



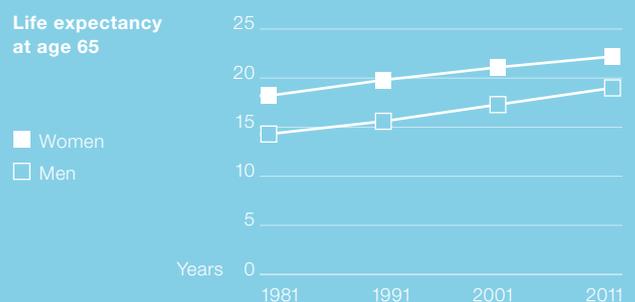
Measures to strengthen the Syngenta Pension Fund

Key elements at a glance

Pension funds are currently facing demographic and economic challenges which must constantly be taken into account.

On average, people are living longer and need to receive a pension over a longer period of time. This is welcome news, but it also increases the financial burden on pension funds.

This situation is exacerbated by the fact that investment opportunities on the capital markets have become less favorable as interest rates are expected to remain low for the foreseeable future. This makes it even more challenging for pension funds in the future to generate the required investment returns on the interest and capital markets.



Questions and answers ...

To secure the financial stability of the pension fund, the Board of Trustees of the Syngenta Pension Fund has adopted the following measures:

Technical interest rate reduction from 2.5 % to 2 % from January 1, 2018.

New conversion rate: As a result of the reduction in the technical interest rate and the increased life expectancy, the conversion rate will be adjusted from January 1, 2018. The Syngenta Pension Fund conversion rate at the age of 65 is currently set at 6.1%. From January 1, 2018 onwards, the conversion rate will be reduced in four stages to 5.3%. The first reduction will be implemented in 2018 (conversion rate: 5.9%), followed by subsequent reductions in 2019 (conversion rate: 5.7%), 2020 (conversion rate: 5.5%) and 2021 (conversion rate: 5.3%).

One-off payment: Reductions in the technical interest rate and in the conversion rate will financially impact future pensions. To cushion these financial impacts, all insured members employed by Syngenta and born in 1983 or before, will be credited with a one-off payment progressively according to age. This one-off payment is calculated assuming a retirement at the age of 65.

Increase in savings contributions: Savings contributions will be increased by a total of 3 percentage points. One-third of this increase will be financed by reducing the risk contributions from 3% to 2%. The remaining two percentage points will be derived from an even split increase in the contribution for both the employer and the employees.

Adjustments are necessary and inevitable

Why does the conversion rate need to be changed?

Both life expectancy and anticipated future returns – the so-called technical interest rate – determine the level of the conversion rate. Life expectancy and the terms of pension annuity are constantly increasing. At the same time, very low interest rates mean that we can expect greatly reduced potential returns on our asset investments in the future. In other words, the pension fund assets must cover a much longer period while at the same time generating a reduced yield due to low interest rates. Taking these factors into account, the conversion rate must be adjusted.

Why will the technical interest be reduced?

In 2014, the Board of Trustees adjusted the technical interest rate downwards to 2.5% to reflect the circumstances prevalent at that time. Since then, the interest rates have fallen even further. For some time, long-term federal bonds have even been subject to negative interest rates. From the current standpoint, this trend does not look set to change. The Board of Trustees has therefore decided to readjust the technical interest rate to 2%.

Which factors determine the level of retirement benefits?

The main factors influencing the level of retirement benefits are the conversion rate and the pension fund assets saved during the years worked. These consist of contributions and the interest rate applied to them. A fall in the conversion rate means a reduction in the pension. If pension fund assets are increased, the pension increases again.

<i>Example</i>	CHF
Savings available at retirement:	600'000
Conversion rate:	6.1%
Annual lifelong pension:	$600'000 \times 6.1\% = 36'600$

To achieve this pension with a conversion rate of 5.3%, the following capital is required:
 $\text{CHF } 36'600 : 5.3\% = \text{CHF } 690'566$

... concerning changes to the Syngenta Pension Fund from January 1, 2018

Which conversion rates will be applied from 2018 onwards?

The following table shows how the conversion rates will be adjusted until 2021.

Conversion rates in the transition phase

Age	2017	2018	2019	2020	2021+
60	5.50 %	5.30 %	5.10 %	4.90 %	4.69 %
61	5.60 %	5.40 %	5.20 %	5.00 %	4.80 %
62	5.70 %	5.51 %	5.32 %	5.12 %	4.92 %
63	5.80 %	5.61 %	5.42 %	5.23 %	5.04 %
64	5.95 %	5.76 %	5.56 %	5.36 %	5.16 %
65	6.10 %	5.90 %	5.70 %	5.50 %	5.30 %

Do these measures affect current pensions?

Pensions which are currently being paid out are not affected by these measures. With the reduction in the technical interest rate, the pension fund must increase the actuarial reserve for pensions because there must be a provision of sufficient capital to ensure payment of the guaranteed lifelong pension level, even in the event of lower returns. In this adjustment, the increase in the actuarial reserve for pensions is financed by fluctuation reserves. This causes a slight reduction in the funding ratio of the Syngenta Pension Fund.

Will any other changes be introduced?

The current system, with its retirement plan and capital plan, will be simplified. From January 1, 2018, the capital plan will be incorporated into the retirement plan. By doing this, existing assets from the capital plan will be transferred to the retirement plan. In the future, it will still be possible to receive retirement benefits either entirely or in part as capital or, in the event of early retirement, as a bridging pension.

Three measures to cushion the changes

What are the details of the cushioning measures?

To soften the pension reduction due to the reduction of the conversion rate, three measures have been adopted:

1 One-off payment

What additional payment will insured members receive?

On January 1, 2018, insured members born in 1983 or before who belonged to the Syngenta Pension Fund on June 1, 2017 will receive a one-off payment in the retirement plan of between 3.6 % and 14.5 % of their retirement assets already saved. Voluntary contributions made after March 17, 2017 will not be taken into consideration in calculating the one-off payment.

Example insured member born 1960	CHF
Retirement savings on December 31, 2017	600'000
Voluntary contribution on April 5, 2017	-20'000
Basis for calculation of one-off payment	580'000
One-off payment in retirement plan 13.7 %	79'460
Retirement savings on January 1, 2018	679'460

In January 2018, all insured members will receive an insurance certificate showing the one-off payment and the new benefits. For members leaving the pension fund within the next five years the one-off payment will be forfeited, either in part or in total, to the pension fund. No deduction will be made in the event of termination due to restructuring.

For early retirements between 2018 and 2020, the one-off payment will be subtracted proportionally as the combination of the one-off payment assuming a retirement at the age of 65, and the gradual reduction in the conversion rate would give rise to higher pensions than before.

2 Higher savings contributions

How will the contributions be increased?

From January 1, 2018, savings contributions will be increased by 3 percentage points. 1 percentage point will be raised by transferring some of the current risk insurance contributions into savings contributions. The other 2 percentage points will be collected by raising both the employer and the employee contributions equally. Based on the "Normal" scale, a 1 percentage point increase in contribution can be paid in the "Superior" scale while a 2 percentage points increase is possible in the "Excellent" scale.

3 Gradual introduction

What is the transitional arrangement for older employees?

For insured members nearing retirement age, the new conversion rate will be phased in gradually. See the "Conversion rates in the transition phase" table.

How will the one-off payment be financed?

To cushion any reduction in future pensions as a result of the lower conversion rates, the pension fund has built up reserves. These will be used to finance the one-off payment. However, the generous design of the cushioning measures is only possible thanks to a substantial financial participation on the part of Syngenta.

How will the increase in the actuarial reserves for current pensions be financed?

The fluctuation reserves must cover the increase in current pensions due to longer life expectancy, and offset the reduction in the technical interest rate due to low interest rates. This will create a slight reduction in the funding ratio.

Will we still have good retirement benefits despite the plan changes?

Even with the new conversion rates, the Syngenta Pension Fund will continue to offer insured members a very high level of benefits.

Glossary

The **conversion rate** is the percentage used to convert retirement assets available at retirement into an annual pension. For example, retirement assets worth CHF 600,000 at retirement with a conversion rate of 5.3 % generate an annual pension of CHF 31,800.

The **technical interest rate** is a purely mathematical factor designed to reflect presumed investment returns. The interest rate that can be earned on retirement assets determines how much capital must be provided at the time of retirement to be able to finance the lifelong pension.

The **Board of Trustees** is the highest committee of the Syngenta Pension Fund and has an equal number of employee and employer representatives. It comprises six employer representatives and six employee representatives. Its main tasks include structuring the benefit and financing plans. The Board of Trustees also determines the asset investment strategy as well as the interest rates applied to the capital of active insured members.

BVG: The Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans. The BVG is a framework law which sets the minimum standards. The Syngenta Pension Fund offers its members very good benefits which by far exceed the statutory minimum requirements.

How can you find out more?

In the coming days, insured members who still have the option of early retirement in 2017 will receive additional individual information.

Information events will be organized in autumn 2017. The relevant details will be sent to you in good time.

Infoline of Syngenta Pension Fund

Phone +41 61 323 51 17
pensionskasse.info@syngenta.com
www.pensionskasse-syngenta.ch