contain new traits that have not yet obtained regulatory approval, are expensed as incurred because of the uncertainty inherent in the outcome of the regulatory approval process. Costs incurred in the design, construction and testing of new or improved production processes that do not themselves require regulatory approval and that can be applied to products which have already obtained approval are capitalized if the processes are technically feasible, Syngenta intends and has sufficient resources to complete the development, the process will generate future economic benefits, and expenditure attributable to developing the process can be measured reliably. Development expenses Syngenta incurs to develop technology on behalf of a third party under a collaboration agreement are capitalized and amortized over the agreement term if Syngenta expects to recover the costs under the provisions in that agreement.

Costs of purchasing distribution rights, patent rights and licenses to use or sell products, or technology or registration data are capitalized as intangible assets. Costs of applying for patents for internally developed products, costs of defending existing patents and costs of challenging patents held by third parties where these are considered invalid, are considered part of development expense and expensed as incurred.

Expenses by function

Cost of goods sold includes costs of purchasing and producing inventories that have been sold to third parties, inbound and inter-site distribution expenses, impairment of inventories, environmental remediation costs associated with ongoing Syngenta manufacturing sites, and general overhead expenses of Syngenta's Production and supply function which are expensed as incurred. Marketing and distribution includes costs of selling products, providing technical support for products sold, marketing and promotional expenses, distribution of finished products to third party customers, and impairment of trade and other receivables. Research and development includes the expenses of Syngenta's research sites and third party research collaboration agreements, expenses incurred during the regulatory process for Syngenta products and the costs of Syngenta's global field trials organization. General and administrative includes expenses of general management, finance, human resources, information systems, legal affairs and taxes, corporate affairs and communications, business planning and corporate development functions. Services provided by these departments to the Production and Supply, Marketing and Distribution and Research and Development functions are allocated to and included within those other functions. Gains and losses arising on routine asset disposals, gains and losses reclassified from OCI when hedged forecast foreign currency trading transactions affect profit or loss, and impairment of available-for-sale financial assets are also reported within General and administrative. Restructuring is a separate general and administrative function as it is managed through a project management office which is accountable to the Executive Committee. Impairment of property, plant and equipment that results from restructuring plans, rather than ongoing activities of the functions responsible for the assets, is included in Restructuring. Impairment of goodwill and intangible assets is also included in Restructuring unless a specific function is accountable for the impairment loss. Non-current asset depreciation and amortization are charged to the functions responsible for the related assets.

Restructuring

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

Income taxes

Income taxes for the year comprise current and deferred taxes, calculated using rates enacted or substantively enacted at the balance sheet date. Current tax is the expected tax payable on taxable income for the year and any adjustments to tax payable in respect of previous years. Deferred tax is recognized using the liability method and thus is calculated on temporary differences between the tax bases of assets and liabilities and their respective carrying amounts in the consolidated balance sheet.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognized on the initial recognition of goodwill if the carrying amount of goodwill exceeds its tax base. Deferred tax assets, including those related to unused tax losses, are recognized to the extent that it is probable that future taxable profit will be available against which the assets can be utilized. Income tax expense, current and deferred, is recognized in profit or loss unless it relates to items recognized in OCI or in equity in which case the tax expense is also recognized in OCI or equity respectively.

Syngenta's policy is to comply fully with applicable tax regulations in all jurisdictions in which Syngenta's operations are subject to income taxes. Syngenta's estimates of current income tax expense and liabilities are calculated assuming that all tax computations filed by Syngenta's subsidiaries will be subject to review or audit by the relevant tax authorities. Syngenta and the relevant tax authorities may have different interpretations of how regulations should be applied to actual transactions. Syngenta records provisions for taxes it estimates will ultimately be payable when the reviews or audits have been completed, including allowances for any interest and penalties which may become payable. Syngenta releases these provisions when the tax audit of the applicable year is completed or an Advance Pricing Agreement (APA) settlement is reached that impacts previous years' tax payments, or otherwise when the statute of limitations for the applicable year expires, unless there is evident reason for earlier release.

Deferred tax on share based compensation awards is based on the tax deduction, if any, that would be obtained if the Syngenta AG share price at the period end was the tax base for the award. Deferred tax on unvested awards is recognized ratably over the vesting period. Deferred tax on awards already vested is recognized immediately. Any income tax benefits recorded in the income statement are limited to the tax effect of the related cumulative pre-tax compensation expense recorded. The total tax benefit on an award may exceed this amount in some circumstances. The excess tax benefit is considered by IFRS to be the result of a transaction with shareholders rather than with employees, and is recorded within shareholders' equity.

30. Other new IFRSs and accounting policies continued

Cash and cash equivalents
Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and are subject to only an insignificant risk of changes in value.

Trade and other accounts receivable
Trade and other accounts receivable include invoiced amounts less adjustments for doubtful receivables which are calculated by taking into account whether receivables are past due based on contractual terms, payment history and other available evidence of collectability. Receivable balances are written off only when there is no realistic prospect of their being collected.

Factoring arrangements transferring substantially all economic risks and rewards associated with accounts receivable to a third party are accounted for by derecognizing the accounts receivable upon receiving the cash proceeds of the factoring arrangement. Factoring arrangements that transfer to a third party some, but not all economic risks and rewards are accounted for by continuing to recognize Syngenta's continuing rights over the receivable and by recognizing any related obligation to the third party factor.

In certain foreign currency sales transactions, Syngenta offers to its customers a written exchange rate option embedded into the sales contract. The resulting trade receivable/option contract is designated as an asset which is measured at fair value through profit or loss as the embedded option derivative meets the conditions of paragraph 11A of IAS 39. The fair value of these trade receivables is determined after:

(a) remeasuring the embedded exchange rate option at fair value;

(b) retranslating the underlying account receivable into the selling entity's functional currency using closing spot exchange rates at the balance sheet date; and

(c) adjusting the resulting carrying amount of the combined receivable contract to reflect changes in customer credit risk. Syngenta includes this adjustment in the provision for doubtful receivables.

Derivative and other financial assets
Financial and other current assets include financial instruments with positive fair values and remaining contractual maturities of less than 12 months at the balance sheet date. Debt investments are classified as available-for-sale assets in accordance with IAS 39, and are revalued to fair value at each reporting date. Fair value is the quoted market price of the specific investments held. Unrealized revaluation gains are recorded in OCI except to the extent that they reverse impairment losses recorded on debt investments in prior periods. When an investment is sold, revaluation gains and losses are transferred from OCI and recognized in profit or loss. Regular way purchases and sales of marketable securities are recognized at settlement date.

Derivative financial instruments are recorded initially at their fair value when Syngenta becomes a party to the instrument. They are revalued to fair value at each reporting date and presented as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Fair values of publicly traded derivatives are based on quoted market prices of the specific instruments held at the balance sheet date.

Fair values of non-publicly traded derivatives are valued using accepted economic methodologies for pricing these financial instruments, such as discounted cash flow analysis or option pricing models. The valuation models seek to make maximum use of market inputs existing at the balance sheet date. The methods used to determine the fair value of specific types of non-publicly traded derivatives are as follows:

– Interest rate and cross-currency swaps are calculated as the present value of the estimated future cash flows. The future cash flows are determined using relevant market forward interest rates at the balance sheet date and are discounted using the zero-coupon rates with equivalent maturities for AA rated entities at the balance sheet date, as adjusted for the counterparty's credit risk. These discount rates incorporate the impact of net credit risk present in those derivative instruments. For cross-currency swaps, the discount rates reflect the impact of the currency basis on the future cash flows denominated in different currencies;

– Forward contracts are determined using relevant market exchange rates at the balance sheet date;

– Currency options are valued using the Black-Scholes-Merton option pricing model, which incorporates spot exchange rates, zero coupon rates with equivalent maturities for entities with credit ratings which approximate Syngenta's counterparty credit risk, and implied volatility in the market forward exchange rates at the balance sheet date; and

– Commodity options are valued using the Black-Scholes-Merton option pricing model, which incorporates future commodity price curves with equivalent maturities and implied volatilities in the commodities markets at the balance sheet date, adjusted for counterparty credit risk.

Realized gains and losses, unrealized revaluation gains and losses on derivatives not designated as accounting hedges and gains and losses corresponding to the ineffective portion of derivatives designated as accounting hedges are recorded in profit or loss as they arise.

Syngenta applies hedge accounting as follows:

Fair value hedges
Both the designated hedging instruments and the underlying hedged items are remeasured to fair value and the resulting remeasured gains or losses are recognized in profit or loss as they occur.

Cash flow hedges
For the effective portion of the hedge, gains and losses on remeasuring designated hedging instruments to fair value are recognized in OCI as part of the cash flow hedge reserve, and are reclassified into profit or loss in the period (or periods) during which the underlying hedged cash flows affect profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for cash flow hedge accounting, any cumulative unrealized gain or loss on the hedging instrument remains in equity until the underlying hedged item affects profit or loss. However, if a hedged forecasted transaction is no longer expected to occur, the cumulative unrealized gain or loss on the hedging instrument is immediately reclassified into profit or loss.

When measuring effectiveness of cash flow hedging relationships that include cross-currency swaps, cash flows related to the currency basis component of the future cash flows of the cross-currency swaps are assumed to be reflected also in the hedged item.

Net investment hedges
Hedges of net investments in foreign operations, including hedges of monetary items that are accounted for as part of a net investment, are accounted for similarly to cash flow hedges. The accumulated gain or loss arising from such a hedge is reclassified from equity into profit or loss upon disposal of the net investment.

30. Other new IFRSs and accounting policies continued

Inventories

Purchased products are recorded at acquisition cost while own-manufactured products are recorded at manufacturing cost including a share of production overheads based on normal capacity. Cost is determined on a first-in-first-out basis. Allowances are made for inventories with a net realizable value less than cost, or which are slow moving. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs to sell. Costs to sell include direct marketing, selling and distribution costs. Unsaleable inventories are fully written off.

Biological assets

Biological assets represent growing plants and cuttings in Syngenta's Flowers business and sugar cane seedlings within its Sugar cane business. In Flowers, young plants and cuttings are measured at fair value less costs to sell, with key inputs being current average third party net selling prices, actual average selling costs and, for immature assets, estimated stage of growth relative to mature assets. Sugar cane seedlings are measured at cost less impairment because fair value is not reliably measurable due to the nature of the asset not corresponding to traded assets or products in the market.The carrying amount of current consumable biological assets measured using the cost model is tested for impairment by comparing it with the assets' net realizable value determined in accordance with IAS 2, "Inventories". Non-current bearer biological assets, which are measured using the cost model, are amortized over their productive lives. When indicators of impairment exist, their carrying amount is compared with the assets' recoverable amount determined in accordance with IAS 36, "Impairment of Assets". Syngenta classifies gains and losses from remeasuring biological assets to fair value, and impairment losses for biological assets measured at cost less impairment, within Cost of goods sold.

Property, plant and equipment

Property, plant and equipment are recorded at acquisition or production cost, less accumulated depreciation and any impairment losses. Eligible borrowing costs are capitalized as part of the asset cost if construction is expected to take more than one year to complete. Capitalization ceases when the asset is ready for its intended use. Depreciation is charged on a straight-line basis to the income statement, starting from the date the asset is ready for use, over the following estimated useful lives:

Buildings	20 to 40 years
Machinery and equipment	10 to 25 years
Furniture and vehicles	5 to 10 years
Computer hardware	3 to 7 years

Land is recorded at acquisition cost and is not subject to depreciation.

Expenditures made for existing property, plant and equipment that will provide future economic benefit are capitalized and depreciated over the revised remaining useful life of the asset. Components of an asset are accounted for as separate assets if their useful lives differ from that of the larger asset of which they are a part. When a component of an asset is replaced, a disposal of the replaced component is accounted for and the new component is capitalized and depreciated over the shorter of its own useful life and that of the asset of which it is a component.

Leases

Property, plant and equipment financed by leases giving rights to use the leased assets as if they were owned by Syngenta are capitalized at the lower of fair value and the present value of minimum lease payments at the inception of the lease. Such leases are also embedded in contracts for goods or services provided by suppliers to Syngenta when the supplier can fulfil their obligations only by using a specific asset to supply Syngenta and the contract price is neither fixed per unit of output nor represents a market price. Finance lease assets and liabilities are recognized at the commencement of the lease, which is when the leased asset is ready for use and Syngenta has the right to use it. Finance lease assets are depreciated over the shorter of the remaining lease term and the estimated useful life of the leased asset.

Sale and leaseback transactions

Property, plant and equipment are generally recorded as having been sold, and profit on disposal recognized, when legal title passes to the purchaser. If Syngenta leases back the sold assets under operating leases, profits on the asset sales are recognized when legal title passes if the leases have at-market rental terms. If the leasebacks are finance leases, profits on sales are recognized over the terms of the leaseback agreements.

Intangible assets other than goodwill

Intangible assets, other than goodwill, are recorded at cost less accumulated amortization and any impairment losses. Currently, all such intangible assets are assigned a finite estimated useful life. The cost of acquired intangible assets other than goodwill consists of the purchase price including transaction costs. The cost of internally generated intangible assets consists of direct internal and external design, development, and testing costs incurred to make the asset ready for use in the manner intended by management. Borrowing costs associated with internal software development projects are capitalized if the project is expected to take more than one year to complete. Capitalization ceases when the software is ready for its intended use.

Intangible assets are amortized starting from the date the asset is ready for use. In respect of product rights, this is when regulatory approval has been obtained. Asset lives are reviewed annually. The straight-line method of amortization is used except where another systematic basis better reflects the pattern of consumption of the economic benefits represented by the asset. Amortization is charged within the consolidated income statement to the function responsible for the asset, or to General and administrative.

Useful lives assigned to acquired product rights are based on the period over which Syngenta expects economic benefit from the product rights. Estimated lives assigned to most product rights upon acquisition are between 10 and 20 years and do not exceed 20 years for any asset.

Patents and trademarks are amortized over their estimated economic or legal life, whichever is shorter. Lives assigned are between 3 and 20 years for patents and between 5 and 30 years for trademarks.

Business combinations give Syngenta access to the distribution channels and customer relationships of the acquired business. These relationships normally continue to generate economic benefit to Syngenta following the acquisition. The useful lives of customer relationships are determined from management estimates of customer attrition rates. Estimated lives assigned are between 5 and 30 years.

Acquired in-process research and development (IPR&D), is valued at fair value at acquisition. It is assessed for impairment annually until it has been successfully developed and is available for use at which time it begins being amortized over its estimated useful life. Lives assigned are between 10 and 20 years.

Assets attributable to long-term supply agreements are amortized as part of cost of goods sold over the period of the supply agreements, which are between 5 and 12 years.

30. Other new IFRSs and accounting policies continued

Purchased software licenses are amortized over their remaining license terms. Internally developed software is amortized from the date it is ready for use until the sooner of its expected replacement date or the date significant costs are expected to be incurred to upgrade it. Lives assigned are between 3 and 7 years.

Goodwill

Goodwill is the excess of the fair value of an acquired business over the fair value of its identifiable net assets at the acquisition date. Goodwill is recognized as an asset and presented within intangible assets. Goodwill is not amortized, but is tested annually for impairment and reduced by any impairment losses.

Impairment

Property, plant and equipment, intangible assets and investments in associates and joint ventures are tested for impairment ("tested") in accordance with IAS 36 unless classified as held-for-sale. Goodwill and intangible assets not yet ready for use are tested annually and are also reviewed at each interim and annual reporting date to determine whether conditions changed since the most recent review or annual test. Individual other non-current assets are reviewed at each reporting date to determine whether events or changes in conditions indicate that the carrying amount of each asset may not be recoverable. If any such indication exists, the asset is tested for impairment. Syngenta estimates an asset's recoverable amount as the higher of the asset's fair value less selling costs and value in use, which is the present value of the cash flows expected from the asset's use and eventual disposal. An impairment loss is recorded in the consolidated income statement to the extent that the carrying amount of the tested asset exceeds its recoverable amount. Impairment losses are not reversed for goodwill, but are reversed for other assets if their recoverable amounts subsequently increase.

Financial and other non-current assets

Financial and other non-current assets include equity investments in other entities, other non-current receivables, and derivative financial instruments with positive fair values and remaining contractual maturities of more than 12 months.

Equity investments in other entities which are not subsidiaries, associates or joint ventures of Syngenta are classified as available-for-sale in accordance with IAS 39. They are revalued to fair value at each reporting date. Unrealized revaluation gains are recorded in OCI unless objective evidence of impairment exists, upon which an impairment loss is recorded in profit or loss. Significant technological, market, economic or legal changes with an adverse impact on the investee entity or a significant or prolonged decline in the fair value of Syngenta's investment below its cost, as reduced by prior impairments, constitute objective evidence of impairment. Impairment losses are not reversed if the fair value of an equity investment increases subsequently. The fair value of equity investments traded in active markets is measured at the quoted price at the balance sheet date, multiplied by the number of shares held by Syngenta. The fair value of other equity investments is based on recent observable market transactions for equity shares in the investee company or, where there are no recent transactions, on valuation multiples for equity shares in similar companies, which are traded.

Other non-current receivables represent royalty and license receivables, loans to employees and other third parties, and amounts recoverable from third parties in reimbursement of environmental remediation and other costs. These receivables are stated at amortized cost, less provision for impairment where appropriate.

Derivative financial instruments are measured and accounted for as described above under "Derivative and other financial assets".

Non-current assets held-for-sale

Non-current assets and groups of assets are reclassified as held-for-sale when the assets are available for immediate sale in their present condition and a sale within one year is highly probable. Property, plant and equipment and intangible assets held-for-sale are remeasured at the lower of fair value less costs to sell or carrying amount at the date they meet the held-for-sale criteria at which time depreciation and amortization also ceases. Any resulting impairment loss is recognized in profit or loss. Fair value is measured based on bids received from potential buyers of the assets.

Financial debt

Financial debt is recognized initially at its fair value less transaction costs, which represents the net proceeds from issuing the debt. Subsequently, financial debt is stated at amortized cost using the effective interest method, except where subject to a fair value hedge relationship, in which case the carrying amount of the debt is adjusted by the change in the fair value of the hedged exposure. Financial debt is classified as current if the debt agreement terms in force at the balance sheet date require repayment within one year of that date. Otherwise, it is classified as non-current.

Provisions

A provision is recognized in the balance sheet when Syngenta has a legal or constructive obligation to a third party or parties as a result of a past event, the amount of which can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date. If the effect of discounting is material, provisions are discounted to the expected present value of their future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the expected reimbursement is recognized as a separate asset only when virtually certain. Where Syngenta has a joint and several liability for a matter with one or more other parties, no provision is recognized by Syngenta for those parts of the obligation expected to be settled by another party. Syngenta self-insures or uses a combination of insurance and self-insurance for certain risks. Provisions for these risks are estimated in part by considering historical claims experience and other actuarial assumptions and, where necessary, counterparty risk.

Environmental provisions

Provisions for remediation costs are made when there is a present obligation, it is probable that expenditures for remediation work will be required within ten years (or a longer period if specified by a legal obligation) and the cost can be estimated within a reasonable range of possible outcomes. The costs are based on currently available facts: technology expected to be available at the time of the clean up; laws and regulations presently or virtually certain to be enacted; and prior experience in remediation of contaminated sites. Environmental liabilities are recorded at the estimated amount at which the liability could be settled at the balance sheet date, and are discounted if the impact is material and if cost estimates and timing are considered reasonably certain.

Syngenta's restructuring programs have involved closure of several sites to date. Remediation liabilities recognized when site closures are announced are accounted for as restructuring provisions.

30. Other new IFRSs and accounting policies continued

Legal and product liability settlements

For claims for which, according to Syngenta's assessment, it is not probable that a liability exists or that there will be a future cash outflow or other sacrifice of economic benefits, Syngenta provides for the costs of defense only. For claims where an outcome unfavorable to Syngenta is assessed as more likely than not, provision is made for the estimated amount of damages and settlement, including legal costs. No provision is made where the legal procedures are at too early a stage to estimate the outcome with any reliability.

Restructuring provisions and costs

Restructuring costs are accrued (charged to provisions) when Syngenta has approved a detailed and formal restructuring plan and the restructuring has either commenced or been announced publicly and they qualify for recognition in accordance with IAS 37. Provisions for severance payments and related employment termination costs that do not depend on future service, are made in full when employees are given details of the restructuring plan and the termination benefits that will apply to individual employees should their contracts be terminated. Retention and other payments that depend on future service are recognized over the required service period. Restructuring costs relating to ongoing activities, such as relocation, training and information systems, do not qualify for provisioning under IAS 37 and are expensed when incurred.

Post-employment benefits

For defined benefit plans, plan assets are measured at fair value. The plans' holdings in publicly quoted investments are valued at closing prices at the balance sheet date. The plans' holdings in pooled investment vehicles (PIVs) that are not publicly quoted are valued at the respective investment managers' current estimate of fair value, on a basis consistent with each PIV's most recent audited financial statements. Derivative contracts entered into directly by the pension plans are included within plan assets. Exchange traded derivatives are valued at quoted balance sheet date bid prices for contracts which are assets, or offer prices for contracts which are liabilities, at the balance sheet date. Fair values of over the counter derivatives are measured using independent third party pricing services. The defined benefit obligations are measured at the present value of future benefit payments attributable to employee service rendered up to the balance sheet date, according to the benefit formula set out in the pension plan rules adopted at the balance sheet date. Where a surplus of plan assets over the benefit obligation exists at the balance sheet date or would arise upon payment of a minimum funding commitment, the amount recognized for the asset is reduced or, where applicable, an additional liability is recognized to the extent that Syngenta cannot obtain future economic benefits from the surplus through refunds from, or reductions in the present value of its future contributions to, the plan. Benefit expense charged to profit or loss comprises service cost, which is the cost to Syngenta of the increase in benefits earned from employee service in the period, and interest on the net defined benefit asset or liability, which is the change in the present value of that asset or liability arising from the passage of time during the period, measured using the rate used to discount the defined benefit obligation at the previous period end. The benefit obligation and cost are attributed to periods using the projected unit credit actuarial method and are measured using long-term assumptions about expected future length of employee service, increases in pay and pensions, longevity, and for healthcare plans, medical costs. Assumptions are reviewed annually. Gains and losses arising from variances between assumptions and actual outcomes, and from changes to assumptions, are recognized in OCI in the period in which they arise. Past service cost is recognized immediately in profit or loss. If plan membership or benefits are significantly reduced by a restructuring, or an event or transaction results in Syngenta's benefit obligations being settled, the effects are recorded in profit or loss when the restructuring or settlement occurs.

Contributions to defined contribution pension plans are recognized as an expense in profit or loss when they are due.

Share based payments

The fair value of equity-settled share and share option awards to employees is recognized as compensation expense, and as a corresponding increase in equity, over the period in which the shares or options vest. An award is granted when it has been approved by the Compensation Committee of Syngenta AG's Board of Directors and its terms have been communicated to share plan members. Grants of Syngenta AG ordinary shares are measured at market value on the grant date, less any cash amount payable by the employee. The fair value of grants of share awards and unvested shares that do not carry dividend rights until vesting, is reduced by the present value of the expected dividends to which the holder will not be entitled. No discount is applied to grant date market value to reflect vesting conditions. The fair value of grants of options over Syngenta AG ordinary shares is measured using the Black-Scholes-Merton formula. Compensation expense is measured using Syngenta's best estimate of the shares and options expected to vest, and is adjusted subsequently so that final expense is based on the number of shares and options that actually vest. Grants with a cash or equity alternative for plan members are accounted for as liabilities until the members' choice is known. The incremental fair value of members' equity option is zero. A member's choice to receive equity instruments is accounted for by transferring the fair value of the liability to shareholders' equity when the choice is made. For certain share plans, Syngenta has withholding obligations in respect of plan members' personal income tax liabilities on vesting or exercise of awards. Where members have the choice of settling the tax and receiving all the award or selling part of the award to cover the tax and receiving the balance of the award ("sell to cover") the plans are accounted for as fully equity-settled. Where Syngenta requires members to sell to cover, cash-settled share based payment accounting is applied to that part of the award and equity-settled accounting to the remainder.

The fair value of equity settled and cash settled share grants awarded to customers in cash rebate sacrifice arrangements is recognized as a reduction in sales in the same way as the cash rebate.

Dividends and capital distributions

Dividends payable to shareholders of Syngenta AG are recorded as liabilities and as a reduction in shareholders' equity in the period in which they are approved by the shareholders of Syngenta AG.

Treasury shares

Share capital includes the par value of treasury shares held by Syngenta that have not been cancelled. Treasury shares are shown as a separate component of shareholders' equity and stated at the amount paid to acquire them. Differences between this amount and the amount received upon their disposal are recorded as a movement in consolidated shareholders' equity.

Derivative instruments over Syngenta AG shares

Forward contracts and purchased and written call options over Syngenta AG ordinary shares, other than those related to share based compensation plans, are accounted for as equity instruments if they involve the exchange of a fixed number of Syngenta ordinary shares for a fixed cash amount and gross physical settlement is required by the option contract. Equity instruments are recognized in shareholders' equity at fair value at the date the instruments are issued or acquired, and are not subsequently revalued. Any difference between the value recognized at issue or acquisition and the value at settlement is recognized as an increase or decrease in shareholders' equity.

31. Subsequent events

On February 4, 2014, the Board of Directors approved a new restructuring program to drive further improvement in operating income margins and accelerate delivery of operational leverage as sales grow. The program targets an improvement in profitability as a percentage of sales over the period up to 2018. 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.

Report of Syngenta Management on Internal Control over Financial Reporting

Syngenta's Board of Directors and management are responsible for establishing and maintaining adequate internal control over financial reporting. Syngenta's internal control system was designed to provide reasonable assurance to Syngenta's management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Syngenta's management assessed the effectiveness of the Group's internal control over financial reporting as of December 31, 2013. In making this assessment, it used the criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2013, Syngenta's internal control over financial reporting was effective based on those criteria.

Ernst & Young AG, Switzerland, an independent registered public accounting firm, has issued an opinion on the effectiveness of the Group's internal control over financial reporting which is included in this financial report.

/s/ Michael Mack
Chief Executive Officer

/s/ John Ramsay
Chief Financial Officer

Basel, February 4, 2014

Report of the Group Auditor on Internal Control over Financial Reporting

To the Board of Directors and Shareholders of

Syngenta AG, Basel
Basel, February 4, 2014

We have audited Syngenta AG and subsidiaries' (the "Group") internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control–Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) (the COSO criteria). Syngenta AG's Board of Directors and management are responsible for maintaining effective internal control over financial reporting, and management is responsible for its assessment of the effectiveness of internal control over financial reporting, which is included in the Report of Syngenta Management on Internal Control over Financial Reporting (page 88). Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit.

We conducted our audit of the Group's internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

We also have audited, in accordance with Swiss law, Swiss Auditing Standards, International Standards on Auditing and the standards of the Public Company Accounting Oversight Board (United States), the 2013 consolidated financial statements of the Group and our report dated February 4, 2014 expressed an unqualified opinion thereon.

Ernst & Young AG

/s/ Nigel Jones **/s/ Stuart A. Reid**

Report of the Statutory Auditor on the Consolidated Financial Statements

To the General Meeting of

Syngenta AG, Basel
Basel, February 4, 2014

As statutory auditor, we have audited the consolidated financial statements of Syngenta AG and subsidiaries (the "Group"), which comprise the consolidated balance sheet and the related consolidated statements of income, comprehensive income, changes in equity and cash flows, and notes thereto (pages 26 to 87), for the year ended December 31, 2013.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards, International Standards on Auditing and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended December 31, 2013, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and comply with Swiss law.

Report on Other Legal or Regulatory Requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Group's internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) (COSO), and our report dated February 4, 2014 expressed an unqualified opinion on the effectiveness of the Group's internal control over financial reporting.

Ernst & Young AG

/s/ Nigel Jones
Licensed audit expert
(Auditor in charge)

/s/ Stuart A. Reid
Licensed audit expert

Financial Statements of Syngenta AG

Income Statement

(for the years ended December 31, 2013 and 2012)

(CHF million)	2013	2012
Income:		
Dividend income	**1,192**	1,590
Income from financial assets	**102**	70
Total income	**1,294**	1,660
Expenses:		
Financial expenses	**(3)**	(12)
Administrative expenses	**(13)**	(20)
Taxes	**(7)**	(5)
Total expenses	**(23)**	(37)
Net income	**1,271**	1,623

Balance Sheet (prior to earnings appropriation)

(at December 31, 2013 and 2012)

(CHF million)	Notes	2013	2012
Assets			
Non-current financial assets:			
Investments	3, 7	**4,100**	4,102
Loans to subsidiaries		**1,204**	880
Total non-current financial assets		**5,304**	4,982
Current assets:			
Receivables from subsidiaries		**76**	49
Marketable securities, including treasury shares	4	**427**	377
Total current assets		**503**	426
Total assets		**5,807**	5,408
Equity and liabilities			
Equity			
Share capital	5	**(9)**	(9)
Legal reserves:			
General legal reserve:			
Reserve from capital contributions	6	**(27)**	(27)
Other general legal reserve	6	**(2)**	(2)
Reserve for treasury shares	6	**(427)**	(376)
Free reserves	6	**(1,186)**	(1,037)
Total reserves		**(1,642)**	(1,442)
Earnings brought forward	6	**(2,868)**	(2,320)
Net income of the period		**(1,271)**	(1,623)
Total available earnings		**(4,139)**	(3,943)
Total equity		**(5,790)**	(5,394)
Liabilities			
Accounts payable to subsidiaries		**(4)**	(6)
Accounts payable and accrued liabilities to others		**(13)**	(8)
Total liabilities		**(17)**	(14)
Total equity and liabilities		**(5,807)**	(5,408)

Notes to the Financial Statements of Syngenta AG

1. Introduction

The financial statements of Syngenta AG (the "Company" or "Syngenta") have been prepared in accordance with the requirements of the Swiss law for companies, the Code of Obligations (CO).

Syngenta AG was incorporated on November 12, 1999 and is registered with the commercial register in the canton of Basel Stadt.

2. Accounting policies

Exchange rate differences

Except for investments in subsidiaries, associates and joint ventures, which are translated at historical rates, all assets and liabilities denominated in foreign currencies are translated into Swiss francs (CHF) using year-end rates of exchange. Realized exchange gains and losses arising from these as well as those from business transactions denominated in foreign currencies are recorded in the income statement. Net unrealized exchange losses are recorded in the income statement; net unrealized gains, however, are deferred within accrued liabilities.

Non-current financial assets

Financial assets are recorded at acquisition cost less any impairment losses.

Marketable securities

Marketable securities are valued at the lower of cost or market value.

3. Significant investments in subsidiaries, associates and joint ventures

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

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

– Companies with a financing function are all disclosed

None of the significant legal entities are listed. Please refer to Note 30 "Other new IFRSs and accounting policies" to the consolidated financial statements for the appropriate consolidation method applied to each type of entity.

Country	Municipality	Percentage owned by Syngenta	Local currency	Share capital in local currency	Function of company
Argentina					
Syngenta Agro S.A.	Buenos Aires	100%	ARS	1,759,409,877	Sales/Production
Australia					
Syngenta Australia Pty Limited	North Ryde	100%	AUD	83,942,909	Sales/Production/Development
Brazil					
Syngenta Proteção de Cultivos Ltda.	São Paulo	100%	BRL	1,727,549,609	Sales/Production/Research
Syngenta Seeds Ltda.	São Paulo	100%	BRL	320,742,043	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
Germany					
Syngenta Agro GmbH	Maintal	100%	EUR	2,100,000	Sales
Syngenta Seeds GmbH	Bad Salzuflen	100%	EUR	1,330,100	Sales/Production/Research
India					
Syngenta India Limited	Pune	96.3%	INR	159,308,320	Sales/Production
Indonesia					
PT Syngenta Indonesia	Jakarta	100%	IDR	58,122,874,000	Sales/Production/Development
Italy					
Syngenta Crop Protection S.p.A.	Milano	100%	EUR	5,200,000	Sales/Production/Development
Japan					
Syngenta Japan K.K.	Tokyo	100%	JPY	–	Sales/Production/Research
Mexico					

3. Significant investments in subsidiaries, associates and joint ventures continued

Country	Municipality	Percentage owned by Syngenta	Local currency	Share capital in local currency	Function of company
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 S.A.	Panama City	100%	USD	10,000	Sales
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
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[1]	Basel	100%	CHF	257,000	Holding/Sales/Production/Research
Syngenta Agro AG	Dielsdorf	100%	CHF	2,100,000	Sales/Production/Research
Syngenta Finance AG[1]	Basel	100%	CHF	10,000,000	Finance
Syngenta Participations AG[1]	Basel	100%	CHF	25,000,020	Holding
Thailand					
Syngenta Crop Protection Limited	Bangkok	100%	THB	149,000,000	Holding/Research/Distribution/Production
Ukraine					
TOV Syngenta	Kiev	100%	UAH	1,331,240,000	Sales/Research
United Kingdom					
Syngenta Limited	Guildford	100%	GBP	85,000,000	Holding/Production/Research
Syngenta UK Limited	Fulbourn	100%	GBP	500	Sales/Research
USA					
Syngenta Crop Protection, LLC	Greensboro	100%	USD	100	Sales/Production/Research
Syngenta Seeds, Inc.	Minnetonka	100%	USD	–	Sales/Production/Research
Syngenta Corporation	Wilmington	100%	USD	100	Holding/Finance
Vietnam					
Syngenta Vietnam Ltd.	Bien Hoa City	100%	USD	10,000,000	Sales/Production

1 Direct holding of Syngenta AG

4. Treasury shares

The number of treasury shares held by the Company and subsidiaries qualifying under article 659 item b (CO) and their movements are as follows:

	2013	2012
Total treasury registered shares held by Syngenta AG at January 1	**1,387,266**	2,508,759
Sold in the year under various Employee/Management Share Plans	**(457,078)**	(698,243)
Average sale price per share, CHF	**387.79**	312.28
Purchased during the year	**445,500**	213,500
Cancelled	**–**	(636,750)
Average book value per cancelled share, CHF	**–**	265.16
Total treasury registered shares held by Syngenta AG at December 31	**1,375,688**	1,387,266
Average purchase price per share, CHF	**310.14**	270.90

Notes to the Financial Statements of Syngenta AG

5. Share capital

	December 31, 2013	Movement in period	December 31, 2012
Total Syngenta AG registered shares	**93,126,149**	0	93,126,149
Nominal value per share (CHF)	**0.10**	0.10	0.10
Total share capital (CHF million)	**9.31**	0.00	9.31

6. Equity

(CHF million)	Share capital	General legal reserve	Reserve for treasury shares	Free reserves	Available earnings	Total
Balance at December 31, 2011	9	29	654	729	3,254	4,675
Appropriation of available earnings	–	–	–	200	(200)	–
Adjustment of reserve for treasury shares	–	–	(185)	184	–	(1)
Cancellation of own shares	–	–	(169)	–	–	(169)
Purchase of own shares	–	–	76	(76)	–	–
Dividend payment	–	–	–	–	(734)	(734)
Transfer to the reserve from capital contributions	–	–	–	–	–	–
Adjustment of reserves after transfer for capital contributions	–	–	–	–	–	–
Profit of the year	–	–	–	–	1,623	1,623
Balance at December 31, 2012	9	29	376	1,037	3,943	5,394
Appropriation of available earnings	**–**	**–**	**–**	**200**	**(200)**	**–**
Adjustment of reserve for treasury shares	**–**	**–**	**(110)**	**110**	**–**	**–**
Cancellation of own shares	**–**	**–**	**–**	**–**	**–**	**–**
Purchase of own shares	**–**	**–**	**161**	**(161)**	**–**	**–**
Dividend payment	**–**	**–**	**–**	**–**	**(875)**	**(875)**
Profit of the year	**–**	**–**	**–**	**–**	**1,271**	**1,271**
Balance at December 31, 2013	**9**	**29**	**427**	**1,186**	**4,139**	**5,790**

The general legal reserve is split into the reserve from capital contributions of CHF 27 million and other general legal reserves of CHF 2 million.

7. Contingent liabilities

	Maximum amount December 31,		Amount in effect at December 31,	
(CHF million)	**2013**	2012	**2013**	2012
Euro medium-term notes	**1,226**	1,707	**1,226**	1,707
SEC registered US bonds	**669**	686	**669**	686
Private placement notes	**223**	229	**223**	229
Commercial paper	**2,229**	2,288	**250**	–
Credit facilities	**1,337**	1,373	**–**	–
Group treasury lending activities	**13,314**	10,180	**6,542**	5,199
Total	**18,998**	16,463	**8,910**	7,821

7. Contingent liabilities continued

Acquisitions

In connection with the acquisition by Syngenta of Golden Harvest in 2004, Syngenta AG guarantees, as a primary obligor, the full discharge of all the covenants, agreements, obligations and liabilities of Syngenta Crop Protection AG and the Golden Harvest Companies under the Transaction Agreement.

In connection with the acquisition by Syngenta of Advanta from AstraZeneca and Cosun in 2004, Syngenta AG guarantees the due and punctual discharge by Syngenta Crop Protection AG of its obligations of whatever nature under the Sale and Purchase Agreement and the Tax Deed.

In connection with the sale of parts of Advanta to Fox Paine & Co in 2004, Syngenta AG guarantees the due and punctual discharge by Syngenta Crop Protection AG, Syngenta Alpha B.V. and former Advanta Group companies under the Sale and Purchase Agreement and the Tax Deed.

Contingent liabilities

At the request of the Dutch authorities, Syngenta AG guarantees to Syngenta Treasury N.V., a limited liability company organized under the laws of the Netherlands and an indirectly wholly owned subsidiary, all liabilities from other Group companies resulting from Syngenta Treasury N.V.'s lending activities, subject to a threshold of EUR 10 million (corresponding to Syngenta Treasury N.V.'s share capital).

7. Contingent liabilities continued

Other

In a letter dated July 2, 2013, and subsequently updated on January 24, 2014, Syngenta AG confirmed that it will ensure that Syngenta Limited will honor its obligation to guarantee the solvency and due payment of benefits of its pension plan.

Syngenta AG is part of a group of Swiss entities of Syngenta which are jointly and severally liable for the whole Swiss VAT amount due to the Swiss Tax authorities by this group.

Syngenta has fully and unconditionally guaranteed on a senior unsecured basis the due and punctual payment of the principal of and any premium and interest on the debt securities issued by Syngenta Finance N.V., which is an indirect, wholly-owned finance subsidiary. The guarantees will rank equally with all of the Group's other unsecured and unsubordinated debt. No other subsidiary of Syngenta AG guarantees such debt securities.

8. Financial instruments

International Swap and Derivatives Association (ISDA) contracts are in place under which Syngenta Treasury N.V. is the contractual party on behalf of other Group companies. Syngenta AG guarantees transactions entered into under these ISDA contracts. Details of the nature of these transactions are disclosed in Notes 27, 28 and 29 to the consolidated financial statements. The total amounts entered into under these ISDA contracts and in respect of which Syngenta AG has provided a guarantee are outlined in the table below:

	Notional amount		Positive fair value		Negative fair value	
(CHF million)	**2013**	2012	**2013**	2012	**2013**	2012
Financial instruments	**7,662**	10,089	**197**	190	**(63)**	(97)

9. Accomplishment of a risk assessment

Syngenta AG participates in the global, integrated risk management processes of the Syngenta Group. Within the scope of these processes, the Board of Directors evaluates the risks once a year in accordance with article 663b paragraph 12 (CO) and discusses if any corresponding actions are necessary.

10. Significant shareholders

At December 31, 2013, to the knowledge of Syngenta AG, there is no (2012: one) significant shareholder exceeding the threshold of 5.00 percent voting rights in Syngenta's share capital.

At December 31, 2013, Syngenta itself holds 1,375,688 (2012: 1,387,266) shares in treasury corresponding to 1.48 percent (2012: 1.49 percent) of the share capital, as outlined in Note 4.

11. Compensation, shareholdings and loans

Overview

The Compensation Report provides a comprehensive overview of Syngenta's compensation principles, elements, structure and governance. In accordance with Appendix 1 of the Swiss Code of Best Practice for Corporate Governance and in line with Swiss law and the relevant reporting standards, it includes detailed information on the compensation of the Board of Directors and the Executive Committee for 2013. The compensation system will be submitted to an advisory vote of the shareholders at the general meeting of shareholders.

11. Compensation, shareholdings and loans continued

Compensation system

Compensation principles

Syngenta's compensation principles provide a transparent, performance-oriented and market-competitive compensation framework for all employees, including senior executives. In particular, the compensation policy and system are designed to:

- attract and retain highly qualified, successful employees to deliver the strategic plans and objectives of the Company
- encourage and reward personal contribution and individual performance in accordance with the Company's values
- align reward with sustainable performance and recognize superior results
- align the interests of employees, shareholders and other stakeholders.

All employees, including senior executives, are subject to a formal annual performance management process. This process aims to align individual, team and organizational objectives, stretch performance, and support individual development.

The Syngenta compensation system links compensation to both individual performance and the financial success of the Company. This link is one of the key elements by which Syngenta differentiates and recognizes individual performance and leadership. Annual performance ratings of individuals influence both the annual base salary and variable compensation. Changes to annual base salary are also influenced by individual performance over time within the context of Company affordability, external market movements and the economic environment.

11. Compensation, shareholdings and loans continued

The Company seeks to position itself around the relevant market median for base salary and benefits. Variable compensation, both short- and long-term, is designed to ensure high performers may achieve around upper quartile actual total compensation.

Compensation of employees and managers

The compensation of all employees is reviewed on a regular basis and is determined by reference to total compensation levels for comparable jobs in relevant benchmark companies. For example, an individual who achieves his or her performance objectives is generally awarded compensation comparable to the median level of compensation provided by benchmark companies. Each country regularly conducts market reviews and participates in salary surveys such as those conducted by Hay Group, Hewitt, Mercer and Towers Watson plus any appropriate local surveys.

Compensation of Board of Directors and the Executive Committee

The Compensation Committee annually reviews the compensation and, periodically, pension, insurance and other benefits of the members of the Executive Committee. The benchmarks used are a set of relevant, comparable companies and markets that are selected to provide the best representation of the labor markets and industries in which Syngenta competes for top talent. In 2013, the peer groups were as follows:

- Swiss Group: 14 comparable companies headquartered in Switzerland, which included 11 relevant SMI companies, two SMI Expanded companies and one SMIM company. Financial institutions and insurance companies were excluded.
- Pan-European Group: 26 companies selected from the FT Euro 500 list. These companies operate within the following industry sectors: 10 chemical, six consumer goods, two pharmaceutical, two aerospace, two other industrial and four other industry. All have significant R&D operations and represent a well balanced mix of comparable companies, encompassing in size a range from 40 to 250 percent of Syngenta. The measures of size used to select the peer companies are total revenues, earnings before interest, tax, depreciation and amortization (EBITDA), enterprise value, total assets, market capitalization and the number of employees.
- North America Group: 20 comparable companies (18 USA and two Canada). These are companies in the agribusiness, pharmaceutical, chemical and biotechnical industries. The same selection criteria as for the Pan-European Group apply.

The compensation of members of the Board of Directors of Syngenta is determined by reference to the Swiss peer group.

The Board of Directors and the Compensation Committee currently consult with an external provider on compensation policy matters, benchmarking of the Executive Committee and Board of Directors, and other relevant compensation-related market information. When necessary, other independent compensation advisors are consulted. In addition, support and expertise are provided by internal compensation experts, including the Head Human Resources and Global Head of Compensation and Benefits.

Taking into account the market data, the recommendation of the external advisor and the achievement of business and individual objectives, the Compensation Committee determines the appropriate compensation levels of the Executive Committee, in accordance with the rules of the relevant variable compensation plans.

In 2013 the Company commissioned an analysis of internal pay relativities to see how pay progresses through all work levels as job responsibilities increase. The analysis concluded that:

- compensation is appropriately distributed throughout the organization
- the compensation structures are internally consistent across all work levels
- there is a strong linear correlation between job size and both base salary and variable compensation components.

In 2014 the Compensation Committee will undertake a review of the compensation structure of the Executive Committee, in particular the variable pay compensation targets, to ensure alignment with the external benchmarks.

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 pension/retirement 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
- level or grade to which the job is assigned
- 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, market movement, economic environment and individual performance.

In addition, certain employees may receive customary cash allowances for expenses and, if applicable, housing, relocation or transition assistance as part of an international transfer.

Variable compensation

Variable compensation consists of short-term and, for selected leaders, long-term incentives. Variable compensation is determined by the level and scope of the individual's job, as well as the external market value of the respective job, the location, business performance and individual performance. It may be granted in cash, shares, restricted stock units and/or stock options. Equity-based compensation is subject to a three-year vesting period.

Details of the various short- and long-term incentive plans are provided in the following sections.

Notes to the Financial Statements of Syngenta AG

11. Compensation, shareholdings and loans continued

Table 1. Fixed and variable compensation

Fixed compensation	Chairman of the Board	Members of the Board	Executive Committee	Senior Management	All employees	Description	Linkage to compensation principles
Fixed pay	•	•	•	•	•	Cash – all employees Members of the Board may opt for cash and/or shares	Attract and retain high quality employees; reference to relevant markets and comparable companies
Variable compensation							
Short-Term Incentive (STI)			•	•	•	Cash – all employees	Performance-based compensation
Deferred Share Plan (DSP)			•	•		For senior management and Executive Committee, deferred share awards or shares and matching shares[1]	Equity-based compensation focusing on sustainable business performance and alignment to shareholders
Long-Term Incentive Plan (LTI)			•	•		For senior management and Executive Committee, stock options and RSUs[2]	Equity-based compensation focusing on sustainable business performance and alignment to shareholders
Sales Incentive Plan (SIP)				•	•	Cash – sales employees only	Performance-based compensation
Employee Share Purchase Plan (ESPP)			•	•	•	Plan for all Switzerland-based Syngenta employees: share purchase up to CHF 5,000 – p.a. at 50 percent discount rate[3]	Identification with and commitment towards Company

1 In Switzerland, employees are offered a choice of share awards or shares under the DSP and in all other countries, share awards. For purposes of this report, both are referred to as "share awards"
2 Restricted stock units
3 Employee Share Purchase Plans are also established in many other countries

Short-Term Incentive (STI)
The STI is an annual discretionary award paid in cash for all eligible employees.

STI targets for managers and Executive Committee members
The target STI as a percentage of base salary is shown in the table below:

	STI targets (as a percentage of base salary)
Management[1]	25%
Senior Management[1]	30%–40%
Executive Committee	50%
Chief Executive Officer	80%

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

STI award for employees and managers below the Executive Committee
For employees and managers below the Executive Committee, the STI award weights equally Company financial results and individual performance. This variable compensation allows employees to participate in the Company's success while being rewarded for their individual performance. Personal objectives are set as part of the annual performance management program. Company financial targets are also set on an annual basis and may include measures such as Group Net Income, business value added, EBITDA, etc.

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

Both the individual and financial percentage awards can range from zero to 200 percent of the STI target. The STI payout is limited to two times the target award.

11. Compensation, shareholdings and loans continued

STI award for Executive Committee members

For Executive Committee members, a greater emphasis is placed on the achievement of financial results. Financial performance measures account for 70 percent of the STI award while 30 percent is based on individual performance. In addition, the STI payout is contingent upon the annual Group Net Income (GNI) reaching a threshold of 85 percent of the target budget. The financial performance measures are earnings per share (EPS) and return on invested capital (ROIC) of the Group.

Deferred Share Plan (DSP)

The DSP is an additional long-term incentive for members of the Executive Committee and selected senior managers to further align their interest with shareholders by converting part of their STI into Syngenta share awards with a blocking period of three years and thus be fully exposed to the share value development over this period. In return, subject to continued employment with Syngenta at expiry of the blocking period, Syngenta matches at that time each deferred share award on a one-for-one basis with an additional share, thus doubling the total number of shares received by the employee. The DSP requires a mandatory percentage of the STI to be deferred. A participant may voluntarily defer a further portion of the STI into share awards.

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

The Compensation Committee determines the value of a share award at the grant date by reference to the market price of the Syngenta share. 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:

Number of share awards = (mandatory deferral percentage plus voluntary deferral percentage) times STI award divided by the closing share price at the grant date.

The matching of the share awards is subject to continued employment with Syngenta until after the expiration of the three-year deferral period. If retirement age is reached prior to expiration of the deferral period, the conversion of share awards and matching is accelerated.

Long-Term Incentive (LTI)

LTI is designed to reward leadership, innovation and performance by providing participants with equity-based incentives that link the potential amount of total compensation to Syngenta's market value (share price) and aligns participants' rewards more closely with the long-term interests of the Company's shareholders.

Participants are granted an LTI award as a percentage of their base salary, multiplied by their performance rating which is based on the achievement of individual long-term performance objectives supporting the Company's strategy and sustainable financial performance.

	LTI targets (as a percentage of base salary)
Management[1]	20%
Senior Management[1]	25%–40%
Executive Committee	60%
Chief Executive Officer	100%

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

Depending on the performance achieved against the relevant targets, the individual awards may be lower or higher than the target and can range from zero to 150 percent of the target incentive.

Participants receive 50 percent of their LTI in the form of stock options and 50 percent in Restricted Stock Units (RSUs). Both are subject to a three-year vesting period.

Granting equal allocations of stock options and RSUs 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 in the stock price.

Stock options: Syngenta stock options represent the right to purchase Syngenta shares at a fixed price for a defined period of time. The number of options awarded is calculated by dividing the relevant portion of the LTI award by the option value at the grant date. The option value is determined using the Black-Scholes-Merton formula, a commonly accepted stock option pricing method. The exercise price of the options is set equal to the closing share price at the grant date. Stock options granted vest after three years of continued employment with Syngenta and are exercisable for a period of seven years from the vesting date.

RSUs: Syngenta RSUs represent the right to receive Syngenta shares at nil cost at the end of a three-year vesting period, subject to continued employment with Syngenta. The number of RSUs awarded is calculated by dividing the relevant portion of the LTI award by the closing share price at the grant date. At vesting, each RSU converts to a share of Syngenta stock.

For both stock options and RSUs, if retirement age is reached prior to expiration of the vesting period, vesting is accelerated.

Sales Incentive Plans

Sales Incentive Plans are designed for sales employees. 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.

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. Regulations of the Swiss ESPP allow all employees in Switzerland, including members of the Executive Committee, to be eligible to participate in the Swiss ESPP.

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

Notes to the Financial Statements of Syngenta AG

11. Compensation, shareholdings and loans continued

Benefits

Benefits consist mainly of pension, insurance and healthcare plans designed to provide a reasonable level of security for all employees and their dependents in respect to 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 paid according to local market practice include long-service awards and perquisites. Employees of all levels who are on an international assignment may also receive benefits in line with the Syngenta International Assignment Policy.

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.

Correlation between fixed and variable compensation, and between cash and equity-based compensation for members of Executive Committee (including Chief Executive Officer)

The correlation between fixed and variable compensation is as follows:

Table 2. Fixed and variable compensation

	Members of the Executive Committee		Chief Executive Officer	
	Target %	Maximum %	Target %	Maximum %
Fixed compensation	100	100	100	100
Variable compensation[1]	150	270	244	438
Total	**250**	**370**	**344**	**538**

1 Percent of fixed compensation

Table 2 shows that variable compensation at both target and maximum level forms a higher proportion of total compensation than fixed compensation.

Compensation-related decisions are governed as follows:

Table 4. Authorization levels

Topic	Recommendation	Decision-making authority
Compensation of the Chairman	Compensation Committee	Board of Directors
Compensation of non-executive Directors	Compensation Committee	Board of Directors
Compensation of the CEO	Compensation Committee	Board of Directors
Compensation of other members of the Executive Committee	CEO	Compensation Committee
STI and LTI awards for the CEO	Compensation Committee	Board of Directors
STI and LTI awards for other members of the Executive Committee	CEO	Compensation Committee

Total compensation is split between cash and equity-based components as follows:

Table 3. Cash and equity-based compensation

	Members of the Executive Committee		Chief Executive Officer	
	Target %	Maximum %	Target %	Maximum %
Cash compensation	44	32	34	25
Equity-based compensation	56	68	66	75
Total	**100**	**100**	**100**	**100**

100 percent in each Table 3 column corresponds to 250/370/344/538 percent in each respective Table 2 column

Table 3 shows that equity-based compensation at both target and maximum level 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.

Compensation governance

The Compensation Committee of the Board of Directors is the supervisory and governing body for the Syngenta compensation policy and practices for members of the Executive Committee and members of the Board of Directors. It has the responsibility to propose, determine and review compensation and benefits in accordance with the authorization levels set out below. The Committee consists of three independent non-executive Directors. The Committee does not include any members with interlinked company mandates. The Chairman of the Board and the Chief Executive Officer (CEO) are invited to meetings of the Committee except when their own compensation is reviewed. The Vice Chairman does not attend any meetings when the Committee reviews and agrees proposals for the Board of Directors covering his compensation.

The Compensation Committee reviews annually the compensation policies and systems applicable to members of the Executive Committee as well as non-executive Directors of the Company, and makes recommendations to the Board of Directors. The Compensation Committee also has responsibility for any decision in respect of pensions, insurance and other benefits for members of the Executive Committee (excluding the CEO, for which the Board of Directors has responsibility). Furthermore, it has the authority to make decisions with regard to any significant pension or insurance plans of the Company and any shareholding and compensation program that involves the use of equity.

The Chairman of the Compensation Committee submits the Committee's recommendations in respect of the annual compensation of the Chairman and all members of the Board, including the CEO, to the entire Board for approval. At the same time, he informs the entire Board of Directors of the process and outcome of the resolutions adopted by the Compensation Committee with regard to the compensation of the other members of the Executive Committee based on the CEO's recommendations. In the event of termination or recruitment of Executive Committee members during the year, the Chairman of the Compensation Committee informs the Board of Directors of resolutions adopted or requests approval of recommendations as applicable. On an ongoing basis, he informs the Board of Directors of any material business or resolutions adopted by the Compensation Committee.

The compensation of non-executive Directors and the Executive Committee for 2015 and thereafter will be subject to a binding vote at the general meeting of shareholders.

Notes to the Financial Statements of Syngenta AG

11. Compensation, shareholdings and loans continued

Compensation of the Board of Directors and the Executive Committee

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. 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.

Table 5. Annual fees for non-executive Directors

Function	Annual fee (CHF)[2]
Base fees:	
Chairman of the Board	1,750,000
Vice-Chairman of the Board	400,000
Member of the Board	215,000
Additional fees[1]:	
Member of the Chairman's & Governance Committee	100,000
Head of the Audit Committee	110,000
Member of the Audit Committee	30,000
Member of the Compensation Committee	25,000
Member of the Corporate Responsibility Committee	20,000
Member of the Nomination Committee	20,000
Chairman of the Science and Technology Advisory Board	20,000

1 No additional fees are payable to the Chairman and the Vice-Chairman
2 All values in Swiss francs and the fees cover the period from AGM to AGM

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 in cash and one-third in restricted shares, which are blocked from trading for a period of three years. The number of restricted shares is determined by dividing the share portion of the annual fee by the market price at grant date of a Syngenta share. The fees in cash and restricted shares and the Company paid social security cost figures presented are the annual amounts paid prorated based on the number of days worked in 2013 (see Table 6a and Table 9 for details).

Compensation of the CEO

The CEO is a member of the Board of Directors and a member of the Executive Committee. His compensation is disclosed as part of 2013 compensation for members of the Executive Committee.

Notes to the Financial Statements of Syngenta AG

11. Compensation, shareholdings and loans continued

2013 Compensation of the Board of Directors

The Board of Directors, at the recommendation of the Compensation Committee, took the decision not to increase the annual fees of the non-executive Directors in 2013. The Board of Directors established a Nominations Committee in 2013 and the annual fees of the relevant committee members were amended accordingly.

Eleni Gabre-Madhin and Eveline Saupper were elected to the Board of Directors at the AGM 2013. The fees in cash and restricted shares and the Company paid social security cost figures presented are the annual amounts paid prorated based on the number of days worked in 2013.

Table 6a. Compensation of non-executive Directors in 2013

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	Benefits in kind/ cash[1]	Total annual fee/benefits received	Company paid social security cost	Total annual cost
Michel Demaré	780,872	–	541,588	–	1,537	1,537	–	1,322,460	–	1,322,460
Vinita Bali	235,000	–	–	–	–	–	–	235,000	12,394	247,394
Stefan Borgas	49,000	–	196,037	–	537	537	–	245,037	10,343	255,380
Gunnar Brock	345,000	–	–	–	–	–	–	345,000	74,313	419,313
Peggy Bruzelius[2]	99,726	–	–	–	–	–	–	99,726	21,481	121,207
Eleni Gabre-Madhin[3]	162,247	–	–	–	–	–	–	162,247	–	162,247
David Lawrence	132,500	132,517	–	363	–	363	–	265,017	35,031	300,048
Eveline Saupper[3,4]	6,604	–	159,290	–	436	436	–	165,894	6,656	172,550
Martin Taylor[2]	602,772	–	63,895	–	162	162	173,511	840,178	–	840,178
Peter Thompson[2]	75,187	–	–	–	–	–	–	75,187	–	75,187
Jacques Vincent	240,000	–	–	–	–	–	–	240,000	–	240,000
Felix A. Weber[2]	92,055	–	–	–	–	–	–	92,055	1,540	93,595
Jürg Witmer	400,000	–	–	–	–	–	–	400,000	19,661	419,661
Total	3,220,963	132,517	960,810	363	2,672	3,035	173,511	4,487,801	181,419	4,669,220

1 Housing, commuting and tax services, including refund of relevant tax (cash)

2 Peggy Bruzelius, Martin Taylor, Peter Thompson and Felix Weber retired from the Board of Directors at the AGM 2013. The figures under Fee in cash are the non-executives' annual total compensation prorated based on the number of days worked in 2013.

3 Eleni Gabre-Madhin and Eveline Saupper were elected to the Board of Directors at the AGM 2013. The Fee in cash and Company paid social security cost figures presented are the annual amounts paid prorated based on the number of days worked in 2013.

4 Eveline Saupper elected to receive a portion of her annual compensation in restricted shares. The Number of restricted shares figure presented is the annual number of shares received prorated based on the number of days worked in 2013; the Fee in restricted shares figure presented is the monetary value of the prorated share amount.

All values in Swiss francs

Notes to the Financial Statements of Syngenta AG

11. Compensation, shareholdings and loans continued

Table 6b. Compensation of non-executive Directors in 2012

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	Benefits in kind/ cash[1]	Total annual fee/benefits received	Company paid social security cost	Total annual cost
Martin Taylor	1,344,944	–	255,056	–	791	791	218,730	1,818,730	204,762	2,023,492
Vinita Bali[2]	161,603	–	–	–	–	–	–	161,603	10,311	171,914
Stefan Borgas	122,500	–	122,530	–	397	397	–	245,030	11,307	256,337
Gunnar Brock[2]	168,479	–	–	–	–	–	–	168,479	37,419	205,898
Peggy Bruzelius	325,000	–	–	–	–	–	–	325,000	72,183	397,183
Michel Demaré[2,3]	9,260	–	224,765	–	728	728	–	234,025	9,333	243,358
Pierre Landolt[4,5]	73,425	–	–	–	–	–	–	73,425	4,790	78,215
David Lawrence	127,500	127,777	–	414	–	414	–	255,277	33,694	288,971
Peter Thompson	122,500	122,530	–	397	–	397	–	245,030	–	245,030
Jacques Vincent	60,082	180,246	–	584	–	584	–	240,328	–	240,328
Rolf Watter[4]	98,443	–	–	–	–	–	–	98,443	5,600	104,043
Felix A. Weber	300,000	–	–	–	–	–	–	300,000	49,322	349,322
Jürg Witmer	375,000	–	–	–	–	–	–	375,000	19,661	394,661
Total	3,288,736	430,553	602,351	1,395	1,916	3,311	218,730	4,540,370	458,382	4,998,752

1 Housing, commuting and tax services, including refund of relevant tax (cash)
2 Vinita Bali, Gunnar Brock and Michel Demaré were elected to the Board of Directors at the AGM 2012. The Fee in cash and Company paid social security cost figures presented are the annual amounts paid prorated based on the number of days worked in 2012.
3 Michel Demaré elected to receive a portion of his annual compensation in restricted shares. The Number of restricted shares figure presented is the annual number of shares received prorated based on the number of days worked in 2012; the Fee in restricted shares figure presented is the monetary value of the prorated share amount.
4 Pierre Landolt and Rolf Watter retired from the Board of Directors at the AGM 2012. The figures under Fee in cash are the non-executives' annual total compensation prorated based on the number of days worked in 2012.
5 According to Pierre Landolt and the Sandoz Family Foundation, the Foundation is the economic beneficiary of the fee
All values in Swiss francs

2013 Compensation of members of the Executive Committee

In 2013, the members of the Executive Committee, including the CEO, received salaries, incentives and other elements, including benefits in kind, in line with the compensation policy and as detailed in Table 7.

In 2013, only two Executive Committee members received an increase in base salary. In 2013, the CEO received the highest total compensation; his compensation is reported in Table 8.

Jonathan Seabrook, Head Corporate Affairs, joined the Executive Committee in October 2013. The figures for 2013 in Table 7 include his compensation for the full year. The figures for 2012 do not include his compensation.

Tables 7 and 8 show in the column "compensation 2012" the number of share awards, stock options and RSUs that were granted on February 22, 2013, for the year 2012 (excluding the shares purchased under the Employee Share Purchase Plan). The numbers of units granted were determined after the preparation of the 2012 report and are disclosed retroactively in this 2013 report. As a consequence, the actual values of the granted share awards, stock options and RSUs differ slightly from the values reported in 2012. This is because the number of share awards, stock options and RSUs at grant is rounded to the next whole numbers of units.

The link between 2013 performance and pay

The STI plan rewards short-term performance. For Executive Committee members, financial performance measures account for 70 percent of the STI award while 30 percent is based on individual performance. In addition, the STI payout is contingent upon the annual Group Net Income (GNI) reaching a threshold of 85 percent of the target budget.

The Group financial performance measures are earnings per share (EPS) and return on invested capital (ROIC). EPS performance is assessed in relation to internal targets based on expectations for each of the Group's operating segments. Earnings per share in 2013 were below expectations largely owing to non-recurring costs in the seeds business. ROIC was also below the previous year's level.

Individual STI performance related pay is based on a range of measures relating to progress in driving sustainable long-term growth in the business. In 2013, these included the further development and global implementation of crop-based strategies; the selection of investment opportunities; the progression of Syngenta's R&D pipeline, with increasing emphasis on novel integrated solutions; and the strategic planning and stakeholder engagement necessary to secure the Company's long term freedom to operate.

As the annual GNI did not meet the threshold of 85 percent of the target budget no STI award for 2013 will be paid to the Executive Committee members. As a consequence, no DSP share awards will be granted to the Executive Committee members, significantly reducing their total compensation.

Notes to the Financial Statements of Syngenta AG

11. Compensation, shareholdings and loans continued

Table 7. Compensation for members of the Executive Committee (a total of 10 people in 2013[1])

	Number of units		Values	
Compensation elements	**2013**	2012	**2013**	2012
Fixed compensation in cash			**7,628,670**	7,478,064
Allowances in cash			**168,337**	230,696
STI compensation in cash[2]			**23,014**	1,322,220
Total compensation in cash			**7,820,021**	9,030,980
DSP deferred shares[3, 4, ,5]	–	7,079	–	2,770,721
DSP matching shares[3, 4, 6]	–	7,079	–	2,770,721
LTI options[3, 4, 7]	–	55,169	**3,368,250**	3,274,832
LTI RSUs[3, 4, 8]	–	8,370	**3,368,250**	3,276,018
ESPP shares	**104**	104	**18,600**	18,684
Insurance, pension costs			**1,829,162**	1,819,111
Benefits in kind[9]			**293,944**	251,345
Total compensation			**16,698,227**	23,212,412
Company social security cost[10]			**593,209**	1,133,216

Notes refer to 2013 unless other years are indicated.

1 Jonathan Seabrook, Head Corporate Affairs, joined the Executive Committee in October 2013. The figures for 2013 in this table include his compensation for the full year and the figures for 2012 exclude his compensation. Alejandro Aruffo, Head Research & Development, died in January 2013. The figures for 2013 in this table include his final salary as well as a payment of a prorated STI award and vacation allowance

2 Short-term incentive in cash, payable in 2014 for 2013

3 The numbers of deferred shares, matching shares, options and RSUs for 2012 were granted on February 22, 2013, after the preparation of the 2012 report

4 The numbers of shares, options and RSUs at grant for 2012 were rounded to the next whole number, consequently the values actually granted differ slightly from the values disclosed in the 2012 report

5 Short-term incentive in deferred shares or share awards, which will be granted in 2014 for 2013 (the number of shares is not determined at the time of preparing this report)

6 Actual value of DSP matching shares, which will be granted in 2017 (the number of shares is not determined at the time of preparing this report)

7 Long-term incentive in options, which will be granted in 2014 for 2013 (the number of options is not determined at the time of preparing this report)

8 Long-term incentive in RSUs, which will be granted in 2014 for 2013 (the number of RSUs is not determined at the time of preparing this report)

9 Value of housing, commuting, relocation, education and tax services including refund of relevant tax (cash)

10 In addition to the social security cost for the compensation in 2013 and 2012 respectively, this item also includes the social security cost for 5,183 DSP matching shares allocated in 2013 for the year 2009, and 19,803 DSP matching shares allocated in 2012 for 2008. The value of these shares at grant was disclosed in the 2009 and 2008 Compensation Reports. Due to this and the rounding of allocated units (see Footnote 4), the value differs from the values disclosed in the 2012 report

All values in Swiss francs

Notes to the Financial Statements of Syngenta AG

11. Compensation, shareholdings and loans continued

Table 8. Highest compensation for a member of the Executive Committee

	Number of units		Values	
Compensation elements	**2013**	2012	**2013**	2012
Fixed compensation in cash			**1,535,004**	1,535,004
Allowances in cash			**123,557**	96,180
STI compensation in cash[1]			**–**	258,480
Total compensation in cash			**1,658,561**	1,889,664
DSP deferred shares[2, 3, 4]	**–**	2,642	**–**	1,034,079
DSP matching shares[2, 3, 5]	**–**	2,642	**–**	1,034,079
LTI options[2, 3, 6]	**–**	18,953	**1,125,000**	1,125,050
LTI RSU[2, 3, 7]	**–**	2,875	**1,125,000**	1,125,275
ESPP shares	**13**	13	**2,325**	2,335
Insurance, pension costs			**412,292**	413,349
Benefits in kind[8]			**56,119**	40,603
Total compensation			**4,379,297**	6,664,434
Company social security cost[9]			**146,451**	367,801

Notes refer to 2013 unless other years are indicated.

1 Short-term incentive in cash, payable in 2014 for 2013

2 The numbers of deferred shares, matching shares, options and RSUs for 2012 were granted on February 22, 2013, after the preparation of the 2012 report

3 The numbers of shares, options and RSUs at grant for 2012 were rounded to the next whole number; consequently the values actually granted differ slightly from the values disclosed in the 2012 report

4 Short-term incentive in deferred shares or share awards, which will be granted in 2014 for 2013 (the number of shares is not determined at the time of preparing this report)

5 Actual value of DSP matching shares, which will be granted in 2017 (the number of shares is not determined at the time of preparing this report)

6 Long-term incentive in options, which will be granted in 2014 for 2013 (the number of options is not determined at the time of preparing this report)

7 Long-term incentive in RSUs, which will be granted in 2014 for 2013 (the number of RSUs is not determined at the time of preparing this report)

8 Value of housing, commuting, relocation, education and tax services, including refund of relevant tax (cash)

9 In addition to the social security cost for the compensation in 2013 and 2012, respectively, this item also includes the social security cost for 1,684 DSP matching shares allocated in 2013 for the year 2009, and 6,650 DSP matching shares allocated in 2012 for 2008. The value of these shares at grant were disclosed in the 2009 and 2008 Compensation Reports. Due to this and the rounding of allocated units (see Footnote 3) the value differs from the values disclosed in the 2012 report

All values in Swiss francs

11. Compensation, shareholdings and loans continued

2013 Holding of shares and options

Table 9. Holding of shares of non-executive Directors* at December 31, 2013 and 2012

	Number of unrestricted shares		Number of restricted shares		% voting rights	
Non-executive Directors	2013	2012	2013	2012	2013	2012
Michel Demaré	75	75	2,265	1,059	< 0.1%	< 0.1%
Vinita Bali	–	–	–	–	< 0.1%	< 0.1%
Stefan Borgas	–	–	2,589	2,052	< 0.1%	< 0.1%
Gunnar Brock	200	–	–	–	< 0.1%	< 0.1%
Eleni Gabre-Madhin[1]	–	–	–	–	< 0.1%	< 0.1%
David Lawrence	12,482	12,119	–	–	< 0.1%	< 0.1%
Eveline Saupper[1]	–	–	632	–	< 0.1%	< 0.1%
Jacques Vincent	3,682	3,682	–	–	< 0.1%	< 0.1%
Jürg Witmer	5,000	4,756	–	–	< 0.1%	< 0.1%
Total unrestricted/restricted shares	**21,439**	20,632	**5,486**	3,111	**< 0.1%**	< 0.1%
Peggy Bruzelius[2] (January 1 – April 23, 2013)		2,464		–		< 0.1%
Martin Taylor[2] (January 1 – April 23, 2013)		8,068		3,383		< 0.1%
Peter Thompson[2] (January 1 – April 23, 2013)		1,695		–		< 0.1%
Felix A. Weber[2] (January 1 – April 23, 2013)		2,242		845		< 0.1%
Total shares	**26,925**	42,440				

1 Eleni Gabre-Madhin and Eveline Saupper were elected to the Board of Directors at the AGM 2013
2 Peggy Bruzelius, Martin Taylor, Peter Thompson and Felix Weber retired from the Board of Directors at the AGM 2013
* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

Table 10a. Holding of shares by members of the Executive Committee* at December 31, 2013

	Vested shares			Unvested shares			Total
Members of the Executive Committee	Unrestricted	Restricted	% Voting rights	Unconverted share awards	Unmatched shares	Unconverted RSU	Vested/ unvested
Michael Mack	27,798	11,698	< 0.1%	–	11,654	9,731	60,881
John Atkin	415	4,638	< 0.1%	–	4,594	3,768	13,415
Robert Berendes	1,500	–	< 0.1%	1,682	1,682	2,739	7,603
Caroline Luscombe	17	44	< 0.1%	1,185	1,185	1,440	3,871
Christoph Mäder	7,068	2,305	< 0.1%	–	2,261	2,315	13,949
Mark Peacock	17	44	< 0.1%	2,930	2,930	2,205	8,126
Davor Pisk	5,784	3,788	< 0.1%	–	3,744	3,057	16,373
John Ramsay	137	3,582	< 0.1%	–	3,538	2,877	10,134
Jonathan Seabrook	82	31	< 0.1%	852	852	1,086	2,903
Total Executive Committee shares	42,818	26,130	< 0.1%	6,649	32,440	29,218	137,255

* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control and any legal or natural person that acts as their fiduciary

Notes to the Financial Statements of Syngenta AG

11. Compensation, shareholdings and loans continued

Table 10b. Holding of shares by members of the Executive Committee* at December 31, 2012

	Vested shares			Unvested shares			Total
Members of the Executive Committee	Unrestricted	Restricted	% voting rights	Unconverted share awards	Unmatched shares	Unconverted RSU	Vested/ unvested
Michael Mack	25,811	10,744	< 0.1%	–	10,696	9,676	56,927
Alejandro Aruffo	4,043	510	< 0.1%	2,572	3,034	2,676	12,835
John Atkin	1,887	4,372	< 0.1%	–	4,324	3,842	14,425
Robert Berendes	73	305	< 0.1%	1,307	1,612	2,774	6,071
Caroline Luscombe	–	48	< 0.1%	897	897	1,633	3,475
Christoph Mäder	5,641	2,090	< 0.1%	–	2,042	2,401	12,174
Mark Peacock	19	48	< 0.1%	2,734	2,734	2,302	7,837
Davor Pisk	3,884	3,476	< 0.1%	–	3,428	2,988	13,776
John Ramsay	276	3,340	< 0.1%	–	3,292	2,907	9,815
Total Executive Committee shares	41,634	24,933	< 0.1%	7,510	32,059	31,199	137,335

* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

Holding of options by non-executive Directors at December 31, 2013 and 2012
At December 31, 2013, no non-executive Directors held any options.

At December 31, 2012, non-executive Directors held the following options of which all were vested as disclosed in Table 11a in the Compensation Report 2012:

- Peter Thompson held 1,363 options to purchase shares granted in 2005 with an exercise price of CHF 127.38 per share; 6,560 options to purchase ADS granted in 2004 with an exercise price of USD 14.53 per ADS; and 2,652 options to purchase shares granted in 2003 with an exercise price of CHF 59.70 per share.
- Felix A. Weber held 1,615 options to purchase shares granted in 2005 with an exercise price of CHF 127.38 per share and 2,050 options to purchase shares granted in 2004 with an exercise price of CHF 89.30 per share.

Table 11a. Holding of options by members of the Executive Committee* at December 31, 2013

Year of allocation	2013	2012	2011	2010	2009	2008	2007	2006
Underlying equity	Share	Share	Share	Share	Share	Share	Share	Share
Term (years)	10	10	10	10	10	10	10	10
Exercise period (years)	7	7	7	7	7	7	7	7
Option: share/ADS ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Exercise price CHF	391.40	300.40	308.71	283.70	233.43	301.50	226.70	185.00
Vesting status	unvested			vested				
Options held at December 31, 2013:								
Members of the Executive Committee								
Michael Mack	18,953	20,388	15,207	12,398	16,426	4,669	6,075	–
John Atkin	7,202	7,748	6,114	–	–	–	–	–
Robert Berendes	5,155	5,546	4,586	3,589	4,790	3,362	2,369	2,959
Caroline Luscombe	3,639	2,637	1,968	–	–	–	–	–
Christoph Mäder	4,387	5,057	3,518	3,304	–	–	–	–
Mark Peacock	4,271	4,418	3,639	–	–	–	–	–
Davor Pisk	6,065	6,525	4,586	–	–	–	–	–
John Ramsay	5,497	6,117	4,491	–	4,506	–	2,453	3,059
Jonathan Seabrook	1,972	2,287	1,791	–	–	–	–	–
Totals by grant year	57,141	60,723	45,900	19,291	25,722	8,031	10,897	6,018
Total unvested options	163,764							
Total vested options	69,959							
Total options on shares	233,723							

* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

Notes to the Financial Statements of Syngenta AG

11. Compensation, shareholdings and loans continued

Table 11b. Holding of options by members of the Executive Committee* at December 31, 2012

Year of allocation	2012	2011	2010	2009	2008	2007	2006	2005	2004
Underlying equity	Share	Share	Share	Share	Share	Share	Share	Share	Share
Term (years)	10	10	10	10	10	10	10	10	11
Exercise period (years)	7	7	7	7	7	7	7	7	8
Option: share /ADS ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Exercise price CHF	300.40	308.71	283.70	233.43	301.50	226.70	185.00	127.38	89.30
Vesting status		unvested				vested			
Options held at December 31, 2012:									
Members of the Executive Committee									
Michael Mack	20,388	15,207	12,398	16,426	4,669	6,075	–	–	–
Alejandro Aruffo	5,709	4,128	3,440	–	–	–	–	–	–
John Atkin	7,748	6,114	5,127	–	5,292	–	–	–	–
Robert Berendes	5,546	4,586	3,589	4,790	3,362	2,369	2,959	4,138	4,048
Caroline Luscombe	2,637	1,968	1,426	–	–	–	–	–	–
Christoph Mäder	5,057	3,518	3,304	3,920	2,739	–			
Mark Peacock	4,418	3,639	3,276	–	–	–	–	–	–
Davor Pisk	6,525	4,586	3,739	–	1,666	–	–	–	–
John Ramsay	6,117	4,491	3,798	4,506	2,431	2,453	3,059	–	–
Totals by grant year	64,145	48,237	40,097	29,642	20,159	10,897	6,018	4,138	4,048
Total unvested options	152,479								
Total vested options	74,902								
Total options on shares	227,381								

* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

11. Compensation, shareholdings and loans continued

Contractual provisions, loans, additional benefits

The notice periods for members of the Executive Committee and the CEO are in accordance with market practice. All employment agreements with members of the Executive Committee and the CEO are subject to a notice period of 12 months. The agreements with the non-executive Directors are not subject to notice periods. Each agreement ends on expiry of the Director's term of office. 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 agreements 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. In case the Chairman is removed from office by the general meeting of shareholders prior to expiry of his term of office, he is entitled to a payment of one-fourth of the annual fee.

Syngenta's focus on the long-term performance and growth of the Company and alignment of employee and shareholder interests is underpinned by members of the Executive Committee and other executives and senior managers receiving a large portion of their variable annual compensation in share awards, RSUs and stock options, which must be held for a full three years before vesting.

Under the rules of the plans, a minimum of 67 percent of an Executive Committee member's total variable compensation is paid in the form of equity-based awards. This percentage increases if the executive opts to defer an additional percentage of their annual STI award. The members of the Executive Committee have accumulated substantial shareholdings over a number of years, which are disclosed in Tables 10a and 11a.

In 2013, no severance payments were made to former Directors or members of the Executive Committee, and no loans or credits were granted to active or former Directors or members of the Executive Committee, or parties related to them. In addition, at December 31, 2013, there are no such loans or credits outstanding.

In the event of fraud or serious misconduct by a member of management or of the Executive Committee, the Company reserves the right to dismiss the individual involved with immediate effect. Furthermore the claw-back of equity-based compensation will be considered by the Compensation Committee on a case-by-case basis and will be enforced as permitted under Swiss law (or any other applicable law). If warranted, all outstanding LTI awards and DSP share awards for the individual involved will lapse with immediate effect.

In 2013, no guarantees, pledges, collateral, promises or other forms of liabilities were entered into with third parties to the benefit of non-executive Directors or members of the Executive Committee, or parties related to them and, at December 31, 2013, there are no such liabilities outstanding.

In 2013, no claims, receivables, or debts of non-executive Directors or members of the Executive Committee, or parties related to them, were waived or cancelled and, at December 31, 2013, no such items are outstanding.

In 2013, no compensation was paid to any active Director or member of the Executive Committee for other services provided and, at December 31, 2013, no such payment is outstanding.

Alejandro Aruffo, Head Research & Development, died in January 2013. The figures for 2013 in Table 7 include his final salary as well as the payment of his prorated STI award for the performance year 2013 and his vacation allowance.

Valuation and accrual principle

The "accrual basis" is applied to all elements of compensation including STI and LTI awards. These awards are disclosed in the report of the year for which they are paid. The STI and LTI awards in this 2013 report relate to performance and results in 2013, and will be paid in 2014 or later. This is in line with the accrual principle as required by relevant guidelines. The number of equity units to be granted for 2013 will be determined after the editorial deadline of this report. As a result, while the compensation amounts are known and included, the numbers of share awards, stock options and RSUs to be issued for these amounts are not determined and not included in this report.

The number of equity units that were granted for 2012 had been determined after the editorial deadline of the relevant report. For that reason, the actual numbers of share awards, RSUs and stock options awarded for 2012 are included in this 2013 report (see Tables 7 and 8).

Some exceptions to the "accrual principle" apply to personal tax services, which the Company has paid for some members of the Executive Committee and the former Chairman of the Board of Directors. Tax compliance services typically lag behind the year of compensation by one or more years. The amounts payable for services that relate to employment income 2013 cannot be determined at this time.

All reported amounts set out in this Compensation Report 2013 are gross values, i.e. before the deduction of applicable tax, social security contributions or any other statutory charges. When referring to benefits in kind, the benefit received is also stated at its gross value, i.e. before the deduction of applicable tax, social security or any other applicable charges. The Company's cost for social security contributions on all of these elements is stated separately.

Benefits in kind are typically reported at the value of the cost to the Company. No benefits in kind are provided which require a fair market valuation or a theoretical value.

In Notes 23 and 24 to the Syngenta Group consolidated financial statements included in the Financial Report, the amount disclosed for equity-settled awards is the expense recognized for the period calculated in accordance with IFRS 2 "Share Based Payment". In this report, the same equity-settled awards are disclosed as the values at grant date and consequently differ. Cash-settled awards are disclosed in accordance with the year for which they are paid.

Appropriation of Available Earnings of Syngenta AG

(CHF million)	2013	2012
Available earnings:		
Balance brought forward from previous year	**2,868**	2,320
Net profit of the year	**1,271**	1,623
Total available earnings	**4,139**	3,943
Appropriation of available earnings:		
Payment of a dividend	**(929)**	(885)
Transfer to free reserves	**(200)**	(200)
Total available earnings after appropriation	**3,010**	2,858
Dividend waived for treasury shares held by the Company	**–**	10
To be carried forward on this account	**3,010**	2,868

For fiscal year 2012, the AGM approved a dividend distribution out of the available earnings, of CHF 9.50 per share. For 2013, the Board of Directors proposes to the AGM, a dividend distribution out of the available earnings, of CHF 10.00 per share. The dividend attributable to the treasury shares under the control of the Company at the date of the dividend payment will be waived, and therefore reduce the total dividend payment made, but not the amount of the dividend per share.

Report of the Statutory Auditor on the Financial Statements

To the General Meeting of

Syngenta AG, Basel
Basel, February 4, 2014

As statutory auditor, we have audited the financial statements of Syngenta AG, which comprise the income statement, balance sheet and notes (pages 91 to 109) for the year ended December 31, 2013.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2013 comply with Swiss law and the Company's articles of incorporation.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young AG

/s/ Nigel Jones
Licensed audit expert
(Auditor in charge)

/s/ Stuart A. Reid
Licensed audit expert

Cautionary Statement Regarding Forward-Looking Statements

This Financial Report contains forward-looking statements, which can be identified by terminology such as “expect”, “would”, “will”, “potential”, “plans”, “prospects”, “estimated”, “aiming”, “on track”, and similar expressions. Such statements may be subject to risks and uncertainties that could cause actual results to differ materially from these statements.

We refer you to Syngenta’s publicly available filings with the US Securities and Exchange Commission for information about these and other risks and uncertainties. Syngenta assumes no obligation to update forward-looking statements to reflect actual results, changed assumptions or other factors. This document does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer, to purchase or subscribe for any ordinary shares in Syngenta AG, or Syngenta ADSs, nor shall it form the basis of, or be relied on in connection with, any contract therefor.

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Bringing plant potential to life

For the business year 2013, Syngenta has published three books: the Annual Review 2013 (incorporating our Corporate Responsibility performance), the Financial Report 2013, and the Corporate Governance Report and Compensation Report 2013.

All documents were originally published in English. The Annual Review 2013 and the Corporate Governance Report and Compensation Report 2013 are also available in German.

These publications are also available on the Internet: www. syngenta.com

Editorial completion: February 2014

Copywriting: KainesLang,
Berwick-upon-Tweed, UK

Design and production: Radley Yeldar,
London, UK

Printing: Neidhart + Schön AG,
Zurich, Switzerland

Printed on Hello Silk, made with wood fiber from managed forests and manufactured at a mill that has achieved the ISO14001 and EMAS environmental management standards.

THE GLOBAL COMPACT
WE SUPPORT

Syngenta supports the 10 principles of the United Nations Global Compact through an established commitment to Corporate Responsibility and ongoing implementations of policies on human rights, fair labor, environmental protection and anti-corruption.

Article number 017140.040