GLENCORE

AGRICULTURE LIMITED

ANNUAL REPORT

2019

Financial and operational review

Glencore Agriculture Limited ("Glencore Agriculture") is a stand-alone company established for the long-term strategic partnership between Glencore plc, the Canadian Pension Plan Investment Board ("CPPIB") and British Columbia Investment Management Corporation ("BCI").

Glencore Agriculture has a significant presence in all principal import and export markets, operating in 35 countries worldwide.

Our origination and marketing business is built around a network of high-quality assets comprising more than 270 storage and 35 processing facilities as well as 23 ports in strategic locations around the world. In addition, our global shipping fleet and rail assets allow us to facilitate timely and efficient delivery of products to our customers.

We primarily buy commodities directly from producers and farming cooperatives. Our customers include food manufacturers, animal feed manufacturers, consumer product processors, local importers, distributors and government purchasing entities.

Our management of the full supply chain ensures that all products delivered to end-use customers meet their specific requirements and are consistent, reliable and of a high quality. With a focus on sustainability, safety and reliability through our supply chain, marketing and processing activities, we are committed to safeguarding our customers, employees, local communities and the environment in which we operate.

Highlights[1]

US$ million	2019	2019*	2018* (restated)	Change %
Key statement of income and cash flows highlights				
Revenue	**24,856**	**24,856**	26,476	(6)
Adjusted EBITDA[2]	**876**	**585**	484	21
Adjusted EBIT[3]	**342**	**329**	224	47
Adjusted EBITDA margin	**3.5%**	**2.4%**	1.8%	
Net income/(loss) attributable to equity holders	**87**	**106**	(32)	372
Funds from operations[4]	**332**	**332**	254	24
Sustaining capital expenditure	**141**	**141**	152	(7)
Expansionary capital expenditure	**125**	**125**	47	166
Capital expenditure	**266**	**266**	199	34
Key financial position highlights				
Total assets	**13,145**	**12,561**	11,397	10
Current capital employed[5]	**4,736**	**4,736**	4,135	15
Net funding[6]	**6,037**	**5,432**	4,484	21
Net debt[7]	**1,817**	**1,212**	400	203
Ratios				
FFO to Net debt	**18%**	**27%**	64%	
Net debt to Adjusted EBITDA	**2.07**	**2.07**	0.83	149
Tangible net worth[8]	**2,689**	**2,727**	2,783	2

2018* Please refer to note 1.
2019* Impact IFRS 16 adjusted for comparability purposes; effective for period 1 January 2019 onwards. Refer to note 1.

Financial and operational review

Highlights (continued)

Glencore Agriculture saw a 21% increase in pre-IFRS 16 Adjusted EBITDA vs 2018. While global trade tensions continued to influence the markets and affect our operations (most significantly the Chinese-Canadian canola ban since March 2019), in general our processing businesses performed well across all geographies.

Argentinean soybean crop recovery supported our activities in the country and record corn crops in Ukraine and Brazil benefited our origination business in these regions. Sugar crops and prices in Brazil recovered slightly from 2018 lows, however global prices remained under pressure. On the negative side, Australia experienced another drought for the 19/20 growing season, limiting our handling activities, and Russian exports were also down following export restrictions and tougher market conditions for origination.

Market conditions

Marketing highlights

2019 saw the recovery of corn production in Argentina, Black sea and Brazil, whereas US planted acres were significantly impacted by wet weather across the planting period. Our corn marketed volumes materially increased year-on-year, allowing us to take advantages of market movements and arbitrage opportunities. Elsewhere in grains, wheat origination margins were pressured in Russia and Australia for 2019, compounded by lower production. Larger volumes coming out of our assets in Argentina supported our soy meal distribution margins across our destination network. Lower EU rapeseed crops, fluctuations in palmoil production from Indonesia and Argentinean crush created tightness and opportunities in the global vegoil markets.

Marketing volumes sold

Million tonnes	2019	2018	Change %
Grain	**50.1**	43.3	16
Oil/Oilseeds	**28.1**	31.1	(10)
Cotton	**0.5**	0.5	3
Sugar	**0.9**	1.0	(11)

Operating highlights

Similar to 2018, trade tensions, economic environment and extreme weather were the biggest disrupters to our operations in 2019. Australia saw a third consecutive year of drought conditions, which limited our handling and origination activities. Our Canadian operations suffered from the interferences related to the announcement of the Chinese-canola shipping ban in April and delayed harvests due to poor weather later in the year. This was offset by improved crush margins, benefitting our processing assets in North America. Weakening economy and rallying wheat prices proved challenging in Brazil, as we were unable to pass price rises onto customers for non-durable products. Also in Brazil, sugar milling results were better due to higher cane agricultural yields and ethanol prices, but remained somehow constrained by low global sugar prices. Argentinean crush volumes improved on 2018 due to higher crop and start-up of the Renova third line in Timbues. Margins also increased on the back of enhanced farmer selling, peso devaluation and higher proportion of Paraguayan beans crushed. EU crush operations saw improvements in Hungarian margins as we focused on high oleic sunseed crush. 2020 Renewable energy targets were a primary focus for EU member states and, coupled with tight rape oil supply, supported Biodiesel prices across Europe.

Financial and operational review

Highlights (continued)

Processing / production data

		2019	2018	Change (%)
Farming	kt	**305**	257	18
Crushing	kt	**9,162**	7,530	22
Long term toll agreement	kt	**839**	1,041	(19)
Biodiesel	kt	**751**	759	(1)
Rice milling	kt	**182**	174	5
Wheat milling	kt	**862**	916	(6)
Sugarcane processing	kt	**5,168**	4,458	16
Total agricultural products*	**kt**	**17,269**	15,135	14

* Volumes processed by JVs are presented on 100% basis.

Notes to Highlights

1. This section contains non-IFRS alternative performance measures.
2. Adjusted EBITDA: consists of Adjusted EBIT adding back depreciation and amortisation.
3. Adjusted EBIT: is revenue less cost of goods sold and selling and administrative expenses plus share of income from associates and joint ventures and dividend income.
4. Funds from operations (FFO): is a measure that reflects our ability to generate cash for investment, debt servicing and distributions to shareholders. FFO comprises cash provided by operating activities before working capital changes, less tax and net interest payments plus dividends received less repayments on lease liabilities under IFRS 16 (2018: less repayments on finance lease obligations under IAS 17).
5. Current capital employed: is current assets less accounts payable, current provisions, current other financial liabilities, income tax payable and other current liabilities.
6. Net Funding: is defined as the total of current and non-current borrowings less cash and cash equivalents.
7. Net debt: is defined as total current and non-current borrowings less cash and cash equivalents and readily marketable inventories (see note 14).
8. Tangible net worth: is defined as the sum of all of the Company's paid up capital, share premiums, distributable and non-distributable reserves less all the intangible assets of the Group.

Financial and operational review

COVID-19 Outbreak Q1 2020

GAL's business is in a defensive sector. The food and feed supply chain is critical to people around the globe and GAL is an important part of it. Although the impact of the COVID-19 outbreak on the global economy on the mid- and long term is uncertain, GAL has seen demand for food and feed products remain solid across the world with consumers ensuring buffer supplies. To date GAL has not seen any material disruptions in global food and feed trade flows.
There have been some indications for reduced demand in certain non-food and feed commodities related to energy markets such as biodiesel and ethanol. Although this could influence margins in some of GAL's processing activities (for example oilseeds crushing and biodiesel production in Europe and sugar milling in Brazil) the impact would be limited, given GAL's globally diversified product portfolio.

In order to address the challenges the COVID-19 outbreak is providing, GAL has formed a task force consisting of senior executives. The task force has done and continues to do a comprehensive risk assessment in relation to the COVID-19 outbreak, which covers the following areas (non-exhaustive):

- Employees and Physical Locations
- Supply Chain
- Internal Control Environment and IT
- Liquidity
- Solvency and Capital Maintenance
- Financial Reporting

Employees and Physical Locations

Through its diversified global office and asset network (operations in more than 35 countries worldwide), GAL is carefully following the latest regional developments. In an early stage of the outbreak, management has taken various actions to minimise the risk of infection amongst the workforce, including social distancing, working in shifts and working remotely. Although local regulations might change going forward, the expectation is that business processes remain undisrupted.

Supply Chain

There have not been any material disruptions in GAL's supply chain sofar due to the COVID-19 outbreak. There were some isolated incidents though which have been resolved quickly. The food and feed supply chain is critical to people around the globe and GAL is an important part of it.
Although it is not unlikely that certain operational processes become less effective, the expectation of management is that this will not have a disruptive impact on its business given GAL's global footprint. GAL has operations in 35 countries worldwide, an extensive assets network (more than 270 storage, 35 processing facilities as well as 23 ports in strategic locations around the world) and operates a global shipping fleet.

Internal Control Environment and IT

IT and communication systems have remained operational and despite many employees working remotely or in shifts, this did not have a significant impact on the effectiveness of GAL's key operating controls.
Internal management and risk reporting throughout all organizational layers is continuing as frequently and with the same rigour as before the COVID-19 outbreak.

Financial and operational review

COVID-19 Outbreak Q1 2020 (continued)

Liquidity

Despite the inherent risks associated with the COVID-19 outbreak, GAL is confident that its liquidity position is sufficient to absorb unexpected increases in working capital levels for at least the next 12 months. This position is supported by the $1.1b available headroom in existing committed facilities (see note 23 to the financial statements) and another $3bn available headroom on bilateral uncommitted facilities. Also, as of 31 December 2019, GAL had $4.2b of readily marketable inventory (see note 14 to the financial statements), which could be converted into cash in case needed. GAL has also started a process to renew its committed Revolving Credit Facility, which is expected to complete in May 2020.

Solvency and Capital Maintenance

GAL's interest coverage ratio (adjusted EBIT divided by net interest expense) over 2019 was 1.8, up from 1.4 in 2018. The financial debt to equity ratio (long and short term borrowings divided by equity) was 1.6 as per December 31, 2019 (2018: 1.3). Solvency ratio's are not part of GAL's existing bank covenants.
GAL has agreed a dividend policy with its shareholders, which resulted in no dividend payments in 2019. Management does not expect that any dividends will be paid for the next 2 years.

Financial Reporting

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities.
Judgments, estimates and assumptions that might be impacted by the outbreak of COVID-19 in 2020 include i) the evaluation of credit and performance risk as well as ii) impairment analysis.

i) Credit and performance risk

The outbreak of COVID-19 could affect the future financial performance of individual suppliers or customers and could therefore have an impact on the valuation of certain mark-to-market receivables. However, due to the fact that GAL has a diversified customer base, the majority of customers are active in the food and feed industry and a robust credit risk management process is followed, the effect this could have on the valuation of receivables is expected to be limited.

ii) Impairment analysis

Going forward, the annual impairment review on the carrying value of cash generating units as well as goodwill could be affected indirectly by the COVID-19 outbreak. This is due to the effect the COVID-19 outbreak could have on financial and commodity markets and therefore on for example interest rates, inflation, foreign exchange rates and commodity prices. All of which are important factors in GAL's impairment model.

Key judgments and assumptions

As indicated in the financial statements under note 1, the going concern basis of accounting was adopted by the Directors in preparing the financial statements. In relation to the COVID-19 outbreak, our main judgments and assumptions to support our position are:

- Demand for food and feed products remains stable;
- Agricultural commodity supply chains and processing assets remain largely undisrupted;
- Productivity of GAL's workforce will not be materially impacted by the COVID-19 outbreak;
- The committed, one-year Revolving Credit Facility will be available for the next 12 months;
- The majority of the available uncommitted financing facilities will remain available;
- The average working capital usage in 2018 and 2019 (adjusted for the acquisition of 16.67% in Renova S.A.) was used for the liquidity projection for the next 12 months, as management considers this the best approximation.

GLENCORE
AGRICULTURE LIMITED

Consolidated Financial Statements

2019

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, the Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors: D.W. Mattiske, C.J. Mahoney, M.C. Walt, J.A. Bryce, B.M. Hogg, L.H. Webb.

9 April 2020

Independent auditor's report to the members of Glencore Agriculture Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Glencore Agriculture Limited and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as issued by the International Accounting Standards Board (IASB); and
- have been properly prepared in accordance the Companies (Jersey) Law 1991.

We have audited the financial statements which comprise:

- the consolidated statement of income/(loss);
- the consolidated statement of comprehensive income/(loss);
- the consolidated statement of financial position;
- the consolidated statement of cash flows;
- the consolidated statement of changes in equity;
- the accounting policies; and
- the related notes to the financial statements 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and as issued by the IASB.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception
Under the Companies (Jersey) Law 1991 we are required to report in respect of the following matters if, in our opinion:

- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Jones, FCA
For and on behalf of Deloitte LLP
London, United Kingdom
09 April 2020

Consolidated statement of income/(loss)

For the year ended 31 December 2019

US$ million	Notes	2019	2018* (restated)
Revenue	2	**24,856**	26,476
Cost of goods sold		**(24,285)**	(26,019)
Selling and administrative expenses		**(236)**	(239)
Share of income from associates and joint ventures	11	**5**	6
Gains on disposals and investments	3	**192**	33
Other (expense)/income – net	4	**(215)**	(20)
Dividend income		**2**	–
Interest income		**14**	9
Interest expense	6	**(207)**	(164)
Income before income taxes		**126**	82
Current income tax expense	7	**(61)**	(106)
Deferred income tax credit/(expense)	7	**24**	(3)
Income/(loss) for the period		**89**	(27)
Attributable to:			
Non-controlling interests		**2**	5
Equity holders		**87**	(32)

* Please refer to note 1.

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

Consolidated statement of comprehensive income /(loss)

For the year ended 31 December 2019

US$ million	Notes	2019	2018* (restated)
Income/(loss) for the period		**89**	(27)
Other comprehensive income/(loss)			
Items not to be reclassified to the statement of income in subsequent periods:			
Defined benefit plan actuarial gains	20	**3**	11
Deferred tax related to benefit plan actuarial gains		**–**	(4)
Gain on equity investments accounted for at fair value through other comprehensive income		**–**	1
Net items not to be reclassified to the statement of income in subsequent periods:		**3**	8
Items that are or may be reclassified to the statement of income in subsequent periods:			
Exchange loss on translation of foreign operations		**(17)**	(278)
Losses on cash flow hedges		**–**	(2)
Deferred tax related to cash flow hedges		**–**	1
Share of other comprehensive loss from associates and joint ventures	11	**–**	(4)
Items recycled to the statement of income upon acquisition/disposal of subsidiaries	3	**6**	2
Net items that are or may be reclassified to the statement of income/(loss) in subsequent periods:		**(11)**	(281)
Other comprehensive loss		**(8)**	(273)
Total comprehensive income/(loss)		**81**	(300)
Attributable to:			
Non-controlling interests		**4**	3
Equity holders of the parent		**77**	(303)

* Please refer to note 1.

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

Consolidated statement of financial position

As at 31 December 2019

US$ million	Notes	2019	2018* (restated)	1 Jan 2018* (restated)
Assets				
Non-current assets				
Property, plant and equipment	8	**4,207**	2,845	2,944
Intangible assets	9	**1,001**	846	926
Investments in associates and joint ventures	11	**359**	548	649
Other investments	24	**11**	10	7
Advances and loans	12	**137**	149	158
Deferred tax assets	7	**91**	69	77
		5,806	4,467	4,761
Current assets				
Biological assets	13	**26**	21	19
Inventories	14	**4,322**	4,160	2,865
Accounts receivable	15	**2,134**	1,775	2,297
Other investments	24	**56**	54	–
Other financial assets	25	**617**	734	483
Cash and cash equivalents	16	**184**	180	153
		7,339	6,924	5,817
Assets held for sale	8	**–**	6	24
Total assets		**13,145**	11,397	10,602
Equity and liabilities				
Capital and reserves – attributable to equity holders				
Share capital	17	**1**	1	1
Reserves and retained earnings		**3,689**	3,629	3,929
		3,690	3,630	3,930
Non-controlling interests	29	**199**	36	45
Total equity		**3,889**	3,666	3,975
Non-current liabilities				
Borrowings	18	**3,451**	2,669	1,892
Deferred tax liabilities	7	**282**	141	139
Provisions	19	**139**	109	118
Other long-term liabilities		**11**	28	37
		3,883	2,947	2,186
Current liabilities				
Borrowings	18	**2,770**	1,995	1,957
Accounts payable	21	**1,810**	2,119	1,971
Provisions	19	**41**	27	20
Other financial liabilities	25	**684**	527	392
Income tax payable		**67**	113	98
Other current liabilities		**1**	3	3
		5,373	4,784	4,441
Total equity and liabilities		**13,145**	11,397	10,602

* Please refer to note 1.

These financial statements were authorized and approved by the Board of Directors on 9 April 2020 and signed on behalf of the Board

D.W. Mattiske - Director

Consolidated statement of cash flows
For the year ended 31 December 2019

US$ million	Notes	2019	2018* (restated)
Operating activities			
Income before income taxes		**126**	82
Adjustments for:			
Depreciation and amortisation		**534**	260
Share of income from associates and joint ventures	11	**(5)**	(6)
Increase in other long term liabilities		**12**	2
Gain on disposals and investments	3	**(192)**	(33)
Impairments	5	**207**	3
Other non-cash items – net		**3**	11
Interest expense – net		**193**	155
Cash generated by operating activities before working capital changes		**878**	474
Working capital changes			
Increase in accounts receivable[1]		**(177)**	(276)
Increase in inventories		**(143)**	(776)
(Decrease)/increase in accounts payable[2]		**(221)**	279
Total working capital changes		**(541)**	(773)
Income taxes paid		**(115)**	(91)
Interest received		**14**	7
Interest paid		**(183)**	(148)
Net cash generated/(used) by operating activities		**53**	(531)
Investing activities			
Net cash used in acquisition of subsidiaries	22	**(123)**	(54)
Net cash received from disposal of subsidiaries	22	**–**	38
Purchase of investments		**(7)**	(65)
Proceeds received in sale of investments		**–**	19
Purchase of property, plant and equipment and intangibles	8, 9	**(266)**	(199)
Proceeds from sale of property, plant and equipment and intangibles	8, 9	**20**	8
Dividends received from associates and joint ventures	11	**2**	14
Net cash used by investing activities		**(374)**	(239)
Financing activities[3]			
Proceeds from other non-current bank facilities		**474**	947
Proceeds from/(repayment of) current borrowings – net		**114**	(134)
Repayments on finance lease obligations under IAS 17		**–**	(2)
Repayments of lease liabilities under IFRS 16		**(264)**	–
Net change on interest in subsidiaries		**–**	(6)
Distributions to non-controlling interests		**(3)**	(1)
Net cash generated by financing activities		**321**	804
(Decrease)/increase in cash and cash equivalents		**(1)**	34
Foreign exchange movement in cash		**5**	(7)
Cash and cash equivalents, beginning of period		**180**	153
Cash and cash equivalents, end of period		**184**	180

1 Includes movements in advances and loans and other financial assets.
2 Includes movements in other financial liabilities and provisions.
3 Refer to note 18 for reconciliation of movement in borrowings.
* Please refer to note 1.

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

Consolidated statement of changes of equity

For the year ended 31 December 2019

US$ million	Retained earnings	Share premium	Other reserves (note 17)	Total reserves and retained earnings	Share capital (note 17)	Total equity attributable to equity holders	Non-controlling interests (note 29)	Total equity
1 January 2019	**1,347**	**3,096**	**(814)**	**3,629**	**1**	**3,630**	**36**	**3,666**
Impact from the adoption of IFRS 16[1]	(17)	–	–	(17)	–	(17)	–	(17)
1 January 2019 (restated)	**1,330**	**3,096**	**(814)**	**3,612**	**1**	**3,613**	**36**	**3,649**
Income for the period	87	–	–	87	–	87	2	89
Other comprehensive income/(loss)	3	–	(13)	(10)	–	(10)	2	(8)
Total comprehensive income/(loss)	**90**	**–**	**(13)**	**77**	**–**	**77**	**4**	**81**
Acquisition of Business	–	–	–	–	–	–	162	162
Distributions paid	–	–	–	–	–	–	(3)	(3)
At 31 December 2019	**1,420**	**3,096**	**(827)**	**3,689**	**1**	**3,690**	**199**	**3,889**

[1] Please refer to note 1

US$ million	Retained earnings	Share premium	Other reserves (note 17)	Total reserves and retained earnings	Share capital (note 17)	Total equity attributable to equity holders	Non-controlling interests (note 29)	Total equity
1 January 2018	**1,443**	**3,096**	**(534)**	**4,005**	**1**	**4,006**	**45**	**4,051**
Correction of prior period error*	(71)	–	(5)	(76)	–	(76)	–	(76)
1 January 2018 (restated)	**1,372**	**3,096**	**(539)**	**3,929**	**1**	**3,930**	**45**	**3,975**
Loss for the period	(32)	–	–	(32)	–	(32)	5	(27)
Other comprehensive income/(loss)	7	–	(278)	(271)	–	(271)	(2)	(273)
Total comprehensive income/(loss)	**(25)**	**–**	**(278)**	**(303)**	**–**	**(303)**	**3**	**(300)**
Change in ownership interest in subsidiaries	–	–	3	3	–	3	(12)	(9)
Acquisition of Business	–	–	–	–	–	–	1	1
Dividends paid	–	–	–	–	–	–	(1)	(1)
At 31 December 2018	**1,347**	**3,096**	**(814)**	**3,629**	**1**	**3,630**	**36**	**3,666**

* Please refer to note 1.

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

Notes to the financial statements

1. ACCOUNTING POLICIES

Corporate information

Glencore Agriculture Limited (the "Company" or "Parent") together with its subsidiaries (the "Group" or "Glencore Agri"), is a leading integrated producer and marketer of agricultural products, with worldwide activities in the production, refining, processing, storage, transport and marketing of agricultural products. Glencore Agri operates on a global scale, marketing and distributing physical commodities mainly sourced from third party producers to industrial consumers, such as those in the oil and food processing industries. Glencore Agri also provides financing, logistics and other services to producers and consumers of commodities. In this regard, Glencore Agri seeks to capture value throughout the commodity supply chain. Glencore Agri's long experience in production, processing, storage and handling, and marketing of commodities has allowed it to develop and build upon its expertise in the commodities which it markets and cultivate long-term relationships with a broad supplier and customer base across diverse industries and in multiple geographic regions.

Glencore Agriculture Limited is a privately held company incorporated and domiciled in Jersey.

These audited consolidated financial statements for the year ended 31 December 2019 were authorised for issue on 9 April 2020.

Statement of compliance

The accounting policies adopted are based on the Company's consolidated financial statements which are prepared in accordance with:

- International Financial Reporting Standards ("IFRS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") as adopted by the European Union ("EU") effective as at 31 December 2019; and
- IFRS and interpretations as issued by the International Accounting Standards Board ("IASB") effective as at 31 December 2019.

Under Article 105(11) of the Companies (Jersey) Law 1991, the directors of a holding company need not prepare separate financial statements (i.e. Company only financial statements) if consolidated accounts for the company are prepared, unless required to do so by the member of the Company by ordinary resolution. The members of the Company had not passed a resolution requiring separate financial statements and in the Directors' opinion, the Company meets the definition of a holding company. As permitted by law, the Company's Board of Directors has elected not to prepare separate financial statements for the Company.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as 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. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common, industry standard modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

1. ACCOUNTING POLICIES (continued)

Glencore Agri has identified the following areas as being critical to understanding Glencore Agri's financial position as they require management to make complex and/or subjective judgements, estimates and assumptions about matters that are inherently uncertain:

Critical accounting judgements

In the process of applying Glencore Agri's accounting policies, management has made the following judgements based on the relevant facts and circumstances including macro-economic circumstances and, where applicable, interpretation of underlying agreements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Determination of control of subsidiaries and joint arrangements (notes 11, 22 and 31)

Judgement is required to determine when Glencore has control of subsidiaries or joint control of joint arrangements. This requires an assessment of the relevant activities (those relating to the operating and capital decisions of the arrangement, such as: the approval of the capital expenditure programme for each year, and appointing, remunerating and terminating the key management personnel or service providers of the operations) and when the decisions in relation to those activities are under the control of Glencore or require unanimous consent. See note 22 for a summary of the acquisitions of subsidiaries completed during the year and the key judgements made in determining control thereof.

Judgement is also required in determining the classification of a joint arrangement between a joint venture or a joint operation through an evaluation of the rights and obligations arising from the arrangement and in particular, if the joint arrangement has been structured through a separate vehicle, further consideration is required of whether:

(1) the legal form of the separate vehicle gives the parties rights to the assets and obligations for the liabilities;

(2) the contractual terms and conditions give the parties rights to the assets and obligations for the liabilities; and

(3) other facts and circumstances give the parties rights to the assets and obligations for the liabilities.

Joint arrangements in which the primary activity is the provision of output to the shareholders, typically convey substantially all the economic benefits of the assets to the parties and judgement is required in assessing whether the terms of the offtake agreements and any other obligations for liabilities of the arrangement result in the parties being substantially the only source of cash flows contributing to the continuity of the operations of the arrangement.

Differing conclusions around these judgements, may materially impact how these businesses are presented in the consolidated financial statements – under the full consolidation method, equity method or recognition of Glencore's share of assets, liabilities, revenue and expenses, including any assets or liabilities held jointly. See note 11 for a summary of these joint arrangements and the key judgements made in determining the applicable accounting treatment for the material joint arrangements entered during the year.

1. ACCOUNTING POLICIES (continued)

(ii) Credit and performance risk (note 23)

The Group's global marketing operations expose it to credit and performance (the risk that counterparties fail to sell or purchase physical commodities on agreed terms) risks; performance risk arises particularly in physical markets demonstrating significant price volatility.

Judgement is required to determine whether receivables, loans and advances are recoverable and if contracted product deliveries will be received and if open contracts will eventually be executed at the contracted prices. Judgements about recoverability and contractual performance may materially impact both non-current and current assets as recognised in the consolidated statement of financial position. Any estimation uncertainty related to these judgements is not anticipated to result in a material change to the carrying value of these assets within the next financial year.

(iii) Classification of liabilities as amortised cost or fair value through profit and loss (notes 15 and 21)

Judgement is required to determine the appropriate IFRS 9 classification of trade payables containing provisional pricing features (i.e. the final purchase price is subject to movements in market prices after the date of purchase) to be measured at amortised cost or fair value through profit and loss. The Group elected to designate the payable that contain provisional price features as at amortised cost with embedded derivative recognised as at fair value through profit and loss. The balance of trade payables are classified as at 'amortised cost' (see note 21).

Differing conclusions around classification of these instruments, may impact the presentation of these financial assets or liabilities within their respective note disclosures. However, as these types of financial assets and liabilities have short maturities, any estimation uncertainty related to these judgements and / or a differing measurement criteria (i.e. an expected credit loss impairment model or fair value methodology) is not anticipated to result in a material change to the carrying value of the financial asset or liability within the next financial year.

(iv) Classification of transactions which contain a financing element (note 21)

Transactions for the purchase of commodities may contain a financing element such as extended payment terms, such as supplier financing arrangements. Under such an arrangement, a financial institution may issue a letter of credit on behalf of Glencore Agri and act as the paying party upon delivery of product by the supplier, whereby Glencore Agri will subsequently settle the liability directly with the financial institution, generally up to 90 days after physical supply. Judgement is required to determine the most appropriate classification and presentation of these transactions within the statements of cash flows and financial position. In determining the appropriate classification, management considers the underlying economic substance of the transaction and the significance of the financing element to the transaction. Typically, the economic substance of the transaction is determined to be operating in nature as the financing element is insignificant and the time frame in which the original arrangement is extended by, is consistent and within supply terms commonly provided in the market. As a result, the entire cash flow is presented as operating in the statement of cash flow with a corresponding trade payable in the statement of financial position.

As at 31 December 2018, trade payables included $137 million of liabilities arising from supplier financing arrangements, the weighted average of which have extended the settlement of the original payable to 90 days after physical supply and are due for settlement 55 days after year end. As at 31 December 2019 there are no such supplier financing arrangements.

1. ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty

In the process of applying Glencore Agri's accounting policies, management has made key estimates and assumptions concerning the future and other key sources of estimation uncertainty. The key assumptions and estimates at the reporting date that have a significant impact on the financial position and the results of operations, are described below. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(i) Recognition of deferred tax assets (note 7)
Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether there will be sufficient taxable income available to offset the tax assets when they do reverse. These judgements are subject to risk and uncertainty and therefore, to the extent assumptions regarding future profitability change, there can be a material increase or decrease in the amounts recognised in the consolidated statement of income in the period in which the change occurs. The recoverability of deferred tax assets including the estimates and assumptions contained therein are reviewed regularly by management.

(ii) Valuation of derivative instruments (note 25)
Derivative instruments are carried at fair value and Glencore Agri evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 13 Fair Value Measurement. Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiable inputs (Level 2); or by using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring Glencore Agri to make market-based assumptions (Level 3). Level 3 inputs therefore include the highest level of estimation uncertainty.

(iii) Impairments (notes 4, 5, 8, 9, 10, 11 and 12)
Investments in associates and joint ventures, other investments, advances and loans, property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised in the consolidated statement of income. Future cash flow estimates which are used to calculate the asset's fair value are discounted using asset specific discount rates and are based on expectations about future operations, primarily comprising estimates about production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), operating, rehabilitation and restoration costs and capital expenditures. Estimates are reviewed regularly by management. Changes in such estimates and in particular, further deterioration in the pricing outlook, could impact the recoverable values of these assets whereby, some or all of the carrying amount may be impaired or the impairment charge reduced (if pricing outlook improves significantly) with the impact recorded in the consolidated statement of income.

1. ACCOUNTING POLICIES (continued)

(iv) Restoration, rehabilitation and decommissioning costs (note 19)

A provision for future restoration, rehabilitation and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. Most of these rehabilitation and decommissioning events are expected to take place many years in the future and the currently estimated requirements and costs that will have to be met when the restoration event occurs are inherently uncertain and could materially change over time.

In calculating the appropriate provision for the expected restoration, rehabilitation or decommissioning obligations, cost estimates of the future potential cash outflows based on current studies of the expected rehabilitation activities and timing thereof, are prepared. These forecasts are then discounted to their present value using a risk free rate specific to the liability and the currency in which they are denominated.

Any changes in the expected future costs or risk free rate are initially reflected in both the provision and the asset and subsequently in the consolidated statement of income over the remaining economic life of the asset. As the actual future costs can differ from the estimates due to changes in laws, regulations, technology, costs and timing, the provisions including the estimates and assumptions contained therein are reviewed regularly by management.

(v) Estimation of current tax payable and current tax expense in relation to an uncertain tax position (note 7)

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

(vi) Fair value measurements (notes 10, 13, 14, 23, 24 and 25)

In addition to recognising derivative instruments at fair value, as discussed above, an assessment of the fair value of assets and liabilities is also required in accounting for other transactions, most notably, biological assets and marketing inventories and disclosures related to fair values of financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty, particularly where comparable market-based transactions often do not exist.

Derivative instruments are carried at fair value for which the Group evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 13 Fair Value Measurement. Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiable inputs (Level 2); or by using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring the Group to make market-based assumptions (Level 3). Level 3 inputs therefore include the highest level of estimation uncertainty.

1. ACCOUNTING POLICIES (continued)

(vii) Business combinations (note 22)
Fair value measurements used in recognition of business combinations are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end. As the fair values for the net assets acquired in the business combination as well as the fair value of previously held equity interests cannot be derived from publicly available information, the fair value measurement is estimated using discounted future cashflow models, discounting future cashflows at the relevant WACC rate, and other valuation methods with the involvement of external experts. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. The valuations use Level 3 valuation techniques. However, such information is by nature subject to uncertainty, particularly where comparable transactions often do not exist.

Basis of preparation

The consolidated financial statements are prepared under the historical cost convention except for the revaluation of certain financial assets, financial liabilities, biological assets, pension obligations and marketing inventories that are measured at revalued amounts or fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

The Directors have assessed that they have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of approval of the consolidated financial statements. Therefore, they continue to adopt the going concern basis of accounting in preparing these financial statements. Further information on Glencore Agri's objectives, policies and processes for managing its capital and financial risks are detailed in note 23.

All amounts are expressed in millions of United States Dollars ("USD" or "US Dollar"), unless otherwise stated, consistent with the predominant functional currency of Glencore Agri's operations.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved when Glencore Agri is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, Glencore Agri controls an investee if, and only if, Glencore Agri has all of the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and;
- the ability to use its power over the investee to affect its returns.

When Glencore Agri has less than a majority of the voting rights of an investee or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over the investee including:

- the size of Glencore Agri's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by Glencore Agri, other vote holders or other parties;
- rights arising from other contractual arrangements; and,
- any additional facts and circumstances that indicate that Glencore Agri has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

1. ACCOUNTING POLICIES (continued)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when Glencore Agri obtains control over the subsidiary and ceases when Glencore Agri loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and consolidated statement of comprehensive income/(loss) from the date Glencore Agri gains control until the date when Glencore Agri ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in Glencore Agri's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions with any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received being recognised directly in equity and attributed to equity holders of Glencore Agri.

When Glencore Agri loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if Glencore Agri had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

1. ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. The cost of the acquisition is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred, liabilities incurred to the former owners of the acquiree and the equity interests issued in exchange for control of the acquiree. The identifiable assets, liabilities and contingent liabilities ("identifiable net assets") are recognised at their fair value at the date of acquisition. Acquisition related costs are recognised in the consolidated statement of income as incurred.

Where a business combination is achieved in stages, Glencore Agri's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date Glencore Agri attains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of income.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units ("CGU") that are expected to benefit from the synergies of the combination. The CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit.

Any impairment loss is recognised directly in profit or loss. An impairment loss recognised for goodwill is not able to be reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Glencore Agri reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted for additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Similar procedures are applied in accounting for the purchases of interests in associates. Any goodwill arising from such purchases is included within the carrying amount of the investment in associates, but not amortised thereafter. Any excess of Glencore Agri's share of the net fair value of the associate's identifiable net assets over the cost of the investment is included in the consolidated statement of income in the period of the purchase.

Glencore Agri recognises negative goodwill in situations where the Group as an acquirer paid less to acquire an entity than the fair value of its net assets. When a bargain purchase takes place, the negative goodwill should be recognised in the consolidated profit and loss for the period.

1. ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures

Associates and joint ventures (together "Associates") in which Glencore Agri exercises significant influence or joint control are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence is presumed if Glencore Agri holds between 20% and 50% of the voting rights, unless evidence exists to the contrary.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant strategic and/or key operating decisions require unanimous consent of the parties sharing control. Equity accounting involves Glencore Agri recording its share of the Associate's net income and equity. Glencore Agri's interest in an Associate is initially recorded at cost and is subsequently adjusted for Glencore Agri's share of changes in net assets of the Associate, less any impairment in the value of individual investments. Where Glencore Agri transacts with an Associate, unrealised profits and losses are eliminated to the extent of Glencore Agri's interest in that Associate.

Changes in Glencore Agri's interests in Associates are accounted for as a gain or loss on disposal with any difference between the amount by which the carrying value of the Associate is adjusted and the fair value of the consideration received being recognised directly in the consolidated statement of income.

Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. When Glencore Agri undertakes its activities under joint operations, Glencore Agri recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation its share of the revenue from the sale of the output by the joint operation, and
- its expenses, including its share of any expenses incurred jointly

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. Where Glencore Agri transacts with a joint operation, unrealised profits and losses are eliminated to the extent of Glencore's Agri interest in that joint operation.

1. ACCOUNTING POLICIES (continued)

Non-current assets held for sale

In compliance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition.

Non-current assets are measured at the lower of the previous carrying amount or the fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

If an asset or disposal group no longer meets the requirements to be classified as held for sale, the asset or disposal group is remeasured to the lower of its previous carrying amount adjusted for any depreciation, impairment or revaluations if it had not been held for sale or at its recoverable amount at the date of decision not to sell.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resell.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

1. ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. Revenue also includes mark-to-market movements on physical forward sales contracts that do not meet own use exemption.

Sales of goods

Revenue is derived principally from the sale of goods and recognised when control of the goods has transferred to the customer based on the contract terms. Normally, revenue is recognised when the contract terms are fulfilled, which could be when the product is delivered to the destination specified by the customer or cash is received. Mark-to-market gains and losses on such contracts, prior to physical delivery, are presented in revenue.

Revenue from the sale of material by-products are included within revenue. Where a by-product is not regarded as significant, revenue may be credit against cost of goods sold.

Rendering of services

Revenue is recognized in the accounting period in which services are rendered.

The main type of services provided by the Group are transhipment services by port terminals, chartering of seagoing vessels, crop cleaning, drying and storage services by the Group's silo network. Revenue from transhipment services is recognized based on work actually performed. Revenue from seagoing vessels/chartering services provided to customers is recognised when the performance obligation is satisfied and vessel arrives at destination. Revenue from grain cleaning and drying is recognized at the point in time when service is provided, revenue from storage services is recognised over time.

Interest and dividend income

Interest and dividend income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to Glencore Agri and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable effective interest rate.

Foreign currency translation, transactions and advance considerations

Glencore Agri's reporting currency and the functional currency of the majority of its operations is the US dollar as this is assessed to be the principal currency of the economic environment in which it operates.

(i) Translation of financial statements

For the purposes of consolidation, assets and liabilities of group companies whose functional currency is in a currency other than the US dollar are translated into US dollars using year-end exchange rates, while their statements of income are translated using average rates of exchange for the year.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate. Translation adjustments are included as a separate component of shareholders' equity and have no impact to the consolidated statement of income to the extent that no disposal of the foreign operation has occurred.

(ii) Foreign currency transactions and advance considerations

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the Glencore Agri has determined a date of the transaction for each payment or receipt of advance consideration.

1. ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs are expensed as incurred except where they relate to the financing of construction or development of qualifying assets in which case they are capitalised up to the date when the qualifying asset is ready for its intended use.

Retirement benefits

Glencore Agri operates various pension schemes in accordance with local requirements and practices of the respective countries. The annual costs for defined contribution plans that are funded by payments to separate trustee administered funds or insurance companies equal the contributions that are required under the plans and accounted for as an expense.

Glencore Agri uses the Projected Unit Credit Actuarial method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The cost of providing pensions is charged to the consolidated statement of income so as to recognise current and past service costs, interest cost on defined benefit obligations, and the effect of any curtailments or settlements, net of expected returns on plan assets. Actuarial gains and losses are recognised directly in other comprehensive income and will not be reclassified to the consolidated statement of income in the future periods.

The retirement benefit obligation/asset recognised in the consolidated statement of financial position represents the actual deficit or surplus in Glencore Agri's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Glencore Agri also provides post-retirement healthcare benefits to certain employees in Canada. These are accounted for in a similar manner to the defined benefit pension plans, however are unfunded.

1. ACCOUNTING POLICIES (continued)

Income taxes

Income taxes consist of current and deferred income taxes. Current taxes represent income taxes expected to be payable based on enacted or substantively enacted tax rates at the period end on expected current taxable income, and any adjustment to tax payable in respect of previous years. Deferred taxes are recognised for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, using enacted or substantively enacted income tax rates which are expected to be effective at the time of reversal of the underlying temporary difference. Deferred tax assets and unused tax losses are only recognised to the extent that their recoverability is probable. Deferred tax assets are reviewed at reporting period end and amended to the extent that it is no longer probable that the related benefit will be realised. To the extent that a deferred tax asset not previously recognised but which subsequently fulfils the criteria for recognition, an asset is then recognised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same authority and Glencore Agri has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis. The tax effect of certain temporary differences is not recognised principally with respect to the initial recognition of an asset or liability (other than those arising in a business combination or in a manner that initially impacted accounting or taxable profit) and temporary differences relating to investments in subsidiaries and associates to the extent that Glencore Agri can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is provided in respect of fair value adjustments on acquisitions. These adjustments may relate to assets that, in general, are not eligible for income tax allowances.

Current and deferred tax are recognised as an expense or income in the consolidated statement of income, except when they relate to items that are recognised outside the consolidated statement of income (whether in other comprehensive income or directly in equity) or where they arise from the initial accounting for a business combination.

Glencore Agri assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Property, plant and equipment

Property, plant and equipment are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset.

Right of use assets under leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalised and amortised over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Depreciation commences when the asset is available for use. The major categories of property, plant and equipment are depreciated/amortised on a straight-line basis as follows:

Buildings	10 – 45 years
Freehold land	not depreciated
Plant and equipment	10 – 30 years
Bearer plants	Unit of production method

1. ACCOUNTING POLICIES (continued)

Restoration, rehabilitation and decommissioning

Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted using a risk adjusted discount rate to their net present value, are provided for and capitalised at the time such an obligation arises. The costs are charged to the consolidated statement of income over the life of the operation through depreciation of the asset and the unwinding of the discount on the provision.

Changes in the estimated timing of the rehabilitation or changes to the estimated future costs are accounted for prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, provided the reduction in the provision is not greater than the depreciated capitalised cost of the related asset, in which case the capitalised cost is reduced to nil and the remaining adjustment recognised in the consolidated statement of income. In the case of closed sites, changes to estimated costs are recognised immediately in the consolidated statement of income.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Glencore Agri shall recognise internally generated intangible asset only if it is probable that the future economic benefits attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Future economic benefits are based on reasonable and supportable assumptions about conditions over the life of the asset. Identifiable intangible assets with a finite life are amortised on a straight-line basis over their expected useful life. The amortisation policy is reviewed annually and impairment testing is undertaken once circumstances indicate the carrying amount may not be recoverable. Other than goodwill which is not depreciated, Glencore Agri has no identifiable intangible assets with an indefinite life.

The major categories of intangibles are amortised on a straight-line basis as follows:

Port allocation rights	20 – 25 years
Licences, trademarks and software	3 – 20 years

Other investments

Equity investments, other than investments in associates and joint ventures, are recorded at fair value unless such fair value is not reliably determinable in which case they are carried at cost. Changes in fair value are recorded in the consolidated statement of income.

1. ACCOUNTING POLICIES (continued)

Impairment

Glencore Agri conducts, at least annually, an internal review of asset values which is used as a source of information to assess for any indications of impairment. Formal impairment tests are carried out, at least annually, for cash generating units containing goodwill and for all other non-current assets when events or changes in circumstances indicate the carrying value may not be recoverable. The test involves determining whether the carrying amounts are in excess of their recoverable amounts.

An asset's recoverable amount is determined as the higher of its fair value less costs of disposal and its value in use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken at the CGU level. The recoverable amounts of the property, plant and equipment are measured based on value in use ("VIU"), determined by discounted cash flow techniques based on the most recent approved financial budgets and 3 year business plans. The valuation models use the most recent estimates, relevant cost assumptions generally based on past experience and where possible, market forecasts of commodity price and foreign exchange rate assumptions discounted using operation specific discount rates. The valuations remain sensitive to price and further deterioration/improvements in the pricing outlook may result in additional impairments/impairment reversals. The determination of VIU uses Level 3 valuation techniques. In cases where the carrying amount of an asset will principally be recovered through sale and not use, the recoverable amount of assets are based on the estimated fair-value less costs of disposal, if this can be reasonably estimated.

If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded in the consolidated statement of income to reflect the asset at the lower amount.

An impairment loss is reversed in the consolidated statement of income if there is a change in the estimates used to determine the recoverable amount since the prior impairment loss was recognised. The carrying amount is increased to the recoverable amount but not beyond the carrying amount net of depreciation or amortisation which would have arisen if the prior impairment loss had not been recognised. Goodwill impairments and impairments of available for sale equity investments cannot be subsequently reversed.

Provisions

Provisions are recognised when Glencore Agri has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources embodying economic benefits that can be reliably estimated will be required to settle the liability.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

1. ACCOUNTING POLICIES (continued)

Leases

As of 1 January 2019, the Group has adopted IFRS 16 Leases. The Group recognises a right-of-use asset and a corresponding lease liability at the lease commencement date if a contract is or contains a lease. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

For short-term leases (lease term of twelve months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This lease expense is presented within cost of goods sold and selling and administrative expenses in the statement of income.

Inventories

The vast majority of inventories held by the marketing activities ("marketing inventories") are valued at fair value less costs of disposal with the remainder valued at the lower of cost or net realisable value. Unrealised gains and losses from changes in fair value are reported in cost of goods sold.

Inventories held by the industrial activities ("production inventories") are valued at the lower of cost or net realisable value. Inventories of agricultural produce after harvest are measured at net realisable value. Cost is determined using the first-in-first-out ("FIFO") or the weighted average method and comprises material costs, labour costs and allocated production related overhead costs. Financing and storage costs related to inventory are expensed as incurred.

Biological assets

Biological assets are carried at their fair value less estimated selling costs. Any changes in fair value less estimated selling costs are included in the consolidated statement of income in the period in which they arise. Costs to sell include all costs that would be necessary to sell the assets, including costs necessary to get the assets to market.

Agricultural produce harvested from biological assets is measured at its fair value less costs to sell at the point of harvest. A gain or loss arising from the initial recognition of agricultural produce at fair value less costs to sell is included in the consolidated statement of income.

Biological assets for which quoted market prices are not available and for which alternative estimates of fair value are considered to be clearly unreliable are measured using the present value of expected net cash flows from the sale of an asset discounted at a current market-determined rate, using Level 3 valuation techniques.

The objective of a calculation of the present value of expected net cash flows is to determine the fair value of a biological asset in its present location and condition.

The Group classifies biological assets as current or non-current depending upon the average useful life of the particular group of biological assets. All of the Group's biological assets were classified as current, as their average useful life is less than one year.

Cash and cash equivalents

Cash and cash equivalents comprise cash held at bank, cash in hand and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

1. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset. Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable transaction costs. Subsequently, other investments, provisionally priced trade receivables and derivatives are carried at fair value and trade receivables, loans and other receivables are carried at amortised cost adjusted for any loss allowance.

Financial liabilities, other than derivatives and those containing provisional price features, are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost. Financial liabilities that contain provisional pricing features are measured as financial liabilities that include embedded derivatives with separating host contract from embedded derivate under trade payables. Host contract will be classified at amortized cost and embedded derivate at fair value though profit or loss.

(i) Impairment of financial assets

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit losses on these financial assets is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information.

For all other financial assets at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

- a review of overdue amounts and for those balances that are beyond 30 days overdue it is presumed to be an indicative indicator of a significant increase in credit risk;
- comparing the risk of default at the reporting date and at the date of initial recognition; and
- an assessment of relevant historical and forward-looking quantitative and qualitative information.

If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date.

The Group considers an event of default has materialised when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the Group without taking into account any collateral held by the Group or if the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

1. ACCOUNTING POLICIES (continued)

(ii) Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

On derecognition of a financial asset/financial liability in its entirety, the difference between the carrying amount of the financial asset/financial liability and the sum of the consideration received and receivable/paid and payable is recognised in profit and loss. On derecognition of equity investments designated and measured at FVTOCI, the cumulative gain or loss recognised in other comprehensive income is reclassified directly to retained earnings.

(iii) Derivatives and hedging activities

Derivative instruments, which include physical contracts to sell or purchase commodities that do not meet the own use exemption, and provisionally priced sales and purchases are initially recognised at fair value when Glencore Agri becomes a party to the contractual provisions of the instrument and are subsequently remeasured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations, the key inputs for which include current market and contractual prices for the underlying instrument, time to expiry, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied are recognised in either cost of goods sold or revenue. Gains and losses arising on physical forward sales contracts are recognised in revenue and all other gains and losses on derivative instruments are recognised in cost of goods sold.

Those derivatives qualifying and designated as hedges are either (i) a Fair Value Hedge of the change in fair value of a recognised asset or liability or an unrecognised firm commitment, or (ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognised asset or liability or a highly probable transaction.

At the inception of the hedge and on an ongoing basis, Glencore Agri documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets the qualifying hedge effectiveness requirements.

1. ACCOUNTING POLICIES (continued)

Glencore Agri discontinues hedge accounting when the qualifying criteria for the hedged relationship is no longer met. A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the consolidated statement of income.

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognised as a cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the consolidated statement of income in the same periods during which the hedged transaction affects the consolidated statement of income. Hedge ineffectiveness is recorded in the consolidated statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognised in the consolidated statement of income when the committed or forecast transaction is ultimately recognised in the consolidated statement of income. However, if a forecast or committed transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the consolidated statement of income.

A derivative may be embedded in a non-derivative "host contract". Such combinations are known as hybrid instruments. If a hybrid contract contains a host that is a financial asset within the scope of IFRS 9, then the relevant classification and measurement requirements are applied to the entire contract at the date of initial recognition. Should the host contract not be a financial asset within the scope of IFRS 9, the embedded derivative is separated from the host contract and accounted for as a standalone derivative. Where the embedded is separated, the host contract is accounted for in accordance with its relevant accounting policy, unless the entire instrument is designated at FVTPL in accordance with IFRS 9.

1. ACCOUNTING POLICIES (continued)

Restatement due to prior period error

As a result of a review performed in 2019, a revision of the Group's tax obligations for 2015 is required. It was identified that the 2015 tax return of an overseas tax group included a misstatement in the form of a double deduction of its foreign exchange losses for the 2015 year of assessment. Based on the Group's internal review the estimated amount due to the local tax authorities is $71 million. The Group has restated the prior year figures, resulting in adjustments to retained earnings, other reserves (translation adjustment) and tax liabilities balances as at 1 January 2018, along with the recognition of interest payable to the tax authorities. This error occurred prior to the legal reorganization on 1 December 2016.

The impact of the restatement is summarised as follows:

Consolidated statement of financial position

US$ million	Effect on 31 Dec 2018	Effect on 1 Jan 2018
Increase in taxes and interest payable	71	76
Increase/(decrease) in other reserves	3	(5)
Decrease in retained earnings	(74)	(71)

Consolidated statement of income/(loss)

US$ million	Effect on 2018
Increase in interest expense	3
Decrease in profit for the year	(3)

Consolidated statement of comprehensive income/(loss)

US$ million	Effect on 2018
Decrease in exchange loss on translation of foreign operations	(8)
Increase in income for the period	3
Increase in comprehensive income for the year	5

1. ACCOUNTING POLICIES (continued)

Adoption of new and revised standards

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

(i) IFRIC 23 Uncertain Tax Positions – effective for year ends beginning on or after 1 January 2019

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. Due to its global reach, including operating in high-risk jurisdictions, the Group's global tax position is subject to enhanced complexity and uncertainty, which may lead to uncertain tax treatments and the corresponding recognition and measurement of current and deferred taxes. The judgements and estimates made to separately recognise and measure the effect of each uncertain tax treatment are re-assessed whenever circumstances change or when there is new information that affects those judgements. The Group has re-assessed its global tax exposure and the key estimates taken in determining the positions recorded for adopting IFRIC 23. As of 1 January 2019, the global tax exposure has been determined by reference to the uncertainty that the tax authority may not accept the Group's proposed treatment of tax positions. The adoption of the interpretation had no material impact on the Group.

(ii) IFRIC agenda decision – Physical settlement of contracts to buy or sell a non-financial item

In March 2019, the International Financial Reporting Interpretations Committee (IFRIC) issued an agenda decision on the Physical Settlement of Contracts to Buy or Sell a non-Financial Item. The committee concluded that, for physical commodity contracts within the scope of IFRS 9 Financial instruments, entities should not transfer previously recognised unrealised mark-to-market movements to different income statement line items upon realisation. The Group previously recognised mark-to-market movements on the re-measurement of physical forward sales contracts that do not meet own use exemption, within cost of goods sold up to the point of realisation.

Following the agenda decision, the Group has revised its accounting policy to recognise mark-to-market movements on physical forward sales contracts that do not meet own use exemption within the revenue line item and no longer within cost of goods sold. For physical forward purchase contracts that do meet the own use exemption, the mark-to-market movements continue to be recognised within cost of goods sold.

Upon adoption of this change, the prior year revenue and cost of goods sold balances increased by an equal amount of $166 million (1% of pre-adjusted revenue), resulting in no impact on net income. The current year impact is a decrease in revenue and cost of goods sold of $472 million, resulting in no impact on net income.

1. ACCOUNTING POLICIES (continued)

(iii) IFRS 16 – Leases – effective for year ends beginning on or after 1 January 2019

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. 2018 is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for a consideration. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts.

The Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

B. As a lessee

The Group leases many assets, including land and buildings, warehouses, storage facilities, IT & office equipment, vehicles and vessels.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (lease term of twelve months or less). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property within property, plant and equipment in the consolidated statement of financial position. The carrying amounts of right-of–use assets are as below.

US$ million	**Right-of-use assets**		
	Freehold land and buildings	Plant and equipment	**Total**
Balance at 1 January 2019	151	453	**604**
Balance at 31 December 2019	164	421	**585**

The Group presents lease liabilities in 'borrowings' in the consolidated statement of financial position.

1. ACCOUNTING POLICIES (continued)

I. Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date if a contract is or contains a lease. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

For short-term leases (lease term of twelve months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This lease expense is presented within cost of goods sold and selling and administrative expenses in the statement of income/loss.

In the consolidated statement of cash flows the total amount of cash paid is separated into a principal portion (presented within financing activities) and interest (presented within operating activities) except for off-balance leases (short term and low value) which are presented in operating cash flows.

II. Transition

At transition, for leases classified as operating lease under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Excluded initial direct costs from measuring the right-of-use assets at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- The application of a single discount rate for portfolios of leases with reasonably similar characteristics

Leases classified as finance leases under IAS 17 related to leases of a power plant and throughput crane (plant & equipment). For these finance leases the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date. These finance leases at 1 January 2019 amounted to $7 million.

1. ACCOUNTING POLICIES (continued)

C. Impacts on financial statements

I. Impacts on transition

Upon adoption of IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

US$ million	1 Jan 2019
Right-of-use assets presented in property, plant and equipment	**597**
Lease liabilities presented in borrowings	**597**

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 5.2%.

In relation to the leases that were previously classified as operating leases, the Group recognised upon adoption of IFRS 16 right-of-use assets ($597 million) and lease liabilities ($597 million) as at 1 January 2019. The reconciliation between the operating lease commitments as at 31 December 2018 and the opening balance for the lease liabilities as at 1 January 2019 is as follows.

US$ million	
Operating lease commitments as at 31 December 2018 as disclosed in the Group's consolidated financial statements	**661**
Less:	
Commitments related to short-term leases	(40)
Leases not yet commenced	(135)
Discounting impact	(175)
Reassessment of lease term	(49)
Add:	
Payments in optional extension periods not recognised as at 31 December 2018	49
Indexed lease payment commitments not recognised as at 31 December 2018	100
Service agreements reassessed to lease obligation	186
Total additional lease liabilities recognised on adoption of IFRS 16	**597**
Existing finance lease obligations at 31 December 2018	7
Total lease liabilities at 1 January 2019	**604**
Of which:	
Current lease liabilities	240
Non-current lease liabilities	364

I. Impacts for the period

In relation to the right-of-use assets under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the year ended 31 December 2019, the Group recognised $278 million of depreciation charges from these leases, the depreciation charges relate to freehold land and buildings ($29 million) and plant and equipment ($249 million). Also in relation to those leases the Group has recognised $32 million of interest costs and $39 million income from subleasing right-of-use assets during the year ended 31 December 2019. The total cash outflow for right-of-use assets amounts to $296 million. The Group recognised $327 million of expense relating to short-term and low value leases during the year ended 31 December 2019.

1. ACCOUNTING POLICIES (continued)

(iv) Amendments to IAS 9: Plan amendment, curtailment and settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. An entity is required to determine current service cost and net interest for the remainder of the period after the plan amendment, curtailment or settlement.

These amendments apply to plan amendments, curtailments or settlements occurring on or after 1 January 2019. These amendments will apply only to any future plan amendments, curtailments or settlements of the Group.

(v) Annual improvements 2015 – 2017 cycle – effective for year ends beginning on or after 1 January 2019

IAS 12 Income taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

IAS 23 Borrowing costs

The amendments clarify that an entity treats as part of general borrowings any borrowings originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

Revised standards not yet effective

At the date of issuance of these consolidated financial statements, the following revised IFRS standards, which are applicable to the Group, were issued but not yet effective:

(i) Amendments to IFRS 3 I Definition of business – effective for the year ends beginning on or after 1 January 2020

The amendments intend to assist the determination of whether a transaction should be accounted for as a business combination or as an asset acquisition. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business, but clarifies the minimum requirements to be a business and removes the assessment of a market participant's ability to replace missing elements. The amendments also introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business - it is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The amended definitions shall be applicable for any future acquisition within the scope of IFRS 3 following the effective date.

(ii) Amendments to IAS 1 and IAS 8 – Definition of material – effective for year ends beginning on or after 1 January 2020

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has been featured elsewhere in IFRS Standards, and ensures that the definition of material is consistent across all IFRS Standards. Information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. No significant changes to presentation or disclosures within these financial statements are expected following adoption of this amendment.

1. ACCOUNTING POLICIES (continued)

(iii) Amendments to IFRS 9, IAS 39 and IFRS 7 (September 2019) – Interest Rate Benchmark Report – effective for year ends beginning on or after 1 January 2020

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments permit continuation of hedge accounting even if in the future USD LIBOR may no longer be separately identifiable. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measureable. If the risk component is no longer reliably measureable, the hedging relationship is discontinued.

The amendments are applied retrospectively to those hedging relationships that existed at the beginning of the reporting period in which an entity first applies the amendments or that were designated thereafter.

The adoption of the amendments will have no material impact on the financial statements as the Group does not apply hedge accounting for such types of the financial instruments.

2. REVENUE

Revenue for the period is comprised of the following:

US$ million	2019*	2018* (restated)
Oil/Oilseeds	10,468	12,793
Grain	12,683	11,624
Freight	486	764
Cotton	885	910
Sugar	334	385
Total	**24,856**	26,476

* Adjusted to present mark-to-market movements on physical forward sales contracts within revenue, decreasing revenue by $472 million with an equal and opposite adjustment to cost of goods sold (2018: increase $166 million). Please refer to note 1.

3. GAIN/(LOSS) ON DISPOSALS AND INVESTMENTS

US$ million	Notes	2019	2018
Gain on sale of Chinese Crush plant		–	19
Gain on sale of Australian Farms		–	12
Gain on step acquisition of Renova SA	22	197	–
Disposal of subsidiaries[1]		(6)	–
Gain on sale of other operations		1	2
Total		**192**	33

[1] Consists of foreign currency translation losses recycled to the statement of income upon entity disposal.

2019

Renova SA

In December 2019 Glencore Agri acquired an additional 16.67% interest in Renova SA, a soybean crushing facility in Argentina, increasing Glencore Agri's total ownership interest to 66.67% from 50%. Prior to acquiring the additional interest, Renova SA was equity accounted as a joint venture. The gain represents remeasurement of the Group's previously held interest. Amounts are based on provisional calculations (see Notes 9 and 22).

3. GAIN/(LOSS) ON DISPOSALS AND INVESTMENTS (continued)

2018

Chinese Crush plant

In January 2018 Glencore Agri completed the sale of its 49% interest in Fangchenggang Maple Grain & Oil Industrial Co for a cash consideration and a gain of RMB120,000,000 ($19 million).

Australian farms

On 29 January 2018 Glencore Agri disposed of its controlling interest in Australian farms for a total consideration of $37 million resulting in a gain of $12 million.

4. OTHER (EXPENSE)/INCOME – NET

US$ million	Notes	2019	2018
Impairments	5	**(207)**	(3)
Foreign exchange (loss)/gain		**(3)**	13
Change in mark to market valuations on investments held for trading		**(5)**	–
Bargain purchase on acquisition of subsidiaries	22	**–**	28
Translation loss on 50% of Moinhos investment	22	**–**	(53)
Deferred income release		**15**	–
Other expense – net		**(15)**	(5)
Total		**(215)**	(20)

Together with foreign exchange movements and mark-to-market movements on investments held for trading, other expense – net includes other significant items of income and expense which due to their non-operational or incidental nature are reported separately from operating results.

5. IMPAIRMENTS

US$ million	Notes	2019	2018
Property, plant and equipment	8	**(175)**	(5)
Goodwill	10	**(32)**	–
Advances and loans		**–**	2
Total impairments		**(207)**	(3)

As part of a regular portfolio review, Glencore Agri carries out an assessment of whether there is an indication of asset impairment or whether a previously recorded impairment may no longer be required. If indications of impairment exist, an impairment test is performed

The recoverable amounts of the property, plant and equipment were measured based on the value in use ("VIU"), determined by discounted cash flow techniques based on the most recent approved financial budgets and 3 year business plans. The budgets and valuation models use the most recent estimates , relevant cost assumptions which are generally based on past experience and where possible, market forecasts of commodity prices and exchange rates. The future cashflows are discounted using the Group's weighted average cost of capital at 7.5%. The valuations remain sensitive to price and further deterioration/improvements in the pricing outlook may result in additional impairments/reversals. The determination of the VIU uses Level 3 valuation techniques for the current and prior years.

2019

Due to continued deteriorating results, the property, plant and equipment of a processing plant was impaired by $115 million to its recoverable amount of nil. In 2018 the asset formed part of a larger CGU, however due to a change in its operating model in 2019 the asset no longer forms part of the CGU.

Due to significant decreases in forecast margins, certain milling and crushing assets focusing on the local market in South America were impaired by $31 million to their recoverable amounts of nil.

The balance of impairment charges on property, plant and equipment (none of which are individually material) relate to various individual assets where utilisation is no longer required.

2018

No significant impairments were identified.

6. INTEREST EXPENSE

Interest expense for the period is comprised of the following:

US$ million	Notes	2019	2018
Capital market notes		**(24)**	(24)
Revolving credit facility		**(74)**	(70)
Lease obligations	1	**(32)**	–
Other bank loans		**(64)**	(65)
Other		**(13)**	(5)
Total		**(207)**	(164)

7. INCOME TAXES

The Group calculates income tax expense for the current period using the tax rate that would be applicable to the expected total annual earnings. The major components of income expense in the consolidated statement of income are:

US$ million	2019	2018
Current income tax expense	(61)	(106)
Deferred income tax credit/(expense) relating to origination and reversal of temporary differences	24	(3)
Total tax expense reported in the statement of income	**(37)**	(109)

The effective Group tax rate is different from the weighted average income tax rate of 6% (2018: 9%) for the following reasons:

US$ million	2019	2018
Income before income taxes and attribution	126	82
Less: Share of income from associates and joint ventures	(5)	(6)
Parent Company's and subsidiaries' income before income tax	121	76
Income tax expense calculated at the weighted average income tax rate	(8)	(7)
Tax effects of:		
Tax exempt income	66	23
Items not tax deductible	(30)	(27)
Foreign exchange fluctuations	2	(12)
Changes in tax rates and adjustments in respect of prior years	(4)	(6)
Utilisation and changes in recognition of tax losses and temporary differences	(22)	(18)
Tax losses of current year not recognised	(40)	(63)
Other	(1)	1
Income tax expense	**(37)**	(109)

The weighted average income tax rates were calculated as a product of the standalone profit/(loss) before tax generated by the Company and its subsidiaries and the prevailing tax rate of the relevant jurisdiction.

Adjusting for a $60 million (2018: $93 million) income tax expense related to tax losses not recognised and forex, the 2019 income tax income would be $23 million (2018: income tax expense $16 million) resulting in an adjusted effective tax rate of negative 19% (2018: 20%).

7. INCOME TAXES (continued)

Deferred taxes as at 31 December 2019 and 2018 are attributable to the items detailed in the table below:

US$ million	Notes	2019	2018
Deferred tax assets[1]			
Tax losses carried forward		21	21
Mark-to-market valuations		24	7
Depreciation and amortisation		12	12
Other		34	29
Total		91	69

US$ million	Notes	2019	2018
Deferred tax liabilities[1]			
Depreciation and amortisation		(237)	(100)
Mark-to-market valuations		(44)	(40)
Other		(1)	(1)
Total		(282)	(141)
Total Deferred tax - net		(191)	(72)

Reconciliation of deferred tax - net			
1 January		(72)	(62)
Recognised in income for the year		24	(3)
Recognised in other comprehensive income		–	(3)
Business combinations	22	(142)	(4)
Effect of foreign currency exchange movements		(1)	–
Other			–
Total Deferred tax - net		(191)	(72)

1 Asset and liability positions in the same category reflect the impact of tax assets and liabilities arising in local tax jurisdictions that cannot be offset against tax assets and liabilities arising in other tax jurisdictions.

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable. As at 31 December 2019, $91 million (2018: $68 million) of deferred tax assets related to available loss carry forwards have been brought to account, of which $21 million (2018: $21 million) are disclosed as deferred tax assets with the remaining balance being offset against deferred tax liabilities arising in the same respective entity. $19 million (2018: $18 million) of net deferred tax assets arise in entities that have been loss making for tax purposes in either 2019 or 2018. In evaluating whether it is probable that taxable profits will be earned in future accounting periods prior to any tax loss expiry as may be the case, all available evidence was considered, including approved budgets, forecasts and business plans and, in certain cases, analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax assets and that no reasonably possible change in any of the key assumptions would result in a material reduction in forecast headroom of tax profits so that the recognised deferred tax asset would not be realised.

7. INCOME TAXES (continued)

Available gross tax losses carried forward, for which no deferred tax assets have been recognised in the consolidated financial statements, are detailed below and will expire as follows:

US$ million	2019	2018
1 year	57	49
2 years	43	41
3 years	34	26
Thereafter	320	302
Unlimited	241	204
Total	**695**	622

The Group has available tax credits of $34 million and deductible temporary differences of $103 million, for which no deferred tax assets have been recognised in the consolidated financial statements.

As at 31 December 2019, unremitted earnings of $2,119 million (2018: $2,435 million) have been retained by subsidiaries, joint ventures and associates for reinvestment. The Group does not recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, joint ventures and associates as it is able to control the timing of the reversal of such temporary differences and it is probable that they will not reverse in the foreseeable future.

8. PROPERTY, PLANT AND EQUIPMENT

US$ million	Notes	Freehold land and buildings	Plant and equipment	Bearer plants	Total
Gross carrying amount:					
1 January 2019		795	3,361	151	**4,307**
Impact of adoption of IFRS 16		151	446	–	**597**
1 January 2019 (restated)		946	3,807	151	**4,904**
Acquisition of subsidiaries	22	44	899	–	**943**
Acquisitions		8	207	47	**262**
Additions of right-of-use assets		47	227	–	**274**
Disposals		(7)	(76)	(30)	**(113)**
Effect of foreign currency exchange movements		(2)	(17)	(6)	**(25)**
Other movements		36	(18)	2	**20**
31 December 2019		**1,072**	**5,029**	**164**	**6,265**
Accumulated depreciation and impairment:					
1 January 2019		199	1,196	67	**1,462**
Depreciation		54	448	25	**527**
Disposals		(2)	(61)	(30)	**(93)**
Impairment	5	49	126	–	**175**
Effect of foreign currency exchange movements		–	(5)	(3)	**(8)**
Other movements		3	(8)	–	**(5)**
31 December 2019		**303**	**1,696**	**59**	**2,058**
Net book value 31 December 2019[1]		**769**	**3,333**	**105**	**4,207**

[1] The net book value of recognized right-of-use assets relates to freehold land and buildings ($164 million) and plant and equipment ($421 million)

8. PROPERTY, PLANT AND EQUIPMENT (continued)

US$ million	Notes	Freehold land and buildings	Plant and equipment	Bearer plants	Total
Gross carrying amount:					
1 January 2018		769	3,344	156	**4,269**
Acquisition of subsidiaries	22	51	95	–	**146**
Disposals of subsidiaries		–	(1)	–	**(1)**
Additions		2	153	42	**197**
Disposals		(3)	(17)	–	**(20)**
Effect of foreign currency exchange movements		(32)	(182)	(22)	**(236)**
Other movements		8	(31)	(25)	**(48)**
31 December 2018		**795**	**3,361**	**151**	**4,307**
Accumulated depreciation and impairment:					
1 January 2018		168	1,083	74	**1,325**
Disposals of subsidiaries		–	(1)	–	**(1)**
Acquisition of subsidiaries	22	(1)	(2)	–	**(3)**
Depreciation		39	194	23	**256**
Disposals		–	(14)	–	**(14)**
Impairment	5	3	2	–	**5**
Effect of foreign currency exchange movements		(7)	(57)	(6)	**(70)**
Other movements		(3)	(9)	(24)	**(36)**
31 December 2018		**199**	**1,196**	**67**	**1,462**
Net book value 31 December 2018		**596**	**2,165**	**84**	**2,845**

Plant and equipment includes expenditure for construction in progress of $171 million (2018: $121 million) and a net book value of $585 million (2018: $7 million) of right-of-use assets recognised under lease agreements. Depreciation expenses included in cost of goods sold are $517 million (2018: $250 million) and in selling and administrative expenses $10 million (2018: $6 million). Property, plant and equipment with a carrying amount of $910 million (2018: $46 million) have been pledged to secure borrowings of the Group.

Assets held for sale

In 2018 management elected to classify an Argentine refinery plant as held for sale. In 2019 it became clear that sale of the asset would not be achieved and the asset is no longer classified as held for sale. The carrying value of $6 million is reclassified to Plant and equipment and is included in Other movements. An impairment loss of $2 million has been recognised on this asset in 2019.

9. INTANGIBLE ASSETS

US$ million	Notes	Goodwill	Port allocation rights	Licences, software and other	Total
Cost:					
1 January 2019		783	36	67	**886**
Acquisition of business	22	199	–	–	**199**
Additions		–	–	4	**4**
Disposals		–	–	(12)	**(12)**
Effect of foreign currency exchange movements		(1)	–	(1)	**(2)**
Other movements		–	–	1	**1**
31 December 2019		**981**	**36**	**59**	**1,076**
Accumulated amortisation and impairment:					
1 January 2019		–	13	27	**40**
Amortisation expense[1]		–	1	6	**7**
Impairments	10	32	–	–	**32**
Disposals		–	–	(3)	**(3)**
Other movements		1	–	(2)	**(1)**
31 December 2019		**33**	**14**	**28**	**75**
Net carrying amount 31 December 2019		**948**	**22**	**31**	**1,001**

1 Recognised in cost of goods sold.

US$ million	Notes	Goodwill	Port allocation rights	Licences, software and other	Total
Cost:					
1 January 2018		873	36	61	**970**
Acquisition of business	22	(3)	–	7	**4**
Additions		–	–	2	**2**
Disposals		–	–	(4)	**(4)**
Effect of foreign currency exchange movements		(93)	–	(2)	**(95)**
Other movements		6	–	3	**9**
31 December 2018		**783**	**36**	**67**	**886**
Accumulated amortisation and impairment:					
1 January 2018		–	12	32	**44**
Amortisation expense[1]		–	1	3	**4**
Disposals		–	–	(4)	**(4)**
Other movements		–	–	(4)	**(4)**
31 December 2018		**–**	**13**	**27**	**40**
Net carrying amount 31 December 2018		**783**	**23**	**40**	**846**

1 Recognised in cost of goods sold.

9. INTANGIBLE ASSETS (continued)

Goodwill

The carrying amount of goodwill has been allocated to the Grains business CGU $749 million (2018: $749 million) and to the Sugar business CGU $32 million (2018: $34 million). The goodwill allocated to the Sugar business CGU has been fully impaired during 2019. The goodwill of $749 million (2018: $749 million) was recognised in a previous business combination attributable to synergies expected to accrue to the respective grains components as a result of increased volumes and freight and logistics arbitrage opportunities.

In December 2019 the Group acquired an additional 16.67% interest in Renova SA, resulting in control of Renova SA being obtained by the Group. As from 2 December 2019, Renova SA is fully consolidated. The goodwill is allocated to the Oilseeds business CGU which amounts to $199 million and is attributable to expected increased volumes and increased margins due to operational efficiencies. The goodwill was provisionally assessed as at 31 December 2019 as the valuation of the net assets acquired in that business combination had not been completed (see Note 22).

Port allocation rights

Port allocation rights represent contractual entitlements to export certain amounts on an annual basis from terminals in Brazil and Russia. The rights are amortised on a straight line basis over the estimated economic life of the ports which ranges between 20 – 25 years.

Licences, trademarks and software

Intangibles related to internally developed technology and patents were recognised in previous business combinations and are amortised over the estimated economic life of the technology which ranges between 3 – 20 years.

10. GOODWILL IMPAIRMENT TESTING

For the purpose of impairment testing, goodwill has been allocated to the CGU that is expected to benefit from the synergies of the business combination and which represent the level at which management monitor and manage the goodwill as follows:

US$ million	2019	2018
Grains business	749	749
Sugar business	–	34
Oilseeds business	199	–
Total	**948**	783

An impairment loss of $32 million was recognised in respect of the goodwill allocated to the Sugar business. Based on deteriorating results in the Sugar business in Brazil, largely caused by sustained low sugar prices, the goodwill allocated to the Sugar business was fully impaired in 2019.

In assessing whether an impairment is required, the carrying value of the CGU is compared with its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Given the nature of the CGU's activities, information on its fair value is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the recoverable amount for all CGUs containing goodwill is determined by reference to the VIU cash flow projection which utilises a discounted cash flow approach.

The calculations use cash flow projections based on the 2020 approved financial budget and financial plans for 2021 – 2023 approved by management. The calculation of VIU for all CGUs is most sensitive to the following assumptions:

- Gross margins
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period.

Gross margins: gross margins are determined with reference to relevant commodity market prices and historical financial data reported by the Group.

Discount rate: the discount rate is calculated based on the specific circumstances of the Group and derived from its weighted average cost of capital (WACC) which takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. The Group performed impairment testing using a range of WACC rates from 7% -8%.

Growth rate estimates: cash flows beyond the forecast periods are extrapolated using the estimated growth rate of 2% which is based on industry research and global growth forecasts.

After the impairment of the goodwill allocated to the Sugar business CGU, the recoverable amount of the Sugar business CGU approximates the carrying amount. A 1% decrease in expected future cashflows would result in a decrease of the recoverable amount by $6 million (2018: $4 million). A 0.5% increase in the WACC would result in a decrease in the recoverable amount by $45 million (2018: $32 million).

For the other CGUs, Glencore Agri believes that no reasonably possible change in any of the above key assumptions would cause a material change in the overall outcome of the impairment testing. The determination of VIU for the CGU's uses Level 3 valuation techniques in both years.

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates, joint ventures and joint operations

US$ million	Notes	2019	2018
1 January		**548**	649
Additions		**7**	6
Disposals		**–**	1
Share of income from associates and joint ventures		**5**	6
Share of other comprehensive (loss)/income from associates and joint ventures		**–**	(4)
Dividends received		**(2)**	(14)
Reclassification[1,2]		**(199)**	(93)
Other movements		**–**	(3)
31 December		**359**	548

[1] Includes reclassification of Moinhos investment to principal subsidiaries following equity method and joint ventures CMI Terminal and Gardiner Dam Terminal to joint operations using proportional consolidation in 2018.
[2] On 2 December 2019 the Group acquired an additional 16.67% interest in Renova SA, resulting in control of Renova SA being held by the Group. As from 2 December 2019, Renova SA is fully consolidated and was reclassified to principal subsidiaries.

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

2019 Details of material associates and joint ventures

Summarised financial information in respect of Glencore Agri's material associates and joint ventures, reflecting 100% of the underlying joint venture's relevant figures, is set out below.

2019	Taman Grain Terminal	Bacarena	Lartirigoyen y Cia	Total of material joint ventures
Non-current assets	244	258	84	**586**
Current assets	6	12	162	**180**
Non-current liabilities	(44)	(39)	(27)	**(110)**
Current liabilities	(9)	(12)	(120)	**(141)**
The above assets and liabilities include the following:				
Cash and cash equivalents	–	5	3	**8**
Current financial liabilities[1]	(4)	(10)	(39)	**(53)**
Non-current financial liabilities[1]	(3)	(39)	(27)	**(68)**
Net assets 31 December 2019	**197**	**219**	**99**	**515**
Glencore Agri's ownership interest	50%	50%	50%	
Carrying value	99	109	49	**257**

[1] Financial liabilities exclude trade payables, other payables and provisions.

Summarised profit and loss in respect of Glencore Agri's associates and joint ventures, reflecting 100% of the underlying joint venture's relevant figures for the year ended 31 December 2019, is set out below.

2019	Renova SA[2]	Taman Grain Terminal	Barcarena	Lartirigoyen y Cia	Total of material joint ventures
Revenue	351	32	28	661	**1,072**
Profit/(loss) for the year	(8)	(2)	3	15	**8**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive profit/(loss)	(8)	(2)	3	15	**8**
Glencore Agri's share of dividends paid	–	–	–	–	**–**
The above results include the following:					
Depreciation and amortisation	(46)	(13)	(11)	(4)	**(74)**
Interest income	–	–	–	2	**2**
Interest expense[1]	(31)	(1)	(1)	(14)	**(47)**
Income tax credit/(expense)	(14)	–	1	(7)	**(20)**

[1] Includes foreign exchange gain of $1 million.

[2] Represents profit and loss up and until the Group acquired an additional 16.67% interest in Renova SA, resulting in control being held by the Group, after which Renova SA is fully consolidated.

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

2018 Details of material associates and joint ventures

Summarised financial information in respect of Glencore Agri's associates and joint ventures, reflecting 100% of the underlying joint ventures relevant figures is set out below.

2018	Renova SA	Taman Grain Terminal	Bacarena	Lartirigoyen y Cia	Total of material joint ventures
Non-current assets	834	256	268	85	**1,443**
Current assets	143	5	6	151	**305**
Non-current liabilities	(452)	(50)	(42)	(15)	**(559)**
Current liabilities	(118)	(18)	(15)	(134)	**(285)**
The above assets and liabilities include the following:					
Cash and cash equivalents	23	–	1	1	**25**
Current financial liabilities[1]	(81)	(4)	(6)	(83)	**(174)**
Non-current financial liabilities[1]	(356)	(6)	–	(15)	**(377)**
Net assets 31 December 2019	**407**	**193**	**217**	**88**	**904**
Glencore Agri's ownership interest	50.0%	50.0%	50.0%	50.0%	
Carrying value	203	97	108	44	**452**

Summarised profit and loss in respect of Glencore Agri's associates and joint ventures, reflecting 100% of the underlying joint venture's relevant figures for the year ended 31 December 2018, is set out below.

2018	Renova SA	Taman Grain Terminal	Barcarena	Lartirigoyen y Cia	Total of material joint ventures
Revenue	348	36	26	408	**818**
Profit/(loss) for the year	(15)	(5)	–	11	**(9)**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive profit/(loss)	(15)	(5)	–	11	**(9)**
Glencore Agri's share of dividends paid	–	–	–	–	**–**
The above results include the following:					
Depreciation and amortisation	(35)	(13)	(11)	(2)	**(61)**
Interest income	–	–	2	4	**6**
Interest expense[1]	(8)	(1)	(4)	(6)	**(19)**
Income tax credit/(expense)	(13)	–	(3)	(4)	**(20)**

1 Includes foreign exchange gain of $2 million.

Aggregate information of associates and joint ventures that are not individually material:

US$ million	2019	2018
The Group's share of income	**(3)**	15
The Group's share of other comprehensive income	**–**	(4)
The Group's share of total comprehensive income	**(3)**	11
Aggregate carrying value of the Group's interests	**102**	96

12. ADVANCES AND LOANS

US$ million	Notes	2019	2018
Financial assets at amortised cost			
Loans to associates[1]		**21**	33
Other non-current receivables and loans		**4**	5
Non-financial instruments			
Pension surpluses	20	**84**	71
Advances repayable with product		**15**	29
Other non-current receivables		**13**	11
Total		**137**	149

1 Loans to associates generally bear interest at applicable floating market rates plus a premium.

Loss allowances of financial assets at amortised cost

The Group determines the expected credit loss of other non-current receivables and loans based on different scenarios of probability of default and expected loss applicable to each of the material underlying balances. The movement in loss allowance for financial assets classified at amortised cost is detailed below.

US$ million	Notes	2019	2018
1 January		**5**	12
Effect of foreign currency exchange movements		**(1)**	(5)
Released during the year	4	**–**	(2)
Total		**4**	5

13. BIOLOGICAL ASSETS

US$ million	2019	2018
1 January	**21**	19
Increase due to purchase and subsequent expenditures capitalised in biological assets	**29**	26
Changes in fair value due to physical changes and market price fluctuations	**(1)**	–
Decrease due to harvest	**(22)**	(21)
Effect of Foreign currency exchange movement	**(1)**	(3)
Total	**26**	21

The Group's biological assets correspond to the agricultural products under development (standing-sugarcane) produced at sugarcane plantations, which will be used as a raw material for the production of sugar, ethanol and bioenergy at the time of harvest. Fair value is estimated using the discounted cash flow method, using Level 3 valuation techniques. The valuation model considers net present value of cash flows to be generated by the sugarcane that is expected to be harvested in the upcoming crop. Planted areas refer only to sugarcane plantations.

The main assumptions which impact the net present value of future expected cashflows include crop care costs, harvest area, sugar yields and sugar cane price per ton and WACC rate for the sugar business. These are summarised below:

US$ million	2019	2018
Estimated harvest area, ha	**59,162**	66,479
Productivity expected, MT of sugarcane per ha	**72**	75
Amount of total recoverable sugar ('TRS'), kg/MT of cane	**140**	137
TRS price per ton projected ($/kg)	**0.17**	0.16
Weighted average cost of capital for sugar business	**5%**	5%

When determining the fair value, the Company takes the following into consideration:

Market overview

Own or third-party sugarcane is processed by the plant or ethanol distillery. Own sugar cane is grown by the Group on land belonging to third parties under agricultural partnerships. The Group typically enters into agricultural partnerships with such land owners for a duration of minimum 6 years (one sugarcane cycle) is responsible for all farming and harvesting activities. The sugarcane from third parties is acquired by the plant under supply contracts. Either the supplier or the plant itself can be responsible for the transportation of sugarcane to the plant.

The price is determined based on the formula Conselho dos Produtores de Cana-de-Açúcar, Açúcar e Álcool (CONSECANA) calculates the consideration per ton of sugarcane based on a) the volume of TRS/kg delivered by the sugarcane supplier; b) the share of the sugarcane production cost as a percentage of the sugar, ethanol residue, anhydrous ethanol and hydrated ethanol; c) the net prices of sugar in the domestic and foreign markets, and the prices of anhydrous ethanol and ethyl ethanol fuel, hydrated ethanol, and ethanol for other purposes and; d) the plant's production mix for said crop. CONSECANA's reference price is published on a monthly basis. The Company periodically reviews assumptions used to calculate biological assets, adjusting it in case there are significant variations in relation to those previously projected.

13. BIOLOGICAL ASSETS (continued)

Risks

The Group is exposed to certain risks related to its plantations, such as (i) supply offer and demand, based on which the Group continuously monitors the market of its products and analysis the trends that regularly support the selling strategy in order to define and/or adjust the purchase and sale volumes of products or raw materials; (ii) regulatory and environmental risks, subject to specific laws and regulations, which are monitored by establishing policies and procedures to ensure the compliance with these rules; and (iii) climate risks, which expose the Company to the damages arising from climate changes, which are mitigated by monitoring the progress of these risks in the Company's routine and operating strategically in the sugarcane crops in order to minimize the damages to its biological assets. The Company seeks to optimize the crop sequence in order to avoid dry and frost periods, use the irrigation system in periods of shortage of water, handle of varied products in accordance with the edaphoclimatic environments and adopt good agricultural practices in the field to maintain the sugarcane crop productivity.

14. INVENTORIES

Total inventories of $4,322 million (2018: $4,160 million) comprise $3,990 million (2018: $3,874 million) of inventories carried at fair value less costs of disposal and $332 million (2018: $286 million) valued at the lower of cost or net realisable value.

Readily marketable inventories ("RMI") comprising the core inventories which underpin and facilitate Glencore Agri's marketing activities, represent inventories, that in Glencore Agri's assessment, are readily convertible into cash in the short term due to their liquid nature, widely available markets and the fact that price risk is covered either by a forward physical sale or hedge transaction. Glencore Agri regularly assesses the composition of these inventories and their applicability, relevance and availability to the marketing activities. As at 31 December 2019, $4,220 million (2018: $4,084 million) of inventories were considered readily marketable. This comprises $3,990 million (2018: $3,874 million) of inventories carried at fair value less costs of disposal and $230 million (2018: $210 million) carried at the lower of cost or net realisable value. Given the highly liquid nature of these inventories, which represent a significant share of current assets, the Group believes it is appropriate to consider them together with cash equivalents in analysing Group net debt levels and computing certain debt coverage ratios and credit trends.

No charge has been recognised during 2019 in respect of write-downs of inventory to net realisable value (2018: $nil).

Fair value of inventories is a Level 2 fair value measurement (see note 25) using observable market prices obtained from exchanges, traded reference indices or market survey services adjusted for relevant location and quality differentials. There are no significant unobservable inputs in the fair value measurement of such inventories.

Glencore Agri has a number of dedicated financing facilities, which finance a portion of its inventories. In each case, the inventory has not been derecognised as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as current borrowings (see note 18). As at 31 December 2019, the total amount of inventory secured under such facilities was $359 million (2018: $398 million) and proceeds received and classified as current borrowings amounted to $398 million (2018: $403 million).

15. ACCOUNTS RECEIVABLE

US$ million	2019	2018
Financial assets at amortised cost		
Trade receivables[1]	**1,302**	1,158
Margin calls paid	**144**	80
Associated companies[1]	**20**	31
Other receivables[2]	**39**	33
Non-financial instruments		
Advances repayable with product	**137**	161
Prepaid expenses	**21**	36
Income tax receivable	**27**	32
Other tax and related receivables	**444**	244
Total	**2,134**	1,775

[1] Collectively referred to as receivables presented net of allowance for doubtful debts.
[2] Includes loans receivable in amount of $21 million (2018: $24 million).

The average credit period on sales of goods is 18 days (2018: 20 days).

As at 31 December 2019, 12% (2018: 17%) of the trade related receivables were between 1 to 60 days overdue, and 4% (2018: 7%) were greater than 60 days overdue. Such receivables, although contractually past their due dates, are not considered impaired as there has not been a significant change in credit quality of the relevant counterparty, and the amounts are still considered recoverable taking into account customary payment patterns and in many cases, offsetting accounts payable balances.

Glencore Agri has a number of dedicated financing facilities, which finance a portion of its receivables. The receivables have not been derecognised, as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as current borrowings (see note 18). As at 31 December 2019, the total amount of trade receivables secured was $178 million (2018: $162 million) and proceeds received and classified as current borrowings amounted to $100 million (2018: $90 million).

The movement in allowance for doubtful accounts is detailed below:

US$ million	2019	2018
1 January	**92**	123
Released during the period	**(31)**	(23)
Charged during the period	**45**	38
Utilised during the period	**(20)**	(46)
31 December	**86**	92

16. CASH AND CASH EQUIVALENTS

US$ million	2019	2018
Banks and cash on hand	**140**	121
Deposits and treasury bills	**44**	59
Total	**184**	180

There were no restricted cash amounts at either 31 December 2019 or 31 December 2018.

17. SHARE CAPITAL AND RESERVES

	Number of shares	Share capital (US$ million)	Share premium (US$ million)
1 January 2018	350,100	1	3,096
Equity contribution	–	–	–
31 December 2018 – Ordinary and restricted shares	**350,100**	**1**	**3,096**
1 January 2019	350,100	1	3,096
Equity contribution	–	–	–
31 December 2019 – Ordinary and restricted shares	**350,100**	**1**	**3,096**

The number of shares in issue relates to authorised, issued, called up and fully paid share capital. All ordinary shares carry equal voting rights. Total authorised share capital is 800,000 ordinary shares with par value of $0.01 each and 200,000 restricted shares with a par value of $0.01 each.

Other reserves

US$ million	Translation Adjustment (restated)	Cash flow hedge reserve	Net unrealised loss	Net ownership changes in subsidiaries	**Total (restated)**
1 January 2018	(475)	2	(9)	(52)	**(534)**
Correction of prior period error*	(5)	–	–	–	**(5)**
1 January 2018 (restated)	(480)	2	(9)	(52)	**(539)**
Exchange (loss)/gain on translation of foreign operations	(279)	–	6	–	**(273)**
Gain on cash flow hedges, net of tax	–	(2)	–	–	**(2)**
Change in ownership interest in subsidiaries	–	–	–	4	**4**
Foreign currency translation losses recycled to the statement of income	–	–	(4)	–	**(4)**
31 December 2018	**(759)**	**–**	**(7)**	**(48)**	**(814)**
1 January 2019	(759)	–	(7)	(48)	**(814)**
Exchange loss on translation of foreign operations	(19)	–	–	–	**(19)**
Foreign currency translation losses recycled to the statement of income	6	–	–	–	**6**
31 December 2019	**(772)**	**–**	**(7)**	**(48)**	**(827)**

* Please refer to note 1.

18. BORROWINGS

US$ million	Notes	2019	2018
Non-current borrowings			
Capital market notes		–	400
Revolving credit facility[1]		2,621	2,145
Finance lease obligations under IAS 17		–	5
Lease liabilities under IFRS 16		414	–
Other bank loans		416	119
Total non-current borrowings		3,451	2,669
Current borrowings			
Capital market notes		400	–
Secured inventory/receivables facilities	14,15	498	493
Finance lease obligations under IAS 17		–	2
Lease liabilities under IFRS 16		191	–
Other bank loans[2]		1,681	1,500
Total current borrowings		2,770	1,995

1 Includes capitalised issuance costs of $4 million (2018: $5 million)

2 Comprises various uncommitted bilateral bank credit facilities and other financings.

The capital market notes are $400 million 5.950% coupon bonds with maturity in August 2020 (2018: $400 million). Other non-current bank loans mainly include a loan with an outstanding balance of $298 million at an interest rate of LIBOR + 453bps, a facility obtained by the Group with an outstanding balance of $59 million (2018: $89 million) at an interest rate of US$ CIRR +0 bps and various loans received by sugar, wheat milling and port assets in Brazil of $55 million (2018: $28 million) denominated in USD and BRL and bearing various fixed interest rates.

The outstanding secured inventory/receivables facilities of $498 million (2018: $493 million) are comprised of an inventory borrowing base facility of $398 million (2018: $403 million) that accumulates interest at a rate of BBSY +70 bps and a borrowing base facility of $100 million (2018: $90 million) at an interest rate of US$ LIBOR +70 bps as at 31 December 2019.

Revolving credit facility

2019

On 9 May 2019, Glencore Agri signed a $2.940 billion one-year revolving credit facility with a twelve month borrower's term-out option (to May 2021), and a twelve month lender's extension option. This facility refinanced the $3.375 billion revolving credit facility signed in May 2018. On 9 May 2019 the $600 million three-year revolving credit facility was extended with an additional year. Funds drawn under the new and extended facilities bear interest at US$ LIBOR plus a margin of 50 and 60 basis points per annum respectively.

2018

On 2 May 2018, Glencore Agri signed a $3.375 billion one-year revolving credit facility with a twelve month borrower's term-out option (to May 2020), twelve month lender's extension option and a new $600 million three-year revolving credit facility. These facilities refinanced the $3.5 billion revolving credit facility signed in May 2017. Funds drawn under the new facility bear interest at US$ LIBOR plus a margin of 50 and 60 basis points per annum respectively.

18. BORROWINGS (continued)

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Reconciliation of cash flow to movement in borrowings

US$ million	Notes	2019	2018
Cash related movements in borrowings[1]			
Repayment of other non-current bank facilities		**474**	947
Proceeds from current borrowings – net		**114**	(134)
Repayments for lease liabilities under IFRS 16		**(264)**	–
Repayments on finance lease obligations under IAS 17		**–**	(2)
		324	811
Non-cash related movements in borrowings			
Borrowings acquired/(disposed) in business combinations	22	**392**	61
Foreign exchange movements		**(27)**	(63)
Change in lease liabilities		**268**	–
Other non-cash movements		**3**	6
		636	4
Increase/(decrease) in borrowings for the period		**959**	815
Total borrowings – opening		**4,664**	3,849
Adjustment on transition to IFRS 16		**598**	–
Total borrowings - opening after adjustment on transition to IFRS 16		**5,262**	–
Total borrowings – closing		**6,221**	4,664

[1] See consolidated statement of cash flows.

19. PROVISIONS

US$ million	Notes	Rehabilitation costs	Employee benefits[1]	Other	Total
1 January 2019		77	17	42	**136**
Accretion in the year		2	(2)	–	**–**
Additional provision in the year		18	1	15	**34**
Effect of foreign currency exchange difference		3	–	–	**3**
Other movements		(2)	9	–	**7**
31 December 2019		**98**	**25**	**57**	**180**
Current		1	–	40	**41**
Non-current		97	25	17	**139**
1 January 2018		86	21	31	**138**
Provision utilised in the year		–	–	4	**4**
Accretion in the year		(3)	–	–	**(3)**
Additional provision in the year		–	–	6	**6**
Effect of foreign currency exchange difference		(6)	(19)	(2)	**(27)**
Other movements		–	15	3	**18**
31 December 2018		**77**	**17**	**42**	**136**
Current		1	–	26	**27**
Non-current		76	17	16	**109**

[1] Reclassification in 2018 to present employee benefits on a net basis per benefit plan.

Rehabilitation costs

Rehabilitation provision represents the accrued cost required to provide adequate restoration and rehabilitation upon the completion of production activities. These amounts will be settled when rehabilitation is undertaken, generally at the end of a project's life, with the majority of the costs expected to be incurred in the final years of the underlying operations. The estimated future cashflows are discounted at a rate of 2% (2018: 3%), which is based on current market risk free rates.

Other

Other comprises provisions for legal and tax related claims, $32 million and $25 million respectively.

Glencore Agri assessed its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. For those matters where it is probable that an adjustment will be made, the Group records its reasoned estimate of these tax liabilities, including related interest charges. These current open tax matters are spread across numerous jurisdictions and consists primarily of legacy transfer pricing and VAT matters that have been open for a number of years and may take several more years to resolve, none of which are individually material.

20. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Total personnel costs, which include salaries, wages, social security and other personnel costs, incurred for the years ended 31 December 2019 and 2018, were $430 million and $428 million, respectively. Personnel costs related to consolidated industrial subsidiaries of $284 million (2018: $283 million) are included in cost of goods sold. Other personnel costs are included in selling and administrative expenses.

The Company and certain subsidiaries sponsor various pension schemes in accordance with local regulations and practices. Eligibility for participation in the various plans is either based on completion of a specified period of continuous service or date of hire. Among these schemes are defined contribution plans as well as defined benefit plans.

Defined contribution plans

Glencore Agri's contributions under these plans amounted to $11 million in 2019 (2018: $11 million).

Post-retirement medical plans

The Company participates in one post-retirement medical plan in Canada which provides coverage for prescription drugs, medical, dental, hospital and life insurance to eligible retirees. The post-retirement medical plan is unfunded. This plan amounted to $15 million (2018: $11 million).

Defined benefit pension plans

The Company operates defined benefit plans in a handful of countries, the main location being Canada to which 77% (2018: 80%) of the present value of obligations accrued to date relates. These defined benefit plans are pension plans that provide benefits to members in the form of a guaranteed level of pension payable for life. Contributions to the Canadian plans are made to meet or exceed minimum funding requirements based on provincial statutory requirements and associated federal taxation rules.

The majority of benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where Glencore Agri meets the benefit payments as they fall due. Plan assets held in trusts are governed by local regulations and practices in each country. Responsibility for governance of the plans – overseeing all aspects of the plans including investment decisions and contribution schedules – lies with Glencore Agri. Glencore Agri has set up committees to assist in the management of the plans and has also appointed experienced, independent professional experts such as investment managers, actuaries, custodians, and trustees.

20. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

The movement in the defined benefit pension and post-retirement medical plans over the year is as follows:

US$ million	Notes	Post-retirement medical plans	Defined benefit pension plans: Present value of defined benefit obligation	Fair value of plan assets	Asset ceiling	Net (asset)/ liability for defined benefit pension plans
1 January 2019		**11**	424	(508)	19	**(65)**
Current service cost		**–**	1	–	–	1
Past Service Cost - curtailments		**2**	–	–	–	–
Interest expense/(income)		**-**	15	(18)	1	(2)
Total expense/(income) recognised in consolidated statement of income		**2**	16	(18)	1	**(1)**
Gain on plan assets, excluding amounts included in interest expense – net		**–**	–	(58)	–	(58)
Loss from change in demographic assumptions		**–**	–	–	–	–
(Gain)/loss from change in financial assumptions		**1**	52	–	–	52
(Gain)/loss from actuarial experience		**–**	(1)	–	–	(1)
Change in asset ceiling, excluding amounts in interest expense		**–**	–	–	3	3
Actuarial (gains)/losses recognised in consolidated statement of comprehensive income		**1**	51	(58)	3	**(4)**
Employer contributions		**–**	–	(2)	–	(2)
Employee contributions		**–**	–	–	–	–
Benefits paid directly by the Company		**–**	–	–	–	–
Benefits paid from plan assets		**–**	(28)	28	–	–
Net cash (outflow)/inflow		**–**	(28)	26	–	**(2)**
Exchange differences		**1**	18	(21)	1	**(2)**
31 December 2019		**15**	480	(578)	24	**(74)**
Of which:						
Pension surpluses	12	**–**	–	–	–	**(84)**
Pension deficits	19	**15**	–	–	–	**10**

The Group expects to make a contribution of $2 million to the defined benefit pension and post-retirement medical plans during the next financial year.

20. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

US$ million	Notes	Post-retirement medical plans	Defined benefit pension plans: Present value of defined benefit obligation	Fair value of plan assets	Asset ceiling	Net (asset)/ liability for defined benefit pension plans
1 January 2018		**14**	504	(583)	19	**(60)**
Current service cost		–	2	–	–	2
Past Service Cost - curtailments		–	–	–	–	–
Interest expense/(income)		–	15	(17)	1	(1)
Total expense/(income) recognised in consolidated statement of income		–	17	(17)	1	**1**
Gain on plan assets, excluding amounts included in interest expense – net		–	–	16	–	16
Loss from change in demographic assumptions		–	(1)	–	–	(1)
(Gain)/loss from change in financial assumptions		**(4)**	(23)	–	–	(23)
(Gain)/loss from actuarial experience		**1**	(1)	–	–	(1)
Change in asset ceiling, excluding amounts in interest expense		–	–	–	1	1
Actuarial (gains)/losses recognised in consolidated statement of comprehensive income		**(3)**	(25)	16	1	**(8)**
Employer contributions		–	(1)	(2)	–	(3)
Employee contributions		–	–	–	–	–
Benefits paid directly by the Company		–	(1)	1	–	–
Benefits paid from plan assets		–	(34)	34	–	–
Net cash (outflow)/inflow		–	(36)	32	–	**(4)**
Exchange differences		–	(36)	43	(2)	**5**
31 December 2018		**11**	424	(508)	19	**(65)**
Of which:						
Pension surpluses	12	–	–	–	–	**(71)**
Pension deficits	19	**11**	–	–	–	**6**

20. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

The defined benefit obligation accrued to date in Canada represents the majority of the total obligation of the Company. The breakdown below provides details of the Canadian plans for both the balance sheet and the weighted average duration of the defined benefit obligation as at 31 December 2019 and 2018. The defined benefit obligation of any other of the Group's defined benefit plans as at 31 December 2019 does not exceed $72 million (2018: $57 million).

US$ million 2019	Canada	Other	Total
Post-retirement medical plans			
Present value of defined benefit obligation	15	–	**15**
of which: amounts owing to active members	5	–	**5**
of which: amounts owing to pensioners	10	–	**10**
Defined benefit pension plans			
Present value of defined benefit obligation	372	108	**480**
of which: amounts owing to active members	43	16	**59**
of which: amounts owing to not active members	49	74	**123**
of which: amounts owing to pensioners	279	18	**297**
Fair value of plan assets	(467)	(101)	**(578)**
Asset Ceiling	24	–	**24**
Net defined benefit (asset)/liability at 31 December 2019	(81)	7	**(74)**
Weighted average duration of defined benefit obligation - years	9	24	12

US$ million 2018	Canada	Other	Total
Post-retirement medical plans			
Present value of defined benefit obligation	11	–	**11**
of which: amounts owing to active members	3	–	**3**
of which: amounts owing to pensioners	8	–	**8**
Defined benefit pension plans			
Present value of defined benefit obligation	340	83	**423**
of which: amounts owing to active members	40	12	**52**
of which: amounts owing to not active members	44	55	**99**
of which: amounts owing to pensioners	256	16	**272**
Fair value of plan assets	(426)	(81)	**(507)**
Asset ceiling	19		
Net defined benefit (asset)/liability at 31 December 2018	(67)	2	**(65)**
Weighted average duration of defined benefit obligation - years	11	25	13

The actual return on plan assets in respect of defined benefit pension plans amounted to a gain of $97 million (2018: $42 million loss), mainly resulting from actuarial gains, interest income and foreign exchange movements.

20. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

The plan assets consist of the following:

US$ million	2019	2018
Cash and short-term investments	8	4
Fixed income	312	279
Equities	144	127
Other[1]	114	98
Total	**578**	508

[1] Includes securities in non-active markets in the amount of $70 million (2018: $55 million).

The fair value of plan assets includes none of Glencore Agri's own financial instruments and no property occupied by or other assets used by Glencore Agri. For many of the plans, representing a large portion of the global plan assets, asset-liability matching strategies are in place, where the fixed-income assets are invested broadly in alignment with the duration of the plan liabilities, and the proportion allocated to fixed-income assets is raised when the plan funding level increases.

Through its defined benefit plans, Glencore Agri is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The funded plans hold a significant proportion of equities, which are expected to outperform bonds in the long-term while contributing volatility and risk in the short-term. Glencore Agri believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of Glencore Agri's long-term strategy to manage the plans efficiently.

Change in bond yields: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk: Some of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities, although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation.

Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liability.

Salary increases: Some of the plans' benefit obligations related to active members are linked to their salaries. Higher salary increases will therefore tend to lead to higher plan liabilities.

The principal weighted-average actuarial assumptions used were as follows:

	Post-retirement medical plans		Defined benefit pension plans	
	2019	2018	2019	2018
Discount rate	3.0%	3.8%	2.6%	3.5%
Future salary increases	3.0%	3.0%	2.6%	2.7%
Future pension increases	–	–	1.3%	1.3%
Ultimate medical cost trend rate	4.5%	4.5%	–	–

20. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. As at 31 December 2019, these tables imply expected future life expectancy, for employees aged 65, 21 to 23 years for males (2018: 21 to 23) and 23 to 26 years for females (2018: 23 to 26). The assumptions for each country are reviewed each year and are adjusted where necessary to reflect changes in fund experience and actuarial recommendations.

The sensitivity of the defined benefit obligation to changes in principal assumptions as at 31 December 2019 is set out below, assuming that all other assumptions are held constant and the effect of interrelationships is excluded.

US$ million	Increase/(decrease) in pension obligation		
	Post-retirement medical plans	Defined benefit pension plans	**Total**
Discount rate			
Increase by 100 basis points	(2)	(53)	**(55)**
Decrease by 100 basis points	2	62	**64**
Rate of future salary increase			
Increase by 100 basis points	–	3	**3**
Decrease by 100 basis points	–	(3)	**(3)**
Rate of future pension benefit increase			
Increase by 100 basis points	–	4	**4**
Decrease by 100 basis points	–	(4)	**(4)**
Medical cost trend rate			
Increase by 100 basis points	1	–	**1**
Decrease by 100 basis points	(1)	–	**(1)**
Life expectancy			
Increase in longevity by 1 year	–	14	**14**

21. ACCOUNTS PAYABLE

US$ million	**2019**	2018
Financial liabilities at amortised cost		
Trade payables	**1,565**	1,774
Margin calls received	**–**	41
Associated companies	**4**	23
Other payables and accrued liabilities	**88**	136
Non-financial instruments		
Advances settled in product	**37**	26
Payables to employee	**29**	70
Other tax and related payables	**87**	49
Total	**1,810**	2,119

Trade payables are obligations to pay for goods and services. Trade payables typically have maturities up to 90 days depending on the type of material and the geographic area in which the purchase transaction occurs and the agreed terms. The carrying value of trade payables approximates fair value.

22. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

2019 Acquisitions

In December 2019, the Group acquired 16.67% of the shares and voting interests in Renova S.A., an Argentinian soybean processing business. As a result, the Group's equity interest in Renova S.A. increased from 50% to 66.67%, resulting in the Group obtaining control of Renova S.A. The fair-value of consideration transferred for the 16.67% was $126 million. Taking control of Renova S.A. will enable the Group to take advantage of increased usage of the plant capacity and further integrate the business in to the Group's global supply chain.

The fair value of the previously held equity interest at date of acquisition was valued at $397 million, resulting in a fair value gain of $197 million which is recognised in gains on disposals and investments in the statement of income. The fair value is based on discounted cashflow model and uses Level 3 valuation techniques and a real WACC rate of 9.5%..

If the acquisition had taken place effective 1 January 2019, the operation would have contributed additional revenue of $199 million and $8 million in attributable net losses. From the date of acquisition the operation contributed additional revenue of $19 million and an increase in attributable income of $1 million to Glencore Agri.

The net cash used in the acquisition of subsidiaries and fair value of assets acquired and liabilities assumed on the acquisition dates are detailed below:

US$ million	Notes	Renova S.A.	Other.	Total
Non-current assets				
Property, plant and equipment	8	941	2	**943**
		941	2	**943**
Current assets				
Inventories		23	–	**23**
Accounts receivable		87	–	**87**
Income tax receivable		1	–	**1**
Cash and cash equivalents		1	–	**1**
		112	–	**112**
Non-current liabilities				
Borrowings	18	298	–	**298**
Deferred tax liability	7	142	–	**142**
		440	–	**440**
Current liabilities				
Borrowings	18	94	–	**94**
Accounts payable		35	–	**35**
		129	–	**129**
Total fair value of net assets acquired		484	2	**486**
Goodwill arising on acquisition		199	–	**199**
Less: revaluation of the existing shareholding		(196)	(1)	**(197)**
Less: non-controlling interest		(162)	–	**(162)**
Less: amounts previously recognised through investments		(199)	–	**(199)**
Less: contingent consideration		(3)	–	**(3)**
Less: Cash and cash equivalents acquired		(1)	–	**(1)**
Net cash used in acquisition of subsidiaries		122	1	**123**

22. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

The net assets recognised in the 31 December 2019 financial statements were based on a provisional assessment of their fair value while the group sought an independent valuation for the property, plant and equipment owned by Renova S. A. The valuation had not been completed by the date the 2019 financial statements were approved for issue by the Board of Directors.

2019 Disposals

In the year ended 31 December 2019 Glencore Agri had no material disposals of subsidiaries.

2018 Acquisitions

The net cash used in the acquisition of subsidiaries and fair value of assets acquired and liabilities assumed on the acquisition dates are detailed below:

US$ million	Notes	Moinhos Cruzeiro do Sul S.A.	Other	Total
Non-current assets				
Property, plant and equipment	8	114	35	**149**
Advances and loans		14	–	**14**
Other intangible assets	9	7	(3)	**4**
		135	32	**167**
Current assets				
Inventories		27	–	**27**
Accounts receivable		37	7	**44**
Cash and cash equivalents		10	–	**10**
		74	7	**81**
Non-current liabilities				
Borrowings	18	11	–	**11**
Deferred tax liability	7	–	4	**4**
Provisions	19	4	–	**4**
		15	4	**19**
Current liabilities				
Borrowings	18	50	–	**50**
Accounts payable		52	2	**54**
		102	2	**104**
Total fair value of net assets acquired		92	33	**125**
Less: revaluation of the existing shareholding		(22)	(6)	**(28)**
Less: items recycled to the statement of income		–	(2)	**(2)**
Less: amounts previously recognised through investments and loans		(84)	–	**(84)**
Add: loss on cumulative translation adjustment of net assets acquired		53	–	**53**
Less: Cash and cash equivalents acquired		(10)	–	**(10)**
Net cash used in acquisition of subsidiaries		29	25	**54**

In August 2018, Glencore Agri acquired a controlling interest in Moinhos Cruzeiro do Sul S.A., a Brazilian wheat milling business with an installed annual capacity of 826 thousand tonnes, for cash consideration of $39 million for the remaining 50 per cent shareholding interest. The acquisition brings Glencore Agri expansion of the existing operations in Brazil.

22. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

If the acquisition had taken place effective 1 January 2018, the operation would have contributed additional revenue of $178 million and $nil million in attributable income. From the date of acquisition the operation contributed additional revenue of $84 million and an increase in attributable income of $3 million to Glencore Agri.

2018 Disposals

In the year ended 31 December 2018 Glencore Agri disposed of its controlling interest in Australian farms for a total consideration of $37 million resulting in a gain of $12 million.

23. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial risks arising in the normal course of business from Glencore Agri's operations comprise market risk (including commodity price risk, interest rate risk and currency risk), credit risk (including performance risk) and liquidity risk. It is Glencore Agri's policy and practice to identify and, where appropriate and practical, actively manage such risks to support its objectives in managing its capital and future financial security and flexibility. It is under this objective that Glencore Agri only undertakes risks which are in line with the corporate risk appetite and any unintended risks identified are suppressed. Glencore Agri's overall risk management programme is described in the Enterprise Risk Management Policy as adopted by the Board of Directors and focuses on the unpredictability of financial markets and seeks to protect its financial security and flexibility by using derivative financial instruments where possible to substantially hedge these financial risks. Glencore Agri's finance and risk professionals ensure compliance with the Enterprise Risk Management Policy, working in coordination with the commodity departments, by monitoring, managing and reporting regularly Glencore Agri's risk to senior management and the Board of Directors on the approach and effectiveness in managing financial risks along with the financial exposures facing the Group.

Glencore Agri's objectives in managing its "capital attributable to equity holders" include preserving its overall financial health and strength for the benefit of all stakeholders, maintaining an optimal capital structure in order to provide a high degree of financial flexibility at an attractive cost of capital and safeguarding its ability to continue as a going concern, while generating sustainable long-term profitability.

Distribution policy and other capital management initiatives

The manner and timing of future distributions will be determined after consultation with shareholders.

Commodity price risk

Glencore Agri is exposed to price movements for the inventory it holds and the products it produces which are not held to meet priced forward contract obligations and forward priced purchase or sale contracts. Glencore Agri manages a significant portion of this exposure through futures and options transactions on worldwide commodity exchanges or in over the counter (OTC) markets, to the extent available. Commodity price risk management activities are considered an integral part of Glencore Agri's physical commodity marketing activities and the related assets and liabilities are included in other financial assets from and other financial liabilities to derivative counterparties, including clearing brokers and exchanges. Whilst it is Glencore Agri's policy to substantially hedge its commodity price risks, there remains the possibility that the hedging instruments chosen may not always provide effective mitigation of the underlying price risk. The hedging instruments available to the marketing businesses may differ in specific characteristics to the risk exposure to be hedged, resulting in an ongoing and unavoidable basis risk exposure. Residual basis risk exposures represent a key focus point for Glencore Agri's commodity department teams who actively engage in the management of such.

23. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Value at risk

One of the tools used by Glencore Agri to monitor and limit its primary market risk exposure, principally commodity price risk related to its physical marketing activities, is the use of a value at risk ("VaR") computation. VaR is a risk measurement technique which estimates a threshold for potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon, given a specific level of confidence and based on a specific price history. The VaR methodology is a statistically defined, probability based approach that takes into account market volatilities, as well as risk diversification by recognising offsetting positions and correlations between commodities and markets. In this way, risks can be measured consistently across markets and commodities and risk measures can be aggregated to derive a single risk value. Glencore Agri's Board has set a consolidated VaR limit (one day 95% confidence level) of $18 million representing less than 0.5% of total equity, which the Board reviews annually. The consolidated VaR limit of $18 million was not exceeded during the year.

Glencore Agri uses a VaR approach based on Monte Carlo simulations computed at a 95% confidence level and utilising a weighted data history for a one day time horizon.

Position sheets are regularly distributed and monitored and daily Monte Carlo simulations are applied to the various business groups' marketing positions to determine potential losses.

Market risk VaR (one day 95% confidence interval) ranges and the full year levels were as follows:

US$ million	**2019**	2018
Average during the year	**7**	10
High during the year	**12**	20
Low during the year	**4**	5

The VaR does not purport to represent actual gains or losses in fair value on earnings to be incurred by Glencore Agri, nor does Glencore Agri claim that these VaR results are indicative of future market movements or representative of any actual impact on its future results. VaR should always be viewed in the context of its limitations; notably, the use of historical data as a proxy for estimating future events, market illiquidity risks and tail risks. Glencore Agri recognises these limitations, and thus complements and continuously refines its VaR analysis by analysing forward looking stress scenarios and back testing calculated VaR against the hypothetical portfolio returns arising in the next business day.

Glencore Agri's VaR computation currently covers its business with grain, oil seeds, sugar, cotton, rice and ethanol and assesses the open priced positions which are subject to price risk, including inventories of these commodities.

Net present value at risk

Glencore Agri's future cash flows related to its forecast production activities are also exposed to commodity price movements. Glencore Agri manages this exposure through a combination of portfolio diversification, occasional hedging via futures and options transactions and continuous internal monitoring, reporting and quantification of the underlying operations' estimated cash flows and valuations.

23. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Interest rate risk

Glencore Agri is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its assets and liabilities and cash flows. Matching of assets and liabilities is utilised as the dominant method to hedge interest rate risks. Floating rate debt which is predominantly used to fund fast turning working capital (interest is internally charged on the funding of this working capital) is primarily based on US$ LIBOR plus an appropriate premium. Accordingly, prevailing market interest rates are continuously factored into transactional pricing and terms.

Assuming the amount of floating rate liabilities at the reporting period end were outstanding for the whole year, interest rates were 50 basis points higher/lower and all other variables held constant, Glencore Agri's income and equity for the year ended 31 December 2019 would decrease/increase by $26 million (2018: $19 million).

Currency risk

The US dollar is the predominant functional currency of the Group. Currency risk is the risk of loss from movements in exchange rates related to transactions and balances in currencies other than the US dollar. Such transactions include operating expenditure, capital expenditure and to a lesser extent purchases and sales in currencies other than the functional currency. Purchases or sales of commodities concluded in currencies other than the functional currency, apart from certain limited domestic sales at industrial operations which act as a hedge against local operating costs, are ordinarily hedged through forward exchange contracts. Consequently, foreign exchange movements against the US dollar on recognised transactions would have an immaterial financial impact. Glencore Agri enters into currency hedging transactions with leading financial institutions.

Glencore Agri's debt related payments (both principal and interest) are predominantly denominated in US dollars. Glencore Agri's operating expenses, being a small portion of its revenue base, are incurred in a mix of currencies of which the US dollar, Canadian dollar, Australian dollar, Brazilian real, Russian rouble and Euro are the predominant currencies.

Credit risk

Credit risk arises from the possibility that counterparties may not be able to settle obligations due to Glencore Agri within their agreed payment terms. Financial assets which potentially expose Glencore Agri to credit risk consist principally of cash and cash equivalents, receivables and advances, derivative instruments and non-current advances and loans. Glencore Agri's credit management process includes the assessment, monitoring and reporting of counterparty exposure on a regular basis. Glencore Agri's cash and cash equivalents are placed overnight with a diverse group of highly credit rated financial institutions. The Group deems these financial institutions to have low credit risk. Credit risk with respect to receivables and advances is mitigated by the large number of customers comprising Glencore Agri's customer base, their diversity across various industries and geographical areas, as well as Glencore Agri's policy to mitigate these risks through letters of credit, netting, collateral and insurance arrangements where appropriate. Additionally, it is Glencore Agri's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable offsetting of balances due to/from a common counterparty in the event of default by the counterparty. Glencore Agri actively and continuously monitors the credit quality of its counterparties through internal reviews and a credit scoring process, which includes, where available, public credit ratings. Balances with counterparties not having a public investment grade or equivalent internal rating are typically enhanced to investment grade through the extensive use of credit enhancement products, such as letters of credit or insurance products.

23. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Glencore Agri has a diverse customer base, with no customer representing more than 4.0% (2018: 3.9%) of its trade receivables (on a gross basis taking into account credit enhancements) or accounting for more than 2.2% of its revenues over the year ended 31 December 2019 (2018: 2.9%).

The maximum exposure to credit risk (including performance risk – see below), without considering netting agreements or without taking account of any collateral held or other credit enhancements, is equal to the carrying amount of Glencore Agri's financial assets (see note 24).

Performance risk

Performance risk (part of the broader credit risk subject matter, discussed above) is inherent in contracts, with agreements in the future, to physically purchase or sell commodities with fixed price attributes, and arises from the possibility that counterparties may not be willing or able to meet their future contractual physical sale or purchase obligations to/from Glencore Agri. Glencore Agri undertakes the assessment, monitoring and reporting of performance risk within its overall credit management process. Glencore Agri's market breadth, diversified supplier and customer base as well as the standard pricing mechanism in the vast majority of Glencore Agri's commodity portfolio, ensure that performance risk is adequately mitigated.

Agricultural markets are characterised by its relative short-term pricing windows of which the majority ranges between spot and 6-month forward.

Liquidity risk

Liquidity risk is the risk that Glencore Agri is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and availability of adequate committed funding facilities. Glencore Agri's credit profile, diversified funding sources and committed credit facilities, ensure that sufficient liquid funds are maintained to meet its liquidity requirements. As part of its liquidity management, Glencore Agri closely monitors and plans for its future capital expenditure and proposed investments, as well as credit facility refinancing/extension requirements, well ahead of time.

As at 31 December 2019, Glencore Agri had available committed undrawn credit facilities and cash amounting to $1,102 million (2018: $2,010 million). The maturity profile of Glencore Agri's financial liabilities based on the contractual terms is as follows:

US$ million **2019**	After 5 years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 year	**Total**
Borrowings	181	178	187	2,905	2,770	**6,221**
Expected future interest payments	49	35	34	79	111	**308**
Accounts payable	–	–	–	–	1,810	**1,810**
Other financial liabilities	–	–	–	–	684	**684**
Total	230	213	221	2,984	5,375	**9,023**
Current assets					7,339	**7,339**

US$ million **2018**	After 5 Years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 year	**Total**
Borrowings	1	8	71	2,589	1,995	**4,664**
Expected future interest payments	–	–	6	41	45	**92**
Accounts payable	–	–	–	–	2,119	**2,119**
Other financial liabilities	–	–	–	–	527	**527**
Total	1	8	77	2,630	4,686	**7,402**
Current assets					6,924	**6,924**

24. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The following tables present the carrying values and fair values of Glencore Agri's financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (most advantageous) market at the measurement date under current market conditions. Where available, market values have been used to determine fair values.

The financial assets and liabilities are presented by class in the tables below at their carrying values, which generally approximate the fair values with the exception of $6,221 million (2018: $4,664 million) of borrowings, the fair value of which at 31 December 2019 was $6,229 million (2018: $4,676 million) based on observable market prices applied to the borrowing portfolio (a Level 2 fair value measurement).

US$ million **2019**	Notes	Amortised cost	FVtOCI[1]	FVtPL[2]	**Total**
Assets					
Other investments[3]		–	11	56	**67**
Advances and loans	12	25	–	–	**25**
Accounts receivable	15	1,505	–	–	**1,505**
Other financial assets	25	–	–	617	**617**
Cash and cash equivalents[4]	16	184	–	–	**184**
Total financial assets		1,714	11	673	**2,398**
Liabilities					
Borrowings	18	6,221	–	–	**6,221**
Accounts payable	21	1,657	–	–	**1,657**
Other financial liabilities	25	–	–	684	**684**
Total financial liabilities		7,878	–	684	**8,562**

1 FVtOCI – Fair value through other comprehensive income. Gain on equity instruments recognised in other comprehensive income in 2019 comprised $ nil.

2 FVtPL – Fair value through profit and loss.

3 Other investments of $60 million are classified as Level 1 measured using quoted market prices with the remaining balance of $7 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

4 Classified as Level 1, measured using quoted exchange rates and/or market prices.

24. FINANCIAL INSTRUMENTS (continued)

US$ million **2018**	Notes	Amortised cost	FVtOCI[1]	FVtPL[2]	**Total**
Assets					
Other investments[3]		–	10	54	**64**
Advances and loans	12	38	–	–	**38**
Accounts receivable	15	1,302	–	–	**1,302**
Other financial assets	25	–	–	734	**734**
Cash and cash equivalents[4]	16	180	–	–	**180**
Total financial assets		1,520	10	788	**2,318**
Liabilities					
Borrowings	18	4,664	–	–	**4,664**
Accounts payable	21	1,974	–	–	**1,974**
Other financial liabilities	25	–	–	527	**527**
Total financial liabilities		6,638	–	527	**7,165**

1 FVtOCI – Fair value through other comprehensive income. Gain on equity instruments recognised in other comprehensive income in 2018 comprised $1 million.

2 FVtPL – Fair value through profit and loss.

3 Other investments of $57 million are classified as Level 1 measured using quoted market prices with the remaining balance of $7 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

4 Classified as Level 1, measured using quoted exchange rates and/or market prices.

25. FAIR VALUE MEASUREMENTS

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. Glencore Agri classifies the fair values of its financial instruments into a three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Glencore Agri can assess at the measurement date; or

Level 2 Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or

Level 3 Unobservable inputs for the assets or liabilities, requiring Glencore Agri to make market-based assumptions.

Level 1 classifications include futures and options that are exchange traded, whereas Level 2 classifications primarily include swaps and physical forward transactions which derive their fair value primarily from exchange quotes and readily observable broker quotes.

It is Glencore Agri's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable balances due to/from a common counterparty to be offset in the event of default, insolvency or bankruptcy by the counterparty.

The following tables show the fair values of the derivative financial instruments including trade related financial and physical forward purchase and sale commitments by type of contract and non-current other financial liabilities as at 31 December 2019 and 31 December 2018. Other assets and liabilities which are measured at fair value on a recurring basis are biological assets, marketing inventories, other investments and cash and cash equivalents. Refer to notes 13, 14, 16 and 24 for disclosure in connection with these fair value measurements. There are no non-recurring fair value measurements.

Other financial assets

US$ million 2019	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	69	–	–	**69**
Options	6	–	–	**6**
Swaps	–	5	–	**5**
Physical forwards	–	416	–	**416**
Financial contracts				
Foreign currency	–	121	–	**121**
Total	**75**	**542**	**–**	**617**

Other financial liabilities

US$ million 2019	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	142	–	–	**142**
Options	12	–	–	**12**
Physical forwards	–	459	–	**459**
Financial contracts				
Foreign currency	–	71	–	**71**
Total	**154**	**530**	**–**	**684**

25. FAIR VALUE MEASUREMENTS (continued)

Other financial assets

US$ million 2018	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	129	–	–	**129**
Options	6	–	–	**6**
Physical forwards	–	486	–	**486**
Financial contracts				
Foreign currency	–	113	–	**113**
Total	**135**	**599**	**–**	**734**

Other financial liabilities

US$ million 2018	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	86	1	–	**87**
Options	19	–	–	**19**
Physical forwards	–	288	–	**288**
Financial contracts				
Foreign currency	–	133	–	**133**
Total	**105**	**422**	**–**	**527**

During the period no amounts were transferred between Level 1 and Level 2 of the fair value hierarchy and no amounts were transferred into or out of Level 3 of the fair value hierarchy for either other financial assets or other financial liabilities.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation techniques and inputs used.

25. FAIR VALUE MEASUREMENTS (continued)

Fair value of financial assets/financial liabilities US$ million			2019	2018
Futures – Level 1		Assets	69	129
		Liabilities	(142)	(86)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Futures – Level 2		Assets	–	–
		Liabilities	–	(1)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, such as history of non-performance, collateral held and current market developments, as required.			
Significant unobservable inputs:	None			
Options – Level 1		Assets	6	6
		Liabilities	(12)	(19)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Swaps – Level 2		Assets	5	–
		Liabilities	–	–
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Physical Forwards – Level 2		Assets	416	486
		Liabilities	(459)	(288)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, such as history of non-performance, collateral held and current market developments, as required.			
Significant unobservable inputs:	None			
Foreign currency – Level 2		Assets	121	113
		Liabilities	(71)	(133)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			

26. FUTURE COMMITMENTS

Capital expenditure for the acquisition of property, plant and equipment is generally funded through the cash flow generated by the respective industrial entities. As at 31 December 2019, $27 million (2018: $13 million), of which 88% (2018: 100%) relates to expenditure to be incurred over the next year, was contractually committed for the acquisition of property, plant and equipment.

As part of Glencore Agri's ordinary sourcing and procurement of physical commodities and other ordinary marketing obligations, the selling party may request that a financial institution act as either a) the paying party upon the delivery of product and qualifying documents through the issuance of a letter of credit or b) the guarantor by way of issuing a bank guarantee accepting responsibility for Glencore Agri's contractual obligations. In addition, Glencore Agri is required to post pension guarantees in respect of its future obligations. As at 31 December 2019, $294 million (2018: $406 million) of such commitments have been issued on behalf of Glencore Agri, which will generally be settled simultaneously with the payment for such commodity or rehabilitation and pension obligation.

Glencore Agri procures seagoing vessels/chartering services to meet its overall marketing objectives and commitments. As at 31 December 2019, Glencore Agri has committed to future vessel hire costs to meet future physical delivery and sale obligations and expectations of $81 million (2018: $419 million), of which $48 million, 62% (2018: 65%) of the total charters are for services to be received over the next two years. Once the chartering date is reached, the vessels and related liabilities are accounted for as leases in terms of IFRS 16 which was adopted on 1 January 2019. Comparative numbers included all operating lease commitments under the previous lease accounting standards.

US$ million	2019	2018
Within 1 year	31	247
Between 2 and 5 years	53	304
After 5 years	–	110
Total	**84**	661

27. CONTINGENT LIABILITIES

The amount of corporate guarantees in favour of third parties as at 31 December 2019 was $5 million (2018: $215 million).

The Group is subject to various claims which arise in the ordinary course of business as detailed below. These contingent liabilities are reviewed on a regular basis and where practical an estimate is made of the potential financial impact on the Group. As at 31 December 2019 and 31 December 2018, the Group identified no material contingent liabilities.

In March 2019, the Competition Commission of India visited the offices of the Group's business in India. Management currently understands this relates to suspected allegations of cartelization in the years 2015 and 2016. While the Group believes the allegations have no ground, the investigation is ongoing and the outcome is currently uncertain.

27. CONTINGENT LIABILITIES (continued)

Litigation

Certain legal proceedings, claims and unresolved disputes are pending against Glencore Agri in respect of which the timing of resolution and potential outcome (including any future financial obligations) are uncertain and no liabilities have been recognised in relation to these matters.

Environmental contingencies

Glencore Agri's operations are subject to various environmental laws and regulations. Glencore Agri is in material compliance with those laws and regulations. Glencore Agri accrues for environmental contingencies when such contingencies are probable and reasonably estimable. Such accruals are adjusted as new information develops or circumstances change. Recoveries of environmental remediation costs from insurance companies and other parties are recorded as assets when the recoveries are virtually certain. At this time, Glencore Agri is unaware of any material environmental incidents at its locations.

Tax audits

Glencore Agri assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Group records its best estimate of these tax liabilities, including related interest charges. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. Whilst Glencore Agri believes it has adequately provided for the outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved.

In May 2018, the Australian Tax Office (ATO) commenced an audit of Glencore PLC's Australian financing arrangements covering the period 2012-2016. As part of these audits, notices were also issued to the current head company of Glencore Agriculture's Australian tax group namely Glencore Grain Holdings Australia Pty Ltd (GGHA). The transactions in GGHA during the period under review are material. However, based on the information available, management considers the tax position reflected in the GGHA's tax filings acceptable..

28. RELATED PARTY TRANSACTIONS

In the normal course of business, Glencore Agri enters into various arm's length transactions with related parties, including fixed price commitments to sell and to purchase commodities, forward sale and purchase contracts, agency agreements and management service agreements. Outstanding balances at period end are unsecured and settlement occurs in cash (see notes 12, 15 and 21). There have been no guarantees provided or received for any related party receivables or payables.

All transactions between Glencore Agri and its subsidiaries are eliminated on consolidation along with any unrealised profits and losses between its subsidiaries and associates.

US$ million **2019**	Glencore plc and subsidiaries	Associates and joint ventures	**Total**
Transactions			
Sales	43	56	**99**
Purchases	53	203	**255**
Interest income	–	4	**4**
Other	13	–	**13**
Outstanding balances			
Trade receivables	22	20	**42**
Loans receivable	–	24	**24**
Trade payables	12	4	**16**

US$ million 2018	Glencore plc and subsidiaries	Associates and joint ventures	**Total**
Transactions			
Sales	85	87	**172**
Purchases	158	175	**333**
Interest income	1	2	**3**
Other	22	–	**22**
Outstanding balances			
Trade receivables	3	30	**33**
Loans receivable	–	33	**33**
Trade payables	9	23	**32**

The remuneration of key management personnel recognised in the consolidated statement of income including salaries and other current employee benefits amounted to $2 million (2018: $1 million).

29. PRINCIPAL SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Non-controlling interest is comprised of the following:

US$ million	2019	2018
Cascadia	**34**	33
Renova SA	**162**	–
Other	**3**	3
Total	**199**	36

Summarised financial information in respect of Glencore Agri's subsidiaries that have a material non-controlling interest, reflecting 100% of the underlying subsidiary's relevant figures, is set out below.

US$ million	2019	2019	2018
	Renova SA[1]	Cascadia Port Management Corporation	Cascadia Port Management Corporation
31 December			
Non-current assets	941	213	183
Current assets	105	8	9
Total assets	**1,046**	**221**	192
Non-current liabilities	439	80	55
Current liabilities	121	6	5
Total liabilities	**560**	**86**	60
Net assets	**486**	**135**	132
Equity attributable to owners of the Company	324	101	99
Non-controlling interests[2]	162	34	33
Non-controlling interests in %	33.3%	25.0%	25.0%

US$ million	2019	2019	2018
Revenue	19	44	44
Expenses	(18)	(37)	(36)
Net profit for the year	**1**	**7**	8
Profit attributable to owners of the Company	1	5	6
Profit attributable to non-controlling interests	–	2	2
Other comprehensive gain/(loss) attributable to owners of the Company	–	5	(12)
Other comprehensive gain/(loss) attributable to non-controlling interests	–	2	(4)
Total comprehensive gain/(loss) for the year	**1**	**14**	(8)
Dividends paid to non-controlling interests	–	(3)	(1)
Net cash inflow from operating activities	10	18	14
Net cash outflow from investing activities	(1)	(9)	(8)
Net cash outflow from financing activities	(7)	(12)	(5)
Total net cash outflow	**2**	**(3)**	1

[1] On 2 December 2019 the Group acquired an additional 16.67% interest in Renova SA, resulting in control of Renova SA being held by the Group. As from 2 December 2019, Renova SA is fully consolidated.

[2] The 33% non-controlling interest is valued as its proportionate share of the net identifiable assets.

30. SUBSEQUENT EVENTS

In regards to the worldwide COVID-19 outbreak during Q1 2020, management is carefully following the situation on a country-by-country basis, also guided by local regulations. Management has taken various actions to minimise the risk of infection amongst the workforce and to minimise disruption on continuing operations.

COVID-19 is influencing the global economy and financial markets. However, the impact it may have in the medium or long term on commodity markets in general and agricultural commodities more specifically is uncertain. Management has analysed key risks associated with the COVID-19 outbreak and taken measures where needed. More detail is included in the Financial and Operational Overview in the Directors' Report. No matters have been identified that have cast doubt on the going concern assumption applied in the preparation of these financial statements.

Other than the COVID-19 outbreak, no material subsequent events occurred until the date these audited consolidated financial statements were authorized for issue.

31. PRINCIPAL OPERATING, FINANCE AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

	Country of incorporation	% interest 2019	% interest 2018	Main activity
Principal subsidiaries				
Molinos Libres S.A.	Argentina	100.0	100.0	Rice milling
Oleaginosa Moreno Hermanos S.A.	Argentina	100.0	100.0	Oilseeds crushing
Sucesion de Antonio Moreno S.A.	Argentina	100.0	100.0	Storage and handling
Renova S.A.	Argentina	66.7	50.0	Oilseeds crushing/ Biofuel production
Viterra Holdings Pty Ltd	Australia	100.0	100.0	Storage and handling
Correcta Industria e Comercio Ltda.	Brazil	100.0	100.0	Wheat milling/oilseeds crushing
Glencane Bioenergia S.A.	Brazil	100.0	100.0	Sugar cane/ethanol production
Moinhos Cruzeiro do Sul S.A.	Brazil	100.0	100.0	Wheat milling
Glencore Importadora e Exportadora S.A.	Brazil	100.0	100.0	Marketing
Cascadia Port Management Corporation	Canada	75.0	75.0	Storage and handling
Viterra Inc.	Canada	100.0	100.0	Storage and handling
Glencore Agriculture China Co., Ltd.	China	100.0	100.0	Marketing
Glencore Agriculture Czech s.r.o.	Czech Republic	100.0	100.0	Oilseeds crushing
Glencore Grain Egypt Ltd	Egypt	100.0	100.0	Marketing
Glencore Agriculture France S.A.S.	France	100.0	100.0	Marketing
Biopetrol Rostock GmbH	Germany	100.0	100.0	Biofuel production
Glencore Magdeburg GmbH	Germany	100.0	100.0	Oilseeds crushing/ Biofuel production
Lubmin Oils GmbH	Germany	100.0	100.0	Oilseeds crushing
Glencore Agriculture Hungary KFT	Hungary	100.0	100.0	Marketing
Pannon Vegetable Oil Manufacturing LLC	Hungary	100.0	100.0	Oilseeds crushing
Glencore Agriculture India Private Limited	India	100.0	100.0	Marketing
Glencore Agriculture Italy S.R.L.	Italy	100.0	100.0	Marketing
Glencore Agriculture Kazakhstan LLP	Kazakhstan	100.0	100.0	Marketing
Glencore Agriculture Mexico, S.A. de C.V.	Mexico	100.0	100.0	Marketing
Biopetrol Rotterdam B.V.	Netherlands	100.0	100.0	Biofuel production
Glencore Agriculture B.V.	Netherlands	100.0	100.0	Marketing
Glencore Agri Finance B.V.	Netherlands	100.0	100.0	Finance
Renaisco BV	Netherlands	100.0	100.0	Holding
Glencore Agriculture (NZ) Limited	New Zealand	100.0	100.0	Marketing
Glencore Polska Sp	Poland	100.0	100.0	Marketing
Przedsiebiorstwo Uslug Portowych "Elewator Ewa" Sp. z.o.o	Poland	97.8	97.8	Storage and handling
Zaklady Tluszczowe W Bodaczowie Sp. zoo	Poland	100.0	100.0	Oilseeds crushing
Glencore Agriculture Romania S.R.L.	Romania	100.0	100.0	Marketing
Glencore Agriculture IGC LLC	Russia	100.0	100.0	Marketing
Rostovsky Kombinat Khleboproductov LLC	Russia	100.0	100.0	Storage and handling
Glencore Agriculture Pte. Ltd.	Singapore	100.0	100.0	Marketing
Glencore Espana, SAU	Spain	100.0	100.0	Marketing
Glencore Istanbul Tarim Limited Sirketi	Turkey	100.0	100.0	Marketing
Glencore Agriculture UK Limited	UK	100.0	100.0	Marketing
EFI Glencore Agriculture Ukraine	Ukraine	100.0	100.0	Marketing
Private Joint Stock Company Kolos	Ukraine	100.0	100.0	Oilseeds crushing
Glencore S.A.	Uruguay	100.0	100.0	Rice milling
Glencore Agriculture USA LLC	USA	100.0	100.0	Marketing
Pacific Coast Canola LLC	USA	100.0	100.0	Oilseeds crushing
Viterra USA LLC	USA	100.0	100.0	Marketing
Glencore Agriculture Vietnam Company Limited	Vietnam	100.0	100.0	Marketing

31. PRINCIPAL OPERATING, FINANCE AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS (continued)

	Country of incorporation	% interest 2019	% interest 2018	Main activity
Principal associates and joint ventures				
Lartirigoyen y Cia S.A.	Argentina	50.0	50.0	Storage and handling
Newcastle Agri Terminal Pty Ltd	Australia	32.5	32.5	Storage and handling
Terminal de Grãos Ponta da Montanha S.A. ('Barcarena')	Brazil	50.0	50.0	Storage and handling
CMI Terminal Joint Operation	Canada	50.0	50.0	Storage and handling
Szczecin Bulk Terminal Polska Sp. z.o.o	Poland	49.0	49.0	Storage and handling
Taman Grain Terminal	Russia	50.0	50.0	Storage and handling
Idel Shipping Company Ltd	Russia	50.0	–	Freight and handling
Company Ukrmill LLC	Ukraine	50.0	50.0	Storage and handling
IGT, LLC	Ukraine	50.0	50.0	Storage and handling
Northgate Partners LLC	USA	50.0	50.0	Storage and handling