LDC.
Louis Dreyfus Company

Financial Report and Audited Consolidated Financial Statements

2020

Transformation Sustained

Contents

2020 in Review

Financial Statements

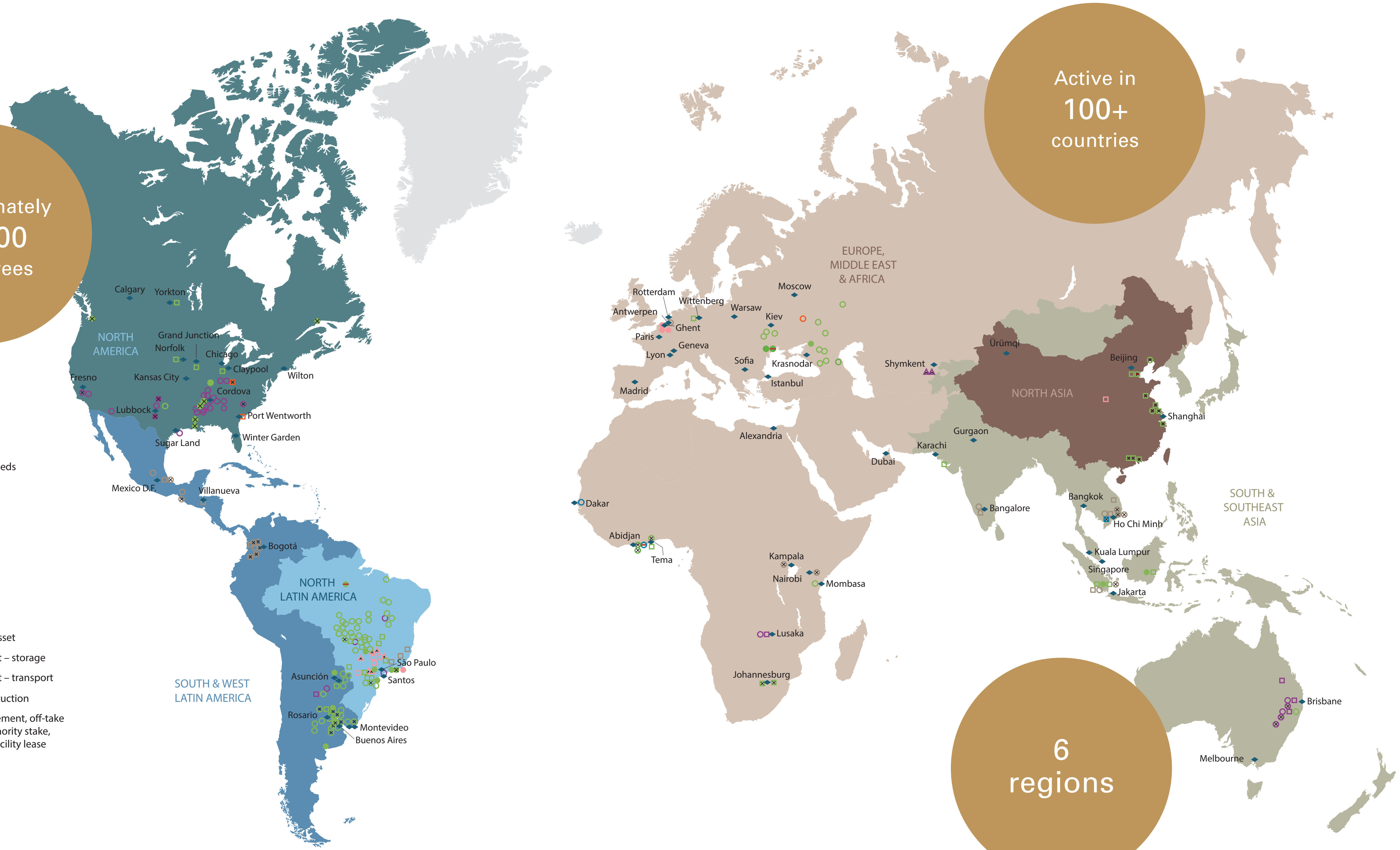
Unless otherwise indicated, "Louis Dreyfus Company", "LDC", "Group", "Louis Dreyfus Company Group" and related terms such as "our","we", etc. used in this Financial Report refers to the Louis Dreyfus Company B.V. Group.

At a Glance

Approximately
17,000
employees

Active in
100+
countries

6
regions



Map Key

Platforms

- Grains & Oilseeds
- Rice
- Coffee
- Cotton
- Sugar
- Juice

Assets

- Farming
- Processing asset
- Logistic asset – storage
- Logistic asset – transport
- Under construction
- Tolling agreement, off-take contract, minority stake, land lease, facility lease

Other

- Office

Our Platforms

- Coffee
- Cotton
- Freight
- Global Markets
- Grains & Oilseeds
- Juice
- Rice
- Sugar

LDC in the Value Chain

We develop sustainable solutions to bring agricultural goods from where they are grown to our customers' doorstep. This involves a complex supply chain in which our people and partners play a vital role, ensuring a smooth journey for our products.

1

Originate & Produce

Sharing our expertise with farmers and producers worldwide, be it through partnerships or our origination network.

2

Process & Refine

Processing and refining the finest quality raw materials.

3

Store & Transport

Efficiently managing movements across the value chain.

4

Research & Merchandize

Relying on our market knowledge to ensure responsive supply across platforms and regions.

5

Customize & Distribute

Supplying products to a range of customers, from multinationals to local customers and consumers.

Message From Our Chairperson

Rising to Global Challenges

The multidimensional global crisis caused by the Covid-19 pandemic in 2020 underlined the importance of LDC's role to feed and clothe millions of people, and the significance of our vision to help shape a safe and sustainable future of food. Our performance and progress, and our agreement to welcome ADQ as shareholders, put the Group in a strong position for the future, as we open a new chapter in LDC's 170-year history.

The Covid-19 pandemic has affected the lives of millions of people around the world, impacting livelihoods, giving rise to global food security concerns and exacerbating already acute world hunger and malnutrition issues.

This scenario, which underlined and amplified some of the world's biggest challenges, highlighted the urgent need for global society's Environment, Social and Governance (ESG) agenda to accelerate.

Businesses have an essential role to play in doing so, and LDC's vision to contribute to a safe and sustainable future of food takes on even greater sense, importance and urgency in this respect, while fulfilling our role to help feed and clothe millions of people around the world.

Resilience and Progress in 2020

I am proud of what we achieved as a Group in 2020, with our people everywhere adjusting to new ways of working - some staying home and working remotely for months to help keep everyone safe, others remaining at the front lines to keep our business activities and operations running, as enablers of food supply continuity. I am extremely grateful to all our teams for their great flexibility and resilience.

LDC's efforts to rise to unprecedented global challenges around us were effective, as we protected our workers, continued to operate with minimal disruptions and delivered strong business performance, while making very positive strides with our strategic plans.

Despite the challenges posed by Covid-19, LDC also pursued its essential work to drive increasingly sustainable practices across our activities, and to influence other value chain participants to do the same.

Upholding Sustainability

An important part of our work remains focused on farmers, recognizing their crucial role as the heart of the food chain. Although the pandemic caused delays due to restrictions and lockdowns, still our dedicated teams found innovative ways to continue engaging with farmers around the world, sharing knowledge and tools to improve their productivity and incomes sustainably.

Working individually, alongside the *Louis Dreyfus Foundation* and with other partners, we continued to support the farming communities on which global food security relies, and whose resilience has never been more crucial.

Contributing to global efforts to address increasingly urgent climate challenges, LDC also continued to make positive strides to reduce its environmental footprint in 2020.

Much work remains, with an urgent need for more coordinated, industry-wide action in multiple areas to drive large-scale and lasting change. For this reason, I am all the more convinced that our local and global approach to work collaboratively is the right one, in line with the UN's Sustainable Development Goals.

Future Prospects

As the 170th year in our Group's history, 2021 represents a milestone for LDC, not least with the completion of our agreement with ADQ, which marks the start of a new chapter in our history, as the first time that we open our capital to external investors.

This agreement fulfills a decade-long strategy envisioned by our Supervisory Board and brings additional experience and strength to the pursuit of our plans, as we seek to contribute to global and sustainable access to food.

The challenges posed by Covid-19 continue this year, and our priority remains to keep our people safe and well, wherever they are and whatever their role at LDC.

As demonstrated by their resilience and performance in 2020, however, I have every confidence that our teams will rise to the challenges and continue to deliver for our customers with the reliability and quality that they have come to expect from LDC.

Bringing ADQ on board enables the acceleration of investments as part of our transformational strategy, with exciting opportunities and projects ahead as we pursue our roadmap to shape the future of LDC and the future of food, guided by our purpose to create fair and sustainable value for the benefit of current and future generations.

Margarita Louis-Dreyfus
Chairperson

Message From Our CEO

Our Transformation Sustained

In a year marked by an unprecedented global crisis, LDC's reach, expertise and adaptability proved more important than ever, enabling us to keep essential supply chains active in a challenging context, while delivering strong results and pursuing our transformational plans.

The Covid-19 pandemic that swept the world in 2020 caused a crisis of global proportions – a health and economic crisis, but also a food crisis, posing logistics, labor and commercial challenges that disrupted food production and delivery chains globally. These events underlined the key role of global merchants and processors of agricultural products, keeping customers and consumers supplied with essential food, feed and ingredients.

Fulfilling LDC's mission to bring the right products to the right place, at the right time, we worked closely with partners and local governments throughout the year to keep our operations running, while reinforcing already stringent safety and hygiene measures.

Our efforts in this uncertain and challenging environment were fruitful. We protected our people, our operations proceeded with minimal interruptions and we delivered solid financial results, all while pursuing our transformational journey.

Year in Perspective

The global impacts of Covid-19 combined with drought in the southern hemisphere and currency fluctuations in Latin America combined to produce a highly volatile environment for agri-commodities in 2020.

In this context, our teams relied on market and risk management expertise, and the agility inherent to LDC's entrepreneurial DNA, to navigate a successful course in an uncertain context and capture good origination and sales margins, supported by our global presence and extensive asset network.

Demand remained resilient for most products commercialized by LDC, and easing US-China trade tensions and hog herd recovery in China drove improved operational performance in Grains & Oilseeds in particular. Cotton and bioenergy caught up in the second half of the year, after Covid-19 impacted demand in the textile and energy sectors in the first semester, while the Juice Platform's performance was impacted by delayed vessel deliveries, also due to the pandemic.

Both business segments contributed to a 63.1% year-on-year increase in Segment Operating Results at US$1,559 million for 2020, delivering EBITDA of US$1,324 million and income before tax of US$620 million, both from continuing operations, respectively up 58.4% and 110.2% year-on-year.

At the same time, we advanced with our four-pillar strategy to become an increasingly integrated food, feed, fibers and ingredients company, pursuing moves downstream, diversifying revenue streams, and embracing innovation and technology to drive new business, efficiency and sustainability across our activities - individually and with partners.

Strategy in Action

Recognizing the growing need for strong data analytics to support fundamental trading expertise, we continued to invest in both data science capabilities and training programs, bringing our Trading Academy online in a Covid-19 environment.

We also sustained investment in our operational capabilities. We completed and continued construction of new facilities, and enhanced existing assets with additional storage, processing and logistic capacity and infrastructure, as well as operational and safety upgrades.

Pursuing our plans to move further downstream in our value chains, we signed an agreement to enhance our refined oil production capacity in China, launched new, high-end, *Mastergold*-branded cooking oils in the country, and formed partnerships with leading e-commerce companies to distribute these to Chinese consumers.

In North America, we invested in our processing facility in Claypool, Indiana, US, adding new packaged glycerin options and initiating investments to expand our product offer with processed lecithin and packaged canola oil.

We also repositioned our *Kowalski* brand as a key partner for food, feed and pet food manufacturers in Brazil, enlarging our client base and delivering improved results year-on-year, invested in our specialty coffee business *Zephyr*, set up a new instant coffee trading unit and formed a joint venture distribution operation with *Kunshan Yiguo* to grow our coffee business in China.

Continuing to work with like-minded regional partners to address new trends and meet evolving needs, we formed a research partnership with Asian partners to develop optimal aquatic feed formulations and signed an agreement with Chinese partners to build a food industrial park in Nansha, Guangzhou, that will encompass feed protein processing, high-tech ecological aquaculture, grains trading, food innovation and plant-based clean energy production.

We also leveraged innovation to drive increased operational efficiency and sustainability, integrating state-of-the-art eco-efficient vessels for the transportation of citrus juices and by-products, and embracing cutting edge technologies for industrial safety and efficiency in China.

Meanwhile, our LDC Innovations corporate venture capital program, launched in 2020, began investing in early stage companies exploring innovations and technologies with the potential to transform food and agricultural production and shape a sustainable future of food.

Sustainable Strides

Although Covid-19 delayed some projects due to safety measures and restrictions, creating fair and sustainable value remains at the heart of our purpose as a company, and we continued work to drive sustainable practices across our supply chains and activities.

Among many key initiatives, LDC became a founding signatory of the Sea Cargo Charter in 2020, a multi-stakeholder initiative to align chartering activities in the pursuit of shipping industry decarbonization. With growing climate challenges making global, industry-wide action increasingly urgent, we believe that collaborative efforts like this one are key to scale up efforts and drive real and sustainable changes.

We also advanced supply chain traceability, particularly for palm in Southeast Asia and soy in Brazil, Argentina and Paraguay, and continued to train and support thousands of farmers around the world in adopting more sustainable agricultural practices.

Foundations for the Future

Our investments and progress in 2020 reinforce LDC's leading position as a key industry participant for the future. If that future is to be safe and sustainable, as LDC's vision intends, it must be built on foundations of financial strength and long-term perspective.

In this sense, the strategic partnership signed in November with ADQ was a crucial step, bringing long-term investors into our shareholder group with a shared vision for the future, reinforcing our investment potential and ultimately accelerating the pursuit of our transformative growth plans.

Looking back on the extremely challenging year that was 2020, I want to thank LDC employees everywhere for their flexibility and resilience in a difficult and uncertain environment - their dedication, commitment and relentless efforts kept our operations running smoothly and reliably, our customers supplied and our performance strong. I would also like to thank our business partners and stakeholders around the world for their continued support and collaboration, as we continue to work with them toward a prosperous and sustainable future for all.

Michael Gelchie
Chief Executive Officer

Financial Statements

Financial Highlights

For the year ended December 31, 2020

Net Sales
US$33.6 billion
US$33.6 billion for the year 2019

Segment Operating Results[1]
US$1,559 million
US$956 million for the year 2019

EBITDA[2] from Continuing Operations
US$1,324 million
US$836 million for the year 2019

Income Before Tax – Continuing Operations
US$620 million
US$295 million for the year 2019

Net Income, Group Share
US$382 million
US$230 million for the year 2019

Return On Equity[3], Group Share
8.0%
4.6% for the year 2019

Adjusted Leverage[4] Ratio
1.8x
3.1x as of December 31, 2019

Liquidity[5] Coverage
1.8x current portion of debt
1.9x as of December 31, 2019

1 Gross margin plus share of profit (loss) in investments in associates and joint ventures.
2 Earnings Before Interests, Taxes and Depreciation & Amortization.

3 Beginning of period equity.
4 Adjusted net debt to last twelve months EBITDA from continuing operations.
5 Cash and cash equivalents, other current financial assets at fair value, readily marketable inventories (RMIs) and undrawn committed bank lines.
6 Volumes shipped to destination.
7 Adjusted net debt to total stockholders' equity and non-controlling interests.
8 Purchase of fixed assets and additional investments, net of cash acquired.

Volumes[6]

up 0.3% year-on-year

Total Assets

US$23.3 billion

US$19.5 billion as of December 31, 2019

Net Debt:

US$7.6 billion

US$6.9 billion as of December 31, 2019

Working Capital Usage

US$7.7 billion

US$6.0 billion as of December 31, 2019

Adjusted Net Gearing[7]

0.48

0.54 as of December 31, 2019

Capital Expenditure[8]

US$306 million

US$413 million for the year 2019

Message From Our CFO

2020 was an intense year for LDC. The Covid-19 pandemic and uncertain crop size prospects disrupted food supply-chains, creating uncertainty in agri-commodities markets, resulting in declining prices for most products in the first semester followed by a strong recovery, particularly close to year-end. LDC leveraged its global and diversified footprint and risk management expertise to keep essential supply chains moving and profitably navigate this uncertain context, while achieving significant milestones for the future of the Group.

Both our segments contributed to improved financial performance compared to 2019, delivering Segment Operating Results of c. US$1.6 billion in 2020 and EBITDA of c. US$1.3 billion, respectively up 63.1% and 58.4% year-on-year.

Most platforms successfully overcame the challenges posed by uncertain market conditions, running our businesses profitably thanks to our presence at both origin and destination, close relationships with customers and efficient risk management.

Our improved operational performance drove an 8.0% return on equity for 2020, despite the adverse P&L impacts of our investment in *Luckin Coffee* shares and the depreciation of Latin American currencies in the tax line of our income statement.

In parallel to improved financial performance, the Group continued to link its financing model with its efforts to embed sustainability across its value chains. In January 2020, we signed a new loan agreement with the *European Bank for Reconstruction and Development* to support sustainable expansion of LDC's activities in Europe, Middle East & Africa.

Access to liquidity also remained a point of focus. The Group's funding needs evolved rapidly to serve business requirements in a fast-moving environment, as reflected in the US$1.7 billion increase in working capital year-on-year, and access to bank lines provided the necessary flexibility to support the business growth.

As part of our continual effort to diversify funding sources, the Group secured its first-ever public investment grade credit rating of BBB- with a positive outlook, assigned by *S&P Global Ratings*, in order to widen its investor base and enhance already strong access to liquidity, particularly on debt capital markets. The Group also doubled the size of its short-term European commercial paper program to €1billion and issued a €600 million five-year bond in November 2020.

Available liquidity remained strong throughout 2020 and stood at US$11.1 billion at the end of the year, resulting in a stable liquidity coverage of 1.8x current portion of debt.

In November 2020, the Louis-Dreyfus Group signed an agreement to sell an indirect 45% equity stake in LDC to ADQ. Upon completion of the transaction, expected mid-2021, a minimum of US$800 million from the proceeds will be used to partially reimburse the shareholder loan granted in 2018 by LDC to its parent company *Louis Dreyfus Company Netherlands Holding B.V.* This will further strengthen our balance sheet and investment potential, supporting the pursuit of LDC's ambitions for the future.

Considering the impact of this expected inflow, our adjusted leverage ratio improved to 1.8x at the end of 2020, compared to 3.1x one year ago.

Our strong operational and financial performance in 2020, our adaptation to tightening liquidity access, and the upcoming completion of the transaction with ADQ, collectively reinforce LDC's balance sheet and position to deliver on its strategy and business plan.

Patrick Treuer
Chief Financial Officer

Management Discussion & Analysis

For the year ended December 31, 2020

Foreword

The following discussion of the Group's operating results and financial position should be read in conjunction with the Group's consolidated financial statements as of, and for the year ended, December 31, 2020, prepared in accordance with *International Financial Reporting Standards* (IFRS).

The results presented include certain financial performance indicators, not defined by IFRS, that are used by LDC's management to assess the Group's financial performance. A definition based on the consolidated financial statements of each of these indicators can be found in the footnotes of the following discussion. Reconciliations of EBITDA and Adjusted net debt with the consolidated financial statements as of, and for the years ended December 31, 2020 and December 31, 2019, are provided as an appendix at the end of the following discussion.

The allocation of the Group's platforms (business lines) remained unchanged between its two segments. The Value Chain Segment includes Grains & Oilseeds and Juice along with Freight and Global Markets, both of which are key facilitators of all Group business lines. The Merchandizing Segment comprises Coffee, Cotton, Rice and Sugar.

Uncertainties induced by the Covid-19 pandemic and trade tensions fueled the return of market volatility. Prices of all the main products merchandized by the Group were under pressure during the first semester of 2020, followed by a surge in prices toward the end of the year, with the notable exception of rice, which saw counter-cyclic trends in 2020. The foreign exchange market was marked by the depreciation of some origination country currencies against the US dollar, particularly the Brazilian Real (29%), Argentine Peso (41%), Russian Ruble (19%) and Ukrainian Hryvnia (19%).

On November 11, 2020, L*ouis Dreyfus Company Holdings B.V.* announced the signature of an agreement to sell an indirect 45% equity stake in *Louis Dreyfus Company B.V.* to ADQ, a large holding company based in Abu Dhabi. According to the Shareholders Agreement signed, a minimum of US$800 million of the proceeds shall be used to partially reimburse the US$1,051 million loan to *Louis Dreyfus Company Netherlands Holding B.V.* (LDCNH) at the transaction closing date, expected mid-2021. Consequently, US$800 million of the loan were reclassified from non-current financial assets to current financial assets in the line "Financial advances to related parties".

Impact of Covid-19

As a leading global merchant and processor of agricultural goods, LDC plays a key role across food and feed value chains, from farmers to end-consumers, ensuring safe, efficient and reliable operations for all participants and stakeholders, including our customers, suppliers and employees. This role was all the more relevant in the context of the Covid-19 pandemic, during which food security and safety proved a key concern for governments worldwide, with a focus on maintaining supply chain continuity.

In 2020, LDC continued to operate almost all of its facilities without significant business disruption attributable to the pandemic, adapting in good time to health and safety requirements imposed by local authorities to protect employees and subcontractors, and combat the spread of Covid-19.

Amid uncertainty over potential global supply chain disruptions and announced export restrictions in some areas, volatility arose in agri-commodities markets, requiring thorough risk management. Demand remained resilient overall for the main products traded by the Group, except cotton and bioenergy, as lockdown measures led to low demand and prices in both the textile industry and energy sector.

Adapting to this unprecedented environment, the Group reinforced its risk management framework with more regular committee and ad hoc meetings to examine and mitigate risks. The Group also actively monitored counterparty risks, particularly those involving businesses disrupted by the pandemic.

Income Statement Analysis

In an unusual and uncertain global trade environment, LDC leveraged its 170 years of expertise and experience, a diversified business portfolio, global presence and network to keep supply chains flowing efficiently, reliably and profitably.

Segment Operating Results amounted to US$1,559 million for the year ended December 31, 2020, up 63.1% year-on-year, and EBITDA from continuing operations reached US$1,324 million, up 58.4% compared to 2019.

Income before tax for the year ended December 31, 2020 increased 110.2% compared to 2019, reaching US$620 million, despite a negative US$(62) million impact linked to our investment in *Luckin Coffee*. Although the depreciation of the Brazilian Real over the period created profitable origination opportunities, it also resulted in an adverse US$(85) million functional currency impact within the income tax line. Accordingly, net income from continuing operations landed at US$383 million, up 68.7% compared to 2019.

Net Sales

For the year ended December 31, 2020, net sales amounted to US$33.6 billion, stable compared to 2019. Volumes shipped by the Group remained stable as well (+0.3%), with different trends among platforms.

- The Value Chain Segment's net sales decreased by 1.0% year-on-year, mainly owing to lower volumes shipped by both Juice and Grains & Oilseeds, the latter due mostly to a scope change following the sale of Canadian elevators in December 2019. After a low-price environment for grains and oilseeds products in the first half of 2020, prices recovered in the second half, ending the year with higher average prices than in 2019.
- The Merchandizing Segment's net sales increased by 1.4% year-on-year, sustained by higher volumes shipped by Coffee and Sugar. Volumes shipped decreased year-on-year for Rice and Cotton, the latter impacted by reduced activity in the garment industry due to Covid-19 consequences. While higher rice prices supported the Platform's sales in US Dollars, other platforms in the Segment suffered from lower average sales' prices in 2020.

Segment Operating Results

Segment Operating Results increased 63.1% to US$1,559 million for the year ended December 31, 2020, up from US$956 million in 2019. LDC leveraged its global footprint and market intelligence to capture profitable origination and sales opportunities and secure purchases, while successfully managing risks and meeting customer demand in a context of global export and import uncertainty induced by the Covid-19 pandemic.

Value Chain

The Value Chain Segment Operating Results increased 76.3%, amounting to US$1,003 million for the year ended December 31, 2020, compared to US$569 million in 2019.

The Grains & Oilseeds Platform delivered consistently stronger performance throughout the year compared to 2019, successfully managing uncertainty and anticipating market trends. Uncertain crop size prospects in South America combined with concerns over potential supply chain disruption fueled market volatility. In the context of a weakening Brazilian Real, the Platform benefited from its local footprint, capturing origination margins thanks to strong farmer selling. Demand for soybean imports to China recovered during the year, in line with hog herd recovery and easing lockdown measures in the country in early 2020. Demand for Brazilian soybeans remained resilient throughout 2020, while demand for US soy recovered in the second half of the year, offering profitable trade opportunities that benefitted asset performance in the country. The profitability of crushing activities in China was driven by higher margins and volumes crushed, thanks to strong demand from local livestock farmers. Crushing activities in other parts of the world also contributed to the Platform's performance, with strong margins in the US, Canada and Brazil. Demand for grains was also sustained by imports in China. The Platform captured origination and sales margins amid fluctuating crop size prospects, as well as global demand and supply uncertainties as Covid-19 spread in the EU and US, and as Russia and Argentina announced constraining export policies at the end of the year. The Group continued to rationalize grain activities, resulting in impairments at some elevators in the US. The performance of energy-related assets was affected by a collapse in global demand and margins but remained resilient thanks to biodiesel activities in the US and Indonesia.

The consequences of the Covid-19 pandemic, and particularly successive lockdowns in Asia, Europe and then Brazil, weighed on the Juice Platform's financial performance. The Platform was compelled to source products at a higher price to meet customer delivery commitments, as a result of delayed vessel deliveries, which also prevented the Platform from maximizing its product mix toward higher margin not-from-concentrate juice. The large crops in 2019 continued to impact prices for a large portion of frozen concentrate orange juice contracts delivered during 2020.

The Freight Platform further improved its already strong performance on all vessel sizes. The team anticipated market impacts of voluntary economic shutdowns by governments in the first half of 2020, and thereafter the recovery of global trade over the second half. In the first months of the year, the Covid-19 pandemic, rains and flooding in Brazil, and tightness in the Atlantic weighed heavily on the Baltic Dry Index. Weakness in the fuel market, arising from oversupply and lack of demand, impacted the overall dry bulk market, which saw one of the worst time charter earnings in many years, leading to competitive period charter rate fixing for the Group. Tensions on rates began to ease for all vessel sizes toward the end of the year, as economic activity started to resurface and Chinese import demand for iron ore and animal feed recovered strongly.

Throughout 2020, the Global Markets Platform consistently provided profitable support to the Group through foreign exchange risk management across all significant currencies in LDC's business, in particular South American and Asian ones. The Platform also profitably helped to manage interest risk, particularly in EMEA and North Latin America.

Merchandizing

Merchandizing Segment Operating Results reached US$556 million for the year ended December 31, 2020, up 43.7% from US$387 million over 2019.

The Cotton Platform improved results despite a particularly difficult market environment, as this industry was the most impacted by the consequences of Covid-19, among those in which LDC operates. In the first half of 2020, as textile plants shut down for months on lockdown decisions across the globe, the entire textile industry faced a sharp decline in demand, weighing on the Platform's financial performance. In the second half, the combination of industry recovery and easing US-China trade tensions created profitable trade opportunities, as demand resumed. The Platform caught up on volumes shipped in the second half of 2020, ending the year close to 2019 levels. Thanks to its global footprint, the Group captured profitable origination opportunities, particularly in India and the US, and the US warehousing business delivered strong margins, benefitting from large inventories for much of the year.

The Coffee Platform consistently improved its financial performance throughout the year ended December 31, 2020, thanks to profitable origination and an increase in volumes executed to customers. Origination margins improved in all the main markets where the Group sources coffee. Supply chain uncertainties in the first half of 2020 and Brazilian Real depreciation resulting in large farmer selling, offered a wider range of arbitrage opportunities, which the Platform profitably captured. In addition, LDC was well positioned to meet increased demand for volumes from the retail channel, as lockdowns shifted consumption habits from "out of home" to "at home".

The Sugar Platform's operating results improved significantly in 2020. The Group's *Imperial Sugar* business made a solid contribution thanks to increased sales driven by higher volumes and prices, the result of better market conditions in the US for the sugarcane refining industry. This improved business performance was achieved in spite of partial impairment of *Imperial Sugar* fixed assets, classified as held for sale as of December 31, 2020. The Platform also leveraged its customer-centric approach to deliver a large increase in volumes shipped, thanks to further market penetration in the Middle East and Asia, expansion to new destinations, mainly in Africa, and increased origination volumes in Brazil.

In 2020, the Rice Platform delivered strong operating results, despite lower volumes shipped to destination, and expanded market share in East Africa and Asia. Its alliance with Chinese rice suppliers to meet demand from African markets, combined with Vietnamese positions taken prior to the pandemic, supported a strong performance during the year. In a challenging trading environment marked by logistics constraints due to Covid-19, LDC successfully captured opportunities while ensuring continued supply to customers.

Net Finance Costs

Net finance costs[9] amounted to US$(233) million for the year ended December 31, 2020 compared to US$(259) million in 2019. This decrease was mainly the result of cost-efficient long-term debt raised in the second half of 2019, a drop in the London Inter-bank Offered Rate (LIBOR) over 2020 and a positive foreign exchange impact on lease liabilities denominated in Brazilian Reais.

These impacts were partially offset by the combined effect of higher average short-term debt usage in line with the increase in working capital, particularly in the second half of the year, and a "Covid-19 premium" applied by banks. The pandemic led to global pressure on the banking sector following drawdowns on corporate revolvers, and decreased creditworthiness of some Asian commodity players. Consequently, credit spreads widened globally which, in the case of LDC, were more than offset by the LIBOR decrease.

Gain (Loss) on Investments and Sale of Fixed Assets

During the year ended December 31, 2020, the US$(65) million loss derived mainly from the Group's investment in *Luckin Coffee*. In the first weeks of the year, the Group sold part of its participation for US$37 million, resulting in a US$(3) million loss. LDC booked an additional US$(59) million fair value loss on the remaining shares, reflecting the decrease in *Luckin Coffee's* share price between December 31, 2019 and December 31, 2020. *Luckin Coffee* is now delisted from Nasdaq and valued in the Over-The-Counter market. Since LDC's US$50 million initial investment, profit on *Luckin Coffee* shares amounted to US$4 million as of December 31, 2020.

Income Before Tax - Continuing Operations

For the year ended December 31, 2020, income before tax from continuing operations increased 110.2% year-on-year to US$620 million, compared to US$295 million the year before.

Taxes

Taxes amounted to US$(237) million for the year ended December 31, 2020, resulting in a 38.2% effective tax rate. The US$169 million increase in taxes compared to 2019 is attributable to higher income before tax, a US$(85) million functional currency impact, mainly attributable to the depreciation of the Brazilian Real in 2020 and to impairment of deferred tax assets on net operating losses in Brazil.

Net Income, Group Share

Net income, Group Share, settled at US$382 million for the year ended December 31, 2020, up 66.1% from US$230 million in 2019.

9 Interest income, Interest expense and Other financial income and expense.

Balance Sheet Analysis

Non-Current Assets

As of December 31, 2020, non-current assets amounted to US$4,985 million, down 19.0% from US$6,155 million as of December 31, 2019:

- Fixed assets landed at US$3,777 million, compared to US$4,065 million as of December 31, 2019. This US$288 million decrease is the consequence of the reclassification of fixed assets related to the Imperial Sugar transaction as held for sale, as well as higher depreciation and impairment than capital expenditure in the year.
- Investments in associates and joint ventures decreased to US$216 million, compared to US$227 million as of December 31, 2019.
- Non-current financial assets decreased from US$1,317 million as of December 31, 2019 to US$554 million as of December 31, 2020, since the loan granted by LDC to LDCNH was partially reclassified as current for US$800 million.
- Deferred income tax assets fell from US$232 million as of December 31, 2019 to US$184 million as of December 31, 2020.
- Other non-current assets amounted to US$254 million, down from US$314 million on December 31, 2019.

Capital Expenditure and Divestments

Maintaining its highly selective investment policy, LDC invested US$306 million during the year ended December 31, 2020, supporting its strategic ambitions while securing solid cash flows. The Group invested at a slower pace than usual, due to lockdowns in the first half of the year and near-term uncertainty caused by the Covid-19 pandemic. As the majority of capital expenditure remains discretionary as per the Group's investment policy, LDC is in a sound position to adapt to and capture emerging opportunities as they arise.

Through its venture capital program, LDC Innovations, the Group made a fifth investment on October 29, 2020, participating in the capital increase of *Benson Hill* to support the company's expansion on a global scale. LDC also contributed US$4 million (representing a 17% stake) to the creation of *Covantis S.A.*, a technology company focused on digitizing international trade.

The Group continued to invest in planned and custom maintenance and enhancements, to ensure the continued operational performance and safety of its assets. LDC also moved forward with strategic long-term projects for the expansion of its logistics network, as well as with IT systems and process improvements, in particular the roll-out of its new global back-office enterprise resource planning (ERP) system, and the deployment of an upgraded version of its existing front-office system, common to Grains & Oilseeds, Sugar and Rice.

Value Chain

The Value Chain Segment invested US$266 million over the year ended December 31, 2020, mostly to expand processing and logistic capacity.

The Grains & Oilseeds Platform invested to finalize capacity expansion works at its crushing plant in Claypool, Indiana, US, building new soybean storage sheds and installing additional truck unloading zones. The Platform also invested in the maintenance of its industrial assets, mainly in Argentina and Canada. The Group made a fifth planned capital injection into our joint venture, *Terminal Exportador de Santos S.A.*, to operate a solid bulk port terminal at the port of Santos in Brazil. The joint venture started in 2015, with the first four planned capital injections made in 2016, 2017, 2018 and 2019. LDC will continue to operate the berth until 2041, with the option to extend operations for up to 25 additional years.

The Juice Platform invested in the installation of tanks on the two vessels of its new eco-efficient fleet, decreasing fuel consumption and shipping emissions, while increasing transportation capacity to support growth in the production and sale of not-from-concentrate juices. The Platform also invested in regular industrial asset maintenance, mainly in Brazil.

Merchandizing

The Merchandizing Segment invested US$40 million over the year, in the expansion of rice and coffee warehousing assets, improvements to its green coffee mill in Villanueva, Honduras and maintenance of industrial assets, mainly for its *Imperial Sugar* business in the US.

Working Capital Usage

Working capital usage increased from US$6.0 billion as of December 31, 2019 to US$7.7 billion as of December 31, 2020. Both business segments contributed to this increase, attributable to higher prices at the end of 2020 compared to 2019 for all the main products traded by LDC, except rice and Arabica coffee.

- Grains & Oilseeds set the overall trend in the Value Chain Segment, while other platforms' working capital needs remained stable. Increased prices between December 31, 2019 and December 31, 2020, particularly for soy products, drove higher inventories value and higher margin deposits on future contracts entered into by the Group in order to hedge inventories value.
- Merchandizing Segment working capital needs also increased compared to 2019 year-end levels, due to mixed impacts. Higher working capital usage in Cotton was driven by higher market prices, ending 2020 with higher margin deposits and inventory value compared to the end of 2019, while volumes of inventories held remained stable. The Coffee Platform's increase in inventory volumes was partially compensated by lower prices. The Rice Platform's working capital needs decreased thanks to faster inventory rotation and collection of trade receivables in 2020.

Due to their highly liquid nature, certain agricultural inventories are treated as Readily Marketable Inventories (RMIs), which are readily convertible into cash due to widely available markets and international pricing mechanisms. LDC considers that trading inventories with a liquidity horizon of less than three months qualify as RMIs if they can be sold without discount. As of December 31, 2020, RMIs represented 86.0% of the Group's inventories, above the 83.5% mark at the end December 2019. This ratio increase is mainly induced by the reclassification of Imperial Sugar non-trading inventories as held for sale as of December 31, 2020.

Financing

LDC's funding model is designed to support its long-term strategy. To preserve a balanced capital structure and match financial resources with funding requirements, the Group's key guidelines are that long-term debt is primarily used to support long-term investments, while short-term debt is used to support ongoing business in financing its main working capital needs.

LDC's operations to originate, store, transform and deliver agricultural commodities throughout the world require sizeable amounts of capital.

LDC's funding model is flexible enough to allow the Group to adapt its funding to volatile market conditions. To guarantee continued access to capital, LDC implemented a funding strategy based on the following pillars:

- Diversified sources of funds: 42.3% of long-term financing came from debt capital markets as of December 31, 2020.
- Staggered debt maturity profile: average maturity of long-term financing was 4.1 years as of December 31, 2020, stable versus December 31, 2019.
- Sizeable amount of committed facilities: 41.5% of total Group facilities were committed, of which US$2.5 billion with maturities beyond one year remained undrawn, as of December 31, 2020.

The Group took a further step to reinforce the flexibility and diversification of its financing model, securing its first public investment grade rating (BBB- with a positive outlook) by *S&P Global Ratings* to widen its investor base and further enhance its access to liquidity, on both short-term European commercial paper and the long-term Eurobond markets.

Accordingly, the Group successfully issued a €600 million 5-year bond and increased the size of its Commercial Paper program from €500 million to €1 billion. The latter adds further access to short-term liquidity to fund business needs, particularly in the context of fast-moving commodity markets and induced margin call fluctuations.

This highlights the Group's willingness to further diversify sources of funding, balanced more toward debt capital markets, including European Commercial Paper, and a longer-term maturity profile.

Debt and Leverage

As of December 31, 2020, long-term debt[10] stood at US$3.9 billion, stable compared to December 31, 2019, including US$0.3 billion of lease liabilities at both closing dates. Lower drawing of Revolving Credit Facilities (RCFs) was compensated by the issuance in November 2020 of a €600 million 5-year bond, replacing the €500 million bond that matured in December 2020.

The issuance of a new Eurobond in 2020 reflects the Group's willingness to maintain ample access to liquidity in challenging market conditions. As a result, the Group ended the year with significant long-term debt versus non-current assets, as of December 31, 2020.

Short-term debt[11] increased from US$4.0 billion on December 31, 2019 to US$5.9 billion as of December 31, 2020, consistent with the increase in working capital, cash and cash equivalents. The latter corresponds to the Group's strategy to facilitate rapid deployment of working capital when inventory carry opportunities arise. Cash and cash equivalents stood at US$1.3 billion at the end of 2020, compared to US$0.8 billion as of December 31, 2019.

As is common practice in the agribusiness sector, short-term debt should be netted against RMIs, as those inventories can be considered as quasi-cash due to their highly liquid nature. Adjusted net debt reached US$2.4 billion as of December 31, 2020, with an adjusted leverage ratio of 1.8x and adjusted net gearing of 0.48. Excluding the US$800 million partial reclassification as current of the loan granted by LDC to LDCNH, adjusted net debt would have amounted to US$3.2 billion as of December 31, 2020, up US$0.6 billion compared to December 31, 2019. The adjusted leverage ratio would have reached 2.4x excluding this reclassification, 0.7x lower compared to December 31, 2019, thanks to improved operational performance and despite the increase in working capital in a context of rising prices.

Liquidity

The Group prudently manages financial risks, ensuring sustained access to liquidity. As of December 31, 2020, the Group had US$3.5 billion of undrawn committed bank lines, of which US$2.5 billion with maturities beyond one year. Available liquidity, which comprises current financial assets, RMIs and undrawn committed bank lines, remained very strong throughout the period and stood at US$11.1 billion as of December 31, 2020 (US$10.3 billion, not considering the current portion of the loan granted by LDC to LDCNH), enabling the Group to cover 1.8x its short-term debt (1.7x excluding the current portion of the loan).

In response to potential changes in working capital needs induced by Covid-19, the Group maintained its prudent approach to preserving available committed liquidity. Accordingly, the Group kept its six regional RCFs fully undrawn since early April 2020 and financed its activity through outstanding term loans, uncommitted bank lines and commercial paper. In addition, LDC kept a cash buffer throughout most of 2020.

10 Current and non-current portion of the long-term debt.
11 Short-term debt plus financial advances from related parties, net of repurchase agreements.

Balance Sheet Analysis

Financing Arrangements

Long-Term Financing

Despite a challenging environment as a result of Covid-19, in March 2020 *Louis Dreyfus Company B.V.* closed a US$50 million bilateral loan with an international bank, maturing in March 2023 with a two-year extension option.

In November 2020, *Louis Dreyfus Company B.V.* issued a €600 million rated senior unsecured bond with a five-year tenor and a coupon of 2.375%. The offer met with strong demand from more than 250 investors placing orders totaling over €3.3 billion. The bond is listed on the *Luxembourg Stock Exchange* regulated market.

Revolving Credit Facilities (RCFs)

The Group has six syndicated RCFs in three of its regional hubs (Singapore, Switzerland and US), as well as one with the *European Bank for Reconstruction and Development (EBRD)*, for a total amount of US$3.5 billion as of December 31, 2020. The Group mitigates the risk of refinancing by maintaining both geographical diversification and staggered maturity dates. To that end, each of its three regional hubs usually refinances one of its RCFs each year, one year ahead of maturity.

LDC's diversified funding approach proved resilient in the context of Covid-19 challenges. The Group decided to await more stable market conditions for the refinancing of its US$600 million RCF in the US, maturing in May 2021, and to extend one of its Asian and European RCFs one year ahead of their respective maturities. Consequently, as at December 31, 2020, out of US$3.5 billion of committed RCFs, US$2.5 billion were maturing above one year.

In January 2020, *Louis Dreyfus Company Suisse S.A.* signed a US$100 million 3-year RCF with EBRD to refinance a US$75 million facility that matured in 2019. This partnership connects many regional small and medium-sized grain farmers, and cotton ginners and farmers, with LDC's value chains. As part of their cooperation with LDC, smallholder farmers will also receive training on modern agronomy practices to improve the quality of their produce and, in particular, to achieve EU sustainability classification for grain in Ukraine, and *Better Cotton Initiative* certification in Turkey and Kazakhstan. The facility is committed and guaranteed by *Louis Dreyfus Company B.V.*

In November 2020, *Louis Dreyfus Company Suisse S.A.*, extended by one year both tranches of its syndicated RCF for US$349 million each, now maturing in December 2022 and December 2023 respectively. The facilities are guaranteed by *Louis Dreyfus Company B.V.*

In December 2020, *Louis Dreyfus Company Asia Pte. Ltd.* signed the extension of one of its RCFs for US$269 million by two years, from August 2021 to August 2023. The initial amount of the RCF remains committed until the initial maturity date of the facility. The loan is guaranteed by *Louis Dreyfus Company B.V.*

EU Commercial Paper program

Louis Dreyfus Company B.V.'s unrated EU Commercial Paper Program allows the Group to benefit from diversified access to short-term financing across maturities ranging up to 12 months. Following the publication of the rating, the Group increased the size of its Commercial Paper program from €500 million to €1 billion, which translated into an increase in the outstanding amount of US$536 million as of December 31, 2020, versus US$63 million as of December 31, 2019.

Equity

Equity attributable to owners of the company increased to US$4,858 million as of December 31, 2020 (compared to US$4,786 million as of December 31, 2019), with total equity of US$4,870 million at the same date (versus US$4,798 million as of December 31, 2019).

The US$72 million increase in equity attributable to owners of the company over the year ended December 31, 2020, mainly resulted from the US$382 million of net income, Group share, and the payment of a US$302 million dividend.

Risk

Identifying and quantifying risks is central to LDC's business model, and the Group has long been committed to developing appropriate organizational structures to mitigate and manage these risks.

As usual, the Group closely monitored its daily value-at-risk (VaR) and kept it significantly below 1% of its equity, with an average VaR usage of 0.26% during the year ended December 31, 2020, compared to 0.23% over the year ended December 31, 2019.

VaR is only one of the risk metrics within LDC's wider risk management system.

Subsequent Events

In February 2021, the Group raised an additional €50 million on the back of a reverse inquiry following its existing €600 million 2.375% bond, issued in November 2020 and due in November 2025.

On March 5, 2021, a second amendment to the Term Loan Agreement was executed with the Farm Credit System in the US, adding a new US$200 million tranche with a maturity date in March 2022."

Reconciliations with the Consolidated Financial Statements

Otherwise stated in the 'Notes' column of the following tables, all figures can be found either in the 'Consolidated Income Statement', the 'Consolidated Balance Sheet' or the 'Consolidated Statement of Cash Flows'.

EBITDA

In US$m	Notes	FY–20	FY–19
Income before tax - continuing operations		**620**	**295**
(-) Interest income		(78)	(82)
(-) Interest expense		299	358
(-) Other financial income and expense		12	(17)
(+) Other (financial income related to commercial transactions)	2.3	20	43
(-) Depreciation and amortization		447	395
(-) Gain (loss) on sale of consolidated consolidated companies	2.4	1	–
(-) Gain (loss) on sale of investments in associates and joint ventures	2.4	2	–
(-) Gain (loss) on sale of fixed assets	2.4	1	(156)
= EBITDA - continuing operations		**1,324**	**836**

Adjusted Net Debt

In US$m	Notes	FY–20	FY–19
(+) Long-term debt		3,690	3,269
(+) Current portion of long-term debt		198	637
(+) Short-term debt		5,765	3,889
(-) Repurchase agreements	5.3	(6)	(38)
(+) Financial advances from related parties		154	184
(-) Financial advances from related parties - current portion		(804)	(5)
(-) Other financial assets at fair value through P&L		(223)	(414)
(+) Marketable securities held for trading	5.5	122	89
(-) Cash and cash equivalents		(1,296)	(750)
= Net debt		**7,600**	**6,861**
(-) Readily Marketable Inventories (RMI)	4.5	(5,246)	(4,293)
= Adjusted Net Debt		**2,354**	**2,568**

Independent Auditor's Report

For the year ended December 31, 2020

To the Managing Directors of Louis Dreyfus Company B.V.,

Opinion

We have audited the consolidated financial statements of *Louis Dreyfus Company B.V.* and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including the significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of December 31, 2020, and of its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with *International Financial Reporting Standards* (IFRS) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency in many countries have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have communicated the key audit matters to the management board and those charged with governance. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Fair value measurements of trading inventories and financial assets and liabilities</u>

Description

Refer to Note 4.7 under the heading Categories of financial assets and liabilities and note 3.7 under the heading Inventories.

The Group holds significant positions in inventories and derivatives for trading purposes. The Group accounts for these activities using the mark-to-market method. This method can require the use of complex valuation methods and significant estimates from management. These estimates are based on key assumptions such as closing exchange and over-the-counter quotations, parity differences, time value, price volatility and counterparty performance and credit risks.

As the Group's inventories and derivatives are measured at fair value at each reporting date, these fair value measurements significantly impact the Group's result and therefore due to the significance of trading inventories and derivatives and the related estimation uncertainty, there is a risk that the related inventories, financial assets and liabilities are misstated.

How the key audit matter was addressed in the audit

Our audit procedures included, amongst others, evaluating management's controls in valuing trading inventories and derivatives. In addition, we have performed substantive procedures on a sample basis of the related valuations. These procedures included challenging (i) the models used and (ii) the appropriateness of management's assumptions used in developing estimates, as well as agreeing market prices to exchange-quoted prices, broker quotes supported by trades executed close to period-end and to other, directly or indirectly observable inputs. Where necessary we have used the assistance of Deloitte Financial instruments and valuations specialists with industry experience, in particular for evaluating the adequacy of the most complex valuation models. The related disclosures have also been evaluated for adequacy.

<u>Revenue Recognition and trade capturing</u>

Description

Refer to Note 2.2 under the heading Net sales.

Revenue recognition has been identified as a risk primarily relating to the timely and accurate capture of trades within the trade books and the timing of revenue recognition for commodity sales with deliveries occurring on or around year-end.

How the key audit matter was addressed in the audit

We evaluated management's controls over revenue recognition and trade capturing. We also performed substantive testing for transactions occurring on or around year-end and agreed deliveries to supporting documentation, we also obtained third party confirmation where relevant to check completeness and accuracy of trade books. The related disclosures have also been evaluated for adequacy.

<u>*Infracis Group Limited* loan and equity Investment</u>

Description

Refer to Note 5.4 under the heading Non-current financial assets.

The non-current financial assets at fair value through profit and loss balance includes a US$188 million loan, including capitalized interests, granted to the joint venture partner *Infracis Group Limited* for the development of a grain terminal in the Taman peninsula in Krasnodar, Russia. This project represents a total exposure of US$204 million for the Group as of December 31, 2020 considering the related associated equity investment.

Due to specific circumstances described in the note 5.4 to the financial statements, the project is delayed, resulting in uncertainties around its completion. Additionally, the partners have brought claims against each other. All combined, the current situation cast doubt as to whether this loan will be repaid or converted into equity. There is consequently a risk that the loan and the equity investment might be impaired if the construction of the deep sea terminal is not achieved or if the outcome of the arbitration is unfavorable.

How the key audit matter was addressed in the audit

Our auditing procedures included, amongst others, obtaining an update of the project status and changes compared to previous periods and analyzing underlying documentation substantiating the Group's assessment of the situation. The related disclosures provided in Note 5.4 to the financial statements have also been evaluated for adequacy.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

The engagement partner on the audit resulting in this independent auditor's report is François Buzy.

Paris-La Défense, France, March 24, 2021

Deloitte & Associés

François BUZY

Consolidated Income Statement

Year ended December 31

(in millions of US$)	Notes	2020	2019
Net sales	2.2	33,564	33,643
Cost of sales		(32,012)	(32,688)
Gross margin		1,552	955
Commercial and administrative expenses		(638)	(621)
Interest income	2.3	78	82
Interest expense	2.3	(299)	(358)
Other financial income and expense	2.3	(12)	17
Share of profit (loss) in investments in associates and joint ventures	3.3	7	1
Gain (loss) on investments and sale of fixed assets	2.4	(65)	218
Other gains and losses		(3)	1
Income before tax - continuing operations		620	295
Income taxes	2.5	(237)	(68)
Net income - continuing operations		**383**	**227**
Attributable to:			
Owners of the company		382	229
Non-controlling interests		1	(2)
Net income - discontinued operations	1.4	**–**	**1**
Attributable to:			
Owners of the company		–	1
Non-controlling interests		–	–
Net income		**383**	**228**
Attributable to:			
Owners of the company		**382**	**230**
Non-controlling interests		1	(2)

Consolidated Statement of Comprehensive Income

Year ended December 31

(in millions of US$)	2020	2019
Net income	**383**	**228**
Items reclassified from equity to net income during the year		
Cash flow and net investment hedges - change in fair value, gross	115	53
Related tax impact	(35)	(12)
Exchange differences recycled upon sale/liquidation of investments	3	2
Total	**83**	**43**
Items that may be reclassified subsequently from equity to net income		
Cash flow and net investment hedges - change in fair value, gross	(183)	(43)
Related tax impact	55	3
Exchange differences arising on translation of foreign operations	40	(2)
Investments in associates and joint ventures - share of other comprehensive income	(5)	–
Total	**(93)**	**(42)**
Items that will not be reclassified subsequently from equity to net income		
Pensions, gross	(6)	(1)
Related tax impact	3	(1)
Total	**(3)**	**(2)**
Changes in other comprehensive income (OCI)	**(13)**	**(1)**
Total comprehensive income	**370**	**227**
Attributable to:		
Owners of the company	**369**	**228**
Non-controlling interests	1	(1)

Consolidated Balance Sheet

As of December 31

(in millions of US$)	Notes	2020	2019
Non-current assets			
Intangible assets	3.1	309	303
Property, plant and equipment	3.2	3,468	3,762
Investments in associates and joint ventures	3.3	216	227
Non-current financial assets	5.4	554	1,317
Deferred income tax assets	2.5	184	232
Other non-current assets	3.4	254	314
Total non-current assets		4,985	6,155
Current assets			
Inventories	3.7	6,101	5,143
Biological assets	3.8	43	54
Trade and other receivables	3.9	4,256	4,736
Derivative assets	4.8	3,023	1,235
Margin deposits	4	2,117	885
Current tax assets		52	62
Financial advances to related parties	7.3	804	5
Other financial assets at fair value through profit and loss	5.5	223	414
Cash and cash equivalents	5.6	1,296	750
Total current assets		17,915	13,284
Assets classified as held for sale	1.4	353	99
Total assets		**23,253**	**19,538**

Consolidated Balance Sheet Continued

As of December 31

(in millions of US$)	Notes	2020	2019
Equity			
Issued capital and share premium		1,587	1,587
Retained earnings		3,409	3,318
Other reserves		(138)	(119)
Equity attributable to owners of the company		***4,858***	***4,786***
Equity attributable to non-controlling interests		*12*	*12*
Total stockholders' equity and non-controlling interests	5.1	4,870	4,798
Non-current liabilities			
Long-term debt	5.2	3,690	3,269
Retirement benefit obligations	6.1	99	147
Provisions	3.6	69	60
Deferred income tax liabilities	2.5	170	170
Other non-current liabilities	3.5	95	93
Total non-current liabilities		4,123	3,739
Current liabilities			
Short-term debt	5.3	5,765	3,889
Current portion of long-term debt	5.2	198	637
Financial advances from related parties	7.3	154	184
Trade and other payables	3.10	4,764	4,841
Derivative liabilities	4.8	3,198	1,308
Provisions	3.6	9	8
Current tax liabilities		75	55
Total current liabilities		14,163	10,922
Liabilities associated with assets classified as held for sale	1.4	97	79
Total liabilities		18,383	14,740
Total equity and liabilities		**23,253**	**19,538**

Consolidated Statement of Cash Flows

Year ended December 31

(in millions of US$)	Notes	2020	2019
Net income		383	228
Adjustments for items not affecting cash			
Depreciation and amortization		447	395
Biological assets' change in fair value	3.8	1	9
Income taxes	2.5	237	68
Net finance costs		242	249
Other provisions, net		22	18
Share of (profit) loss in investments in associates and joint ventures, net of dividends	3.3	8	4
(Gain) loss on investments and sale of fixed assets	2.4	65	(218)
Net expense arising from share-based payments	6.2	32	39
		1,437	792
Changes in operating assets and liabilities			
Inventories and biological assets		(952)	(350)
Derivatives		127	425
Margin deposits net of margin deposit liabilities		(1,072)	(470)
Trade and other receivables		460	(344)
Trade and other payables		(208)	1,000
Interests paid		(334)	(380)
Interests received		99	127
Income tax received (paid)		(111)	58
Net cash from (used in) operating activities, discontinued operations		–	88
Net cash from (used in) operating activities		(554)	946
Investing activities			
Purchase of fixed assets		(270)	(306)
Additional investments, net of cash acquired		(36)	(107)
Change in short-term securities		115	(121)
Proceeds from sale of fixed assets		3	255
Proceeds from sale of investments, net		48	3
Change in loans and advances made		(1)	(16)
Net cash from (used in) investing activities		(141)	(292)
Financing activities			
Net proceeds from (repayment of) short-term debt and related parties' loans and advances	5.3	1,776	(770)
Proceeds from long-term financing	5.2	856	1,175
Repayment of long-term financing	5.2	(1,048)	(562)
Repayment of lease liabilities	7.1	(70)	(76)
Dividends paid to equity owners of the company	5.1	(302)	(428)
Net cash from (used in) financing activities, discontinued operations		–	(24)
Net cash from (used in) financing activities		1,212	(685)
Exchange difference on cash		23	(2)
Net increase (decrease) in cash and cash equivalents		540	(33)
Cash and cash equivalents, at beginning of the year	5.6	750	790
Change in cash and cash equivalents reclassified to held for sale assets	1.4	6	(7)
Cash and cash equivalents, at year-end	5.6	**1,296**	**750**

Consolidated Statement of Changes in Equity

Year ended December 31

(in millions of US$)	Notes	Issued capital and share premium	Retained earnings	Other reserves	Equity attributable to owners of the company	Equity attributable to non-controlling interests	Total equity
Balance as of December 31, 2018		**1,587**	**3,512**	**(125)**	**4,974**	**8**	**4,982**
Net income			230		**230**	(2)	**228**
Other comprehensive income, net of tax				(2)	**(2)**	1	**(1)**
Others			(3)	3	**–**	–	**–**
Total comprehensive income	5.1		227	1	**228**	(1)	**227**
Dividends	5.1		(428)		**(428)**	–	**(428)**
Deferred compensation plan, net of tax	5.1		6	5	**11**		**11**
Change in the list of consolidated companies			–		**–**	7	**7**
Transactions with non-controlling interests			1	–	**1**	(2)	**(1)**
Balance as of December 31, 2019		**1,587**	**3,318**	**(119)**	**4,786**	**12**	**4,798**
Net income			382		**382**	1	**383**
Other comprehensive income, net of tax				(13)	**(13)**	–	**(13)**
Total comprehensive income	5.1		382	(13)	**369**	1	**370**
Dividends	5.1		(302)		**(302)**	–	**(302)**
Deferred compensation plan, net of tax	5.1		11	(6)	**5**		**5**
Change in the list of consolidated companies			–		**–**	(1)	**(1)**
Balance as of December 31, 2020		**1,587**	**3,409**	**(138)**	**4,858**	**12**	**4,870**

Notes to Consolidated Financial Statements

Louis Dreyfus Company B.V. ("LDC" or the "company") is a privately owned company incorporated in the Netherlands on December 28, 2004, registered at the *Chamber of Commerce* under registration number 24371219. The address of its registered office is Westblaak 92, 3012 KM Rotterdam, Netherlands. It is an indirect subsidiary of *Louis Dreyfus Holding B.V.* (LDH), a privately owned Dutch company controlled by the family foundation established by Robert Louis-Dreyfus.

As of December 31, 2011, LDC was a direct subsidiary of *Louis Dreyfus Company Holdings B.V.* (LDCH), a company incorporated in the Netherlands. Effective December 4, 2012, LDCH contributed all its shares and voting rights in LDC to the newly formed intermediate holding company *Louis Dreyfus Company Netherlands Holding B.V.* (LDCNH).

Since December 2007, a non-controlling share of LDCH is held by employees in the execution of the equity participation plan described in Note 6.2.

LDC and its subsidiaries (the "Group") is a global merchant and processor of agricultural goods, operating a significant network of assets around the world. The Group's activities span the entire value chain from farm to fork, across a broad range of business lines (platforms). Since 1851, the Group's portfolio has grown to include Grains & Oilseeds, Coffee, Cotton, Juice, Rice, Sugar, Freight and Global Markets.

In June 2019, the Group completed the exit of its Dairy business (refer to Note 1.4).

In December 2013, LDC completed the issuance of an unrated senior bond for €500 million (7-year, 4% coupon) which was reimbursed in December 2020. In 2017, LDC completed the issuance of two unrated senior bonds: one in February for €400 million (5-year, 4% coupon) and one in June for US$300 million (6-year, 5.25% coupon). In November 2020, LDC completed the issuance of a BB+ rated senior bond for €600 million (5-year, 2.375% coupon). These bonds are listed on the *Luxembourg Stock Exchange* (refer to Note 5.2).

Covid-19

On March 11, 2020, the *World Health Organization* declared Covid-19 a pandemic. Several measures were implemented by numerous countries around the globe in order to slow the spread of the virus. As a leading global merchant and processor of agricultural goods, the Group plays a key role across food and feed value chains, from farmers to end-consumers, ensuring safe, efficient and reliable operations for all participants and stakeholders, including its customers, suppliers and employees. This role was all the more relevant in the context of the Covid-19 pandemic, during which food security and safety proved a key concern for governments worldwide, with a focus on maintaining supply chain continuity.

In 2020, the Group continued to operate almost all its facilities without significant business disruption attributable to the pandemic, adapting in good time to health and safety requirements imposed by local authorities to protect employees and subcontractors, and combat the spread of Covid-19. Demand remained resilient overall for the main products traded by the Group, except cotton and bioenergy, as lockdown measures led to low demand and prices in both the textile industry and energy sector.

Market Risk:

Amid uncertainty over potential global supply chain disruptions and announced export restrictions in some areas, volatility arose in agri-commodities markets, requiring thorough risk management. Despite this context, the Group's risk deployment did not significantly increase, with an average Value at Risk (VaR) that remained around 0.26% of the stockholders' equity in 2020, compared to 0.23% in 2019 (refer to Note 4.1).

Impairment of Goodwill, Intangible Assets and Property, Plant and Equipment:

As mentioned above, no significant disruptions to operations were identified and largely all the Group's facilities around the world continued to operate at normal or close to normal levels. Both segments described in Note 2.1 reported improved positive income before tax and no indication that an individual asset may be impaired was observed. Accordingly, the Group performed the mandatory annual impairment test during the year ended December 31, 2020 and did not recognize any impairment (refer to Note 3.1).

Counterparty Risk:

The Covid-19 pandemic weakens the financial position of certain customers, creating an increased counterparty risk. The Group is closely monitoring this risk and, in the large majority of cases, deliveries and payments have continued as per the normal course of business. Nevertheless, while performing an in-depth analysis of its trade receivables and derivative assets' exposures to credit risk, management decided to book additional provisions on trade receivables, particularly linked to the Cotton Platform (refer to Note 3.9).

Liquidity Risk and Going Concern:

As of December 31, 2020, the Group strengthened its liquidity position with US$1,296 million of cash and cash equivalents recorded in the consolidated balance sheet, in addition to US$3.5 billion of undrawn committed bank lines available (out of which US$2.5 billion with maturities beyond one year). The Group expects to meet all its financial obligations and, therefore, continues to adopt a going concern assumption as the basis for the preparation of the Financial Statements.

1. Accounting Policies and Consolidation Scope

1.1 Accounting Policies

The consolidated financial statements of LDC are prepared in US Dollars, which is the functional currency of the main subsidiaries of the Group.

The December 2020 consolidated financial statements of LDC (the "Financial Statements") were approved by the Board of Directors of LDC on March 23, 2021.

The Financial Statements were prepared in accordance with *International Financial Reporting Standards* (IFRS) adopted by the European Union as of December 31, 2020. The Group has not adopted IAS 33 "Earnings per Share" since this standard is not mandatory for companies whose ordinary shares are not publicly traded.

The accounting policies used to prepare these Financial Statements are the same as those used to prepare the consolidated financial statements as of and for the year ended December 31, 2019, except for the adoption of new amendments, standards and interpretations as of January 1, 2020 as detailed hereafter.

New and Amended Accounting Standards and Interpretations Effective in 2020

- Amendments to IFRS 3 "Definition of a Business", which aimed to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. They mainly clarify that, to be considered as 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.
- Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform", addressing issues affecting financial reporting in the period before the replacement of existing interest rate benchmark by alternative interest rate (Phase 1). The objective of the amendments is to provide temporary exceptions from applying specific hedge accounting requirements during the period of uncertainty arising from the reform and require additional disclosures for the hedging relationships affected by the amendments. Refer to note 4.8 for disclosure on affected hedging relationships.
- Amendments to IAS 1 and IAS 8 "Definition of Material".
- Amendments to Reference to the Conceptual Framework.
- Amendment to IFRS 16 "Leases: Covid-19-related Rent Concessions". The amendment provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification. The Group did not apply this exemption, as no significant rent concession related to Covid-19 was granted during the period.

The above-mentioned amendments have had no effect on the balance sheet or performance of the Group.

- *International Financial Reporting Interpretations Committee* (IFRIC) agenda decision on the Physical Settlement of Contracts to Buy or Sell a Non-Financial Item. The IFRIC concluded that upon the physical settlement of contracts to buy or sell commodities that do not meet the own use exemption and are recognized as derivatives under IFRS 9, the accumulated fair value shall be recognized on the same line of the income statement as the revenue or cost of goods sold. The Group previously recognized mark-to-market on physical forward sales contracts within "Cost of sales", along with the mark-to-market of physical forward purchases contracts. Following the agenda decision, the Group recognizes the mark-to-market on physical forward sales contracts that do not meet the own use exemption within "Net sales", with a US$(924) million impact in 2020.

The Group did not adopt any standard, interpretation or amendment that was issued but is not yet effective.

New and Amended Accounting Standards and Interpretations Approved by the European Union Effective in Future Periods

- Amendments to IFRS 4 "Insurance contracts – deferral of IFRS 9". The amendments will come into effect as of January 1, 2021 and are not expected to have any impact on the Group's financial statements.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2", addressing the financial reporting implications following the replacement of an interest rate benchmark by an alternative benchmark rate, including the effect of changes to contractual cash flows or hedging relationships, along with the necessary disclosure requirements. The amendments will come into effect as of January 1, 2021. A project is in progress within the Group to manage the transition to alternative benchmark rates.

Accounting Standards and Interpretations Issued by the *International Accounting Standards Board* (IASB) but not yet Approved by the European Union

The following standards and interpretations issued by the IASB are not yet approved by the European Union. Their potential impact is currently under review by the Group.

- IFRS 17 "Insurance Contracts" and related amendments. The standard and amendments will come into effect as of January 1, 2023 with early application permitted.
- Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The amendments will come into effect as of January 1, 2023 with early application permitted.

- Annual improvements to IFRSs 2018-2020 that will come into effect as of January 1, 2022, including:
  - Amendments to IFRS 9 “Financial Instruments”;
  - Amendments to IFRS 16 “Leases”;
  - Amendments to IAS 41 “Agriculture”.
- Narrow-scope amendments to IFRS 3, IAS 16 and IAS 37. The amendments will come into effect as of January 1, 2022.
- Amendments to IAS 1 and IFRS Practice Statement 2 “Disclosure of Accounting Policies”. The amendments will come into effect as of January 1, 2023 with early application permitted.
- Amendments to IAS 8 “Definition of Accounting Estimates”. The amendments will come into effect as of January 1, 2023 with early application permitted.

1.2 Basis of Consolidation and Use of Estimates

Basis of Consolidation

In accordance with IFRS 10 “Consolidated Financial Statements”, the Financial Statements include the financial statements of all entities that the Group controls directly or indirectly, regardless of the level of the Group’s equity interest in the entity. An entity is controlled when the Group has power over the entity, exposure or rights to variable returns from its involvement with the entity, and the ability to affect those returns through its power over the entity. In determining whether control exists, potential voting rights must be taken into account if those rights are substantive, in other words they can be exercised on a timely basis when decisions about the relevant activities of the entity are to be taken. Commitments given by the Group to purchase non-controlling interests in Group-controlled companies are included in liabilities.

Entities consolidated by the Group are referred to as ‘‘subsidiaries’’. Entities that the Group controls by means other than voting rights are referred to as ‘‘consolidated structured entities’’.

In accordance with IFRS 11 “Joint Arrangements”, the Group classifies its joint arrangements (i.e. arrangements in which the Group exercises joint control with one or more other parties) either as a joint operation or a joint venture. In the case of a joint operation, the Group recognizes the assets and liabilities of the operation in proportion to its rights and obligations relating to those assets and liabilities. Joint ventures are accounted for using the equity method.

The Group exercises joint control over a joint arrangement when decisions relating to the relevant activities of the arrangement require the unanimous consent of the Group and the other parties with whom control is shared.

The Group exercises significant influence over an entity when it has the power to participate in the financial and operating policy decisions of that entity, but does not have the power to exercise control or joint control over those policies.

In accordance with IAS 28 “Investments in Associates and Joint Ventures”, the equity method is used to account for joint ventures and for associates (i.e. entities over which the Group exercises significant influence).

All consolidated subsidiaries and companies carried at equity prepared their accounts as of December 31, 2020 in accordance with the accounting policies and methods applied by the Group.

Intercompany transactions and balances are eliminated in consolidation.

A change in the ownership interest in a subsidiary, without loss of control, is accounted for as an equity transaction. In the event that the Group loses control over a subsidiary, the Group:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any benefit or deficit in the income statement; and
- Reclassifies components previously recognized in other comprehensive income to the income statement or retained earnings, as appropriate.

Use of Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Group engages in price risk management activities, principally for trading purposes. Activities for trading purposes are accounted for using the mark-to-market method. In the absence of quoted prices, the market prices used to value these transactions reflect management’s best estimate considering various factors including the closing exchange and over-the-counter quotations, parity differentials, time value and price volatility underlying the commitments. The values reflect the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date under current market conditions.

Goodwill is tested annually for impairment in accordance with the valuation methodology described below. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Cash-generating units are defined at the lowest level of independent cash flows generated by the corresponding assets measured. Applying this methodology, the Group identified eight main independent cash-generating units corresponding to its commodity platforms. The value-in-use calculations are based on pre-tax cash flow projections set on business plans approved by the management covering a five-year period, and potentially an extrapolation of the cash flows beyond the five-year plan to cover a full life cycle and a terminal value using a perpetual growth rate. The recoverable amount is the sum of the discounted cash flows and the discounted terminal residual value. The discount rate used is based on the weighted average cost of capital of the Group before tax.

Biological assets (except bearer plants) are carried at fair value, estimated using discounted expected future cash flows, less costs to sell. This computation includes estimates of productivity, quality, market price, labor costs, and changes in interest rates. Market prices are derived from prices available on quoted active markets for products related to the biological assets valued. Biological assets are grouped by location to better integrate significant attributes like maturity, quality, labor cost need and yield, in the determination of the fair value. Comparisons are made on an ongoing basis to adjust estimates from past harvests and changes in market prices. The projections are made in US Dollars with a finite projection period, based on the remaining useful life of each group of biological assets identified.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group uses some estimates to determine the fair value of certain items such as non-current financial assets at fair value through profit and loss (refer to Note 5.4).

Foreign Currencies

Financial statements of foreign operations are translated from the functional currency into US Dollars using exchange rates in effect at period end for assets and liabilities, and average exchange rates during the period for results of operations and cash flows. However, for certain material transactions, a specific exchange rate is used when considered relevant. Related translation adjustments are reported as a separate component of equity. A proportionate share of translation adjustments relating to a foreign investment is recognized through the consolidated income statement when this investment is fully or partially sold.

When the functional currency of an entity is not the local currency, its local financial statements are first converted using historical exchange rates for non-monetary items such as non-trading inventories, properties and depreciation, and related translation adjustments are included in the current year’s operations.

Exchange differences arising on monetary items that form an integral part of the net investment in foreign subsidiaries are recognized in other comprehensive income, under “Exchange differences arising on translation of foreign operations”, for their net-of-tax amount.

Exchange differences on monetary items such as receivables and payables denominated in a foreign currency are recorded in the income for the year.

On a regular basis, the Group reviews the functional currencies used in measuring foreign operations to assess the impact of recent evolutions of its activities and the environment in which it operates.

Consolidated Financial Statements

Income and expenses are analyzed by function in the consolidated income statement. Cost of sales includes depreciation and employment costs relating to processing plants and warehouses. It also includes the net unrealized gain or loss on open contracts of the commodity and freight trading activities, as well as the change in fair value of biological assets. Commercial and administrative expenses include the cost of traders and administrative employees, the depreciation of office buildings and equipment, as well as the expense resulting from the fair value of shares and stock options granted to employees.

Assets and liabilities are presented separately between current and non-current assets, and current and non-current liabilities. For each asset and liability, this classification is based on the expected recoverability or settlement date, respectively before or after 12 months from the balance sheet date.

The cash flows from operating activities are reported using the indirect method: the net income is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

1.3 Change in the List of Consolidated Companies

On August 7, 2020, the Group finalized the sale of its 67% share in *LDC (Fujian) Refined Sugar Co. Ltd.* to the minority shareholder *Zhangzhou Baiyulan Refined Sugar Company*. The selling price of this transaction amounted to US$3 million. On November 24, 2020, the Group finalized the sale of its 100% share in *LDC (Bazhou) Feedstuff Protein Company Ltd.* to *Bazhou Yaosheng Concrete Co., Ltd.* The selling price of this transaction amounted to US$10 million. Neither transaction generated any material gain or loss on sale.

On December 23, 2019, the Group acquired 51% of *Louis Dreyfus (Jinzhou) Warehousing Co., Ltd.*, which owns and operates a grain warehouse in the port of Jinzhou, China, for a total consideration of US$9 million. This acquisition aims to strengthen the Group's footprint in the largest grain production region in China and enhance the partnership with a top private origination and trading player in the region. The governance rules established in *Louis Dreyfus (Jinzhou) Warehousing Co., Ltd.* allow the Group to control, within the meaning of IFRS 10, the entity which is thus fully consolidated. Its equity is split between 51% attributable to owners of the company and 49% to non-controlling interests. In accordance with IFRS 3 (revised), the Group recognized a US$2 million goodwill (not deductible for tax purposes).

No other significant change in the list of consolidated companies occurred during the years ended December 31, 2020 and December 31, 2019.

1.4 Assets Classified as Held for Sale and Liabilities Associated With Held for Sale Assets and Discontinued Operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. 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. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been abandoned and such a component represents a separate major line of business.
A non-current asset or disposal group that is to be abandoned is not reclassified as held for sale because its carrying amount will be recovered principally through continuing use.
Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as "Net income – discontinued operations" in the consolidated income statement for all periods presented. Net cash flows attributable to the operating, investing and financing activities of discontinued operations are also presented separately from other flows in the consolidated statement of cash flows.

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", as of December 31, 2019, the Group classified *LDC (Fujian) Refined Sugar Co. Ltd.* (sugar refinery in China) and *LDC (Bazhou) Feedstuff Protein Company Ltd.* (oilseeds processing plant in China) as held for sale. Both transactions were closed during the second semester of 2020 (refer to Note 1.3).

During 2020, the Group entered into an exclusivity agreement to negotiate the sale of *Imperial Sugar Company* assets ("the Imperial transaction"), including notably its sugarcane refinery. As per IFRS 5 rules, the disposal group of assets was measured at the lower of its carrying amount and its fair value less costs to sell which resulted in a US$32 million impairment (refer to Notes 3.1 and 3.2). The residual net book value has been classified as held for sale.
As of December 31, 2020, *Louis Dreyfus Company (Shaanxi) Juices Co. Ltd.* (juice processing plant in China) was also classified as held for sale.

Since June 30, 2020, the investment in associates *Riddoch Holdings Pty. Ltd.* (dairy processing plant in Australia) has been classified as held for sale. On January 15, 2021, the Group finalized the sale of its investment to the minority shareholder *Midfield Penola Pty Ltd ATF the Midfield Penola Trust* (refer to Note 7.4).
Additionally, as of December 31, 2020, the investment in joint ventures *Luckin Roastery Technology (Xiamen) Co. Ltd.* (coffee roasting facility in China) has been classified as held for sale. On February 3, 2021, the Group finalized the sale of 30% (out of the total 40% share) of this investment to *Luckin Coffee (China) Company Limited* (refer to Note 7.4).

Assets classified as held for sale are summarized as follows:

(in millions of US$)	**2020**	2019
Imperial	318	–
Luckin Xiamen	10	–
Riddoch	6	–
Shaanxi	4	–
Fujian	–	78
Bazhou	–	9
Others	15	12
Total assets classified as held for sale	**353**	**99**

The condensed assets and liabilities with third parties of Imperial transaction net assets, *LDC (Fujian) Refined Sugar Co. Ltd.* and *LDC (Bazhou) Feedstuff Protein Company Ltd.* as of December 31, 2020 and December 31, 2019 are as follows:

	2020	2019	
(in millions of US$)	**Imperial**	Fujian	Bazhou
Property, plant and equipment	175	29	7
Other non-current assets	12	3	–
Non-current assets	**187**	**32**	**7**
Inventories	86	30	–
Other current assets	45	16	2
Current assets	**131**	**46**	**2**
Total assets classified as held for sale	**318**	**78**	**9**
Retirement benefit obligations	(46)	–	–
Other non-current liabilities	(2)	–	–
Non-current liabilities	**(48)**	–	–
Short-term debt	–	(73)	–
Other current liabilities	(49)	(6)	–
Current liabilities	**(49)**	**(79)**	–
Total liabilities associated with held for sale assets	**(97)**	**(79)**	**–**

In January 2019, the Group announced its decision to exit its Dairy business through a liquidation process. Accordingly, the contribution of this Platform was classified as discontinued operations in the consolidated income statement and consolidated statement of cash flows and was not presented as held for sale in the consolidated balance sheet. This business exit was completed in June 2019.

The contribution of the discontinued Dairy operations excluded from the results of continuing operations for the year ended December 31, 2019 is the following:

(in millions of US$)	2019
Net sales	143
Cost of sales	(136)
Gross margin	**7**
Commercial and administrative expenses	(5)
Net finance costs	(1)
Net income - discontinued operations	**1**

During the years ended December 31, 2020 and December 31, 2019, the change in cash and cash equivalents held for sale is as follows:

(in millions of US$)	2020 Imperial	2020 Fujian	2020 Bazhou	2020 Total	2019 Fujian	2019 Bazhou	2019 Macrofertil Ghana	2019 Total
Cash and cash equivalents held for sale, at beginning of the year	–	7	1	**8**	–	–	1	**1**
Change in cash and cash equivalents held for sale	2	(7)	(1)	**(6)**	7	1	(1)	**7**
of which:								
Cash sold	–	*(3)*	–	***(3)***	–	–	–	–
Reclassification to cash and cash equivalents	*2*	*(4)*	*(1)*	***(3)***	–	–	*(1)*	***(1)***
Cash and cash equivalents held for sale, at year-end	**2**	**–**	**–**	**2**	**7**	**1**	**–**	**8**

2. Segment Information and Income Statement

2.1 Segment Information

The Group operates its global business under two segments: Value Chain and Merchandizing.

Each reportable segment is responsible for the farming, origination, processing, refining, storage, transport and distribution of its products (where applicable).

The Value Chain Segment includes the Grains & Oilseeds and Juice platforms, along with Freight and Global Markets, both of which are key facilitators of all Group businesses. The Merchandizing Segment comprises the Coffee, Cotton, Rice and Sugar platforms.

The Group assesses the financial performance of its segments with reference to segment operating results, which correspond to net sales, less cost of sales (gross margin in the consolidated income statement) plus share of profit (loss) in investments in associates and joint ventures. The Dairy business, formerly part of the Merchandizing Segment, was classified as discontinued operations (refer to Note 1.4) and therefore is no longer included in the segment operating results.

Inter-segment transactions, where applicable, are not material and generally performed at arm's length.

Segment information on the income statement for the years ended December 31, 2020 and December 31, 2019 is detailed as follows:

(in millions of US$)	2020 Value Chain	2020 Merchandizing	2020 Total
Net sales	23,003	10,561	**33,564**
Depreciation	(285)	(90)	**(375)**
Share of profit (loss) in investments in associates and joint ventures	14	(7)	**7**
Segment operating results	1,003	556	**1,559**
Commercial and administrative expenses			**(638)**
Net finance costs			**(233)**
Others			**(68)**
Income taxes			**(237)**
Non-controlling interests			**(1)**
Net income attributable to owners of the company - continuing operations			**382**

(in millions of US$)	2019 Value Chain	2019 Merchandizing	2019 Total
Net sales	23,229	10,414	**33,643**
Depreciation	(267)	(56)	**(323)**
Share of profit (loss) in investments in associates and joint ventures	3	(2)	**1**
Segment operating results	569	387	**956**
Commercial and administrative expenses			**(621)**
Net finance costs			**(259)**
Others			**219**
Income taxes			**(68)**
Non-controlling interests			**2**
Net income attributable to owners of the company - continuing operations			**229**

Balance sheet segment information as of December 31, 2020 and December 31, 2019 is as follows:

(in millions of US$)	2020 Value Chain	2020 Merchandizing	2020 Total
Fixed assets (intangible assets and property, plant and equipment)	3,389	388	**3,777**
Investments in associates and joint ventures	168	48	**216**
Inventories	3,064	3,037	**6,101**
Biological assets	43	–	**43**
Trade and other receivables	2,681	1,575	**4,256**
Derivative assets	2,564	459	**3,023**
Margin deposits	1,781	336	**2,117**
Marketable securities held for trading	122	–	**122**
Assets classified as held for sale	12	341	**353**
Segment assets	13,824	6,184	**20,008**
Trade and other payables	(2,978)	(1,694)	**(4,672)**
Derivative liabilities	(2,691)	(507)	**(3,198)**
Repurchase agreements	(6)	–	**(6)**
Liabilities associated with assets classified as held for sale	(1)	(96)	**(97)**
Segment liabilities	(5,676)	(2,297)	**(7,973)**
Other assets			**3,245**
Other liabilities			**(10,410)**
Total net assets	**8,148**	**3,887**	**4,870**
Capital expenditure	**266**	**40**	**306**

(in millions of US$)	2019 Value Chain	Merchandizing	Total
Fixed assets (intangible assets and property, plant and equipment)	3,469	596	**4,065**
Investments in associates and joint ventures	158	69	**227**
Inventories	2,352	2,791	**5,143**
Biological assets	54	–	**54**
Trade and other receivables	3,304	1,432	**4,736**
Derivative assets	904	331	**1,235**
Margin deposits	653	232	**885**
Marketable securities held for trading	89	–	**89**
Assets classified as held for sale	14	85	**99**
Segment assets	**10,997**	**5,536**	**16,533**
Trade and other payables	(3,135)	(1,657)	**(4,792)**
Derivative liabilities	(1,033)	(275)	**(1,308)**
Repurchase agreements	(38)	–	**(38)**
Liabilities associated with assets classified as held for sale	–	(79)	**(79)**
Segment liabilities	**(4,206)**	**(2,011)**	**(6,217)**
Other assets			**3,005**
Other liabilities			**(8,523)**
Total net assets	**6,791**	**3,525**	**4,798**
Capital expenditure	**300**	**113**	**413**

Marketable securities held for trading are included in the line "Other financial assets at fair value through profit and loss" of the consolidated balance sheet (refer to Note 5.5). Repurchase agreements are included in the line "Short-term debt" (refer to Note 5.3). Capital expenditure corresponds to the sum of the "Purchase of fixed assets" and "Additional investments, net of cash acquired" lines of the consolidated statement of cash flows.

As of December 31, 2020, US$92 million of trade and other payables were not segmented (US$49 million as of December 31, 2019).

Net sales for continuing operations by geographical areas, based on the country of incorporation of the counterparty, were broken down as follows for the years ended December 31, 2020 and December 31, 2019:

(in millions of US$)	**2020**	2019
North Asia	7,555	7,802
South & Southeast Asia	7,332	7,227
North Latin America	1,285	1,313
South & West Latin America	2,216	2,050
North America	5,159	5,790
Europe, Middle East & Africa	10,017	9,461
Of which Europe & Black Sea	*5,788*	*5,873*
Of which Middle East & Africa	*4,229*	*3,588*
Net sales	**33,564**	**33,643**

Net sales to the Netherlands are not material.

The Group's fixed assets were located in the following geographic regions as of December 31, 2020 and December 31, 2019:

(in millions of US$)	**2020**	2019
North Asia	182	185
South & Southeast Asia	205	181
North Latin America	1,202	1,236
South & West Latin America	609	623
North America	1,018	1,297
Europe, Middle East & Africa	561	543
Fixed assets	**3,777**	**4,065**

Fixed assets in the Netherlands are not material.

2.2 Net Sales

Revenue is derived principally from the sale of commodities and consumable products, and commodity-related services such as freight, storage and other services rendered. Revenue is recognized when the performance obligations have been satisfied, which is once the control of goods and/or services has been transferred from the Group to the buyer.

Revenue related to the sale of commodities is recognized when the product is delivered to the destination specified by the customer, which is typically, depending on the incoterm, the vessel on which it is shipped, the destination port or identified premises and the buyer has gained control, being the ability to direct the use of and obtain substantially all of the remaining benefits from the assets.

Revenue is measured based on consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties.

In certain cases, the commodity sales price is determined on a provisional basis at the date of the sale, generally corresponding to the date of the bill of lading, as the final selling price is subject to movements in market prices up to the date of final pricing. Revenue on provisional sales price is recognized based on the estimated fair value of the total consideration receivable (by reference to forward market prices). The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognized as an adjustment to revenue.

"Net sales" include also the mark-to-market on physical forward sales contracts that do not meet the own use exemption.

When the Group enters into logistic arrangements with a third party in order to meet its logistic needs, the related sales and purchases are both presented in "Cost of sales". Similarly, arrangements with other trading companies, most commonly known in the commodity market as "paper transactions", are presented in "Cost of sales". When the Group agrees to offset a purchase and a sale contracts with a counterparty before delivery, also known as "wash out", the transactions are presented in "Cost of sales".

Revenue derived from time charters freight contracts is recognized over time as the barge or ocean-going vessel moves towards its destination. Storage and other commodity-related services are recognized over time as the service is rendered.

If the Group acts in the capacity as an agent rather than as the principal in a transaction, the margin only is recognized within "Net sales".

Net sales for the years ended December 31, 2020 and December 31, 2019 consist of the following:

	2020			2019		
(in millions of US$)	Value Chain	Merchandizing	**Total**	Value Chain	Merchandizing	**Total**
Sale of commodities and consumable products	22,170	10,492	**32,662**	22,486	10,320	**32,806**
Freight, storage and other services	650	64	**714**	698	88	**786**
Others	183	5	**188**	45	6	**51**
	23,003	**10,561**	**33,564**	**23,229**	**10,414**	**33,643**

2.3 Net Finance Costs

Net finance costs for the years ended December 31, 2020 and December 31, 2019 are as follows:

(in millions of US$)	2020	2019
Interest income	78	82
Interest expense	(299)	(358)
Other financial income and expense	(12)	17
Net finance costs on leases	*(8)*	*(16)*
Foreign exchange	*(199)*	*24*
Net gain (loss) on derivatives	*175*	*(34)*
Other (mainly related to commercial transactions)	*20*	*43*
	(233)	**(259)**

Net finance costs on leases include interest expense on leases for US$(17) million for the years ended December 31, 2020 and December 31, 2019 and foreign exchange on leases for US$9 million for the year ended December 31, 2020, mainly related to the lease contracts denominated in Brazilian Reais (US$1 million for the year ended December 31, 2019).

The "Foreign exchange" and "Net gain (loss) on derivatives" lines need to be read jointly. The foreign exchange is mainly attributable to Brazilian Real depreciation and Euro appreciation for the year ended December 31, 2020, impacting the Brazilian Real-denominated cash and the 2020 and 2025 Euro-denominated bonds; these impacts are offset in the "Net gain (loss) on derivatives" line due to the forex hedges and cross-currency swaps in place (refer to Note 4.8).

2.4 Gain (Loss) on Investments and Sale of Fixed Assets

Gain (loss) on investments and sale of fixed assets in the consolidated income statement is detailed as follows:

(in millions of US$)	2020	2019
Gain (loss) on sale of consolidated companies	(1)	–
Gain (loss) on sale of investments in associates and joint ventures	(2)	–
Gain (loss) on other financial assets at fair value through profit and loss	(61)	62
Gain (loss) on sale of fixed assets	(1)	156
	(65)	**218**

Gain (Loss) on Other Financial Assets at Fair Value Through Profit and Loss

In 2020, the loss derived mainly from the *Luckin Coffee* investment. During the first quarter of the year, the Group sold part of its *Luckin Coffee* shares for a selling price of US$37 million resulting in a US$(3) million loss in the period. An additional US$(59) million fair value loss was booked on the remaining shares, reflecting the decrease in *Luckin Coffee's* share price during the year. *Luckin Coffee* is now delisted from *Nasdaq* and valued based on prices from the Over The Counter (OTC) market. The Group also recognized a US$2 million fair value gain on the investments held by *LDC Food Innovation B.V.*
In 2019, the US$62 million gain derived mainly from the fair value adjustment of *Luckin Coffee* and *Leong Hup International* shares.

Gain (Loss) on Sale of Fixed Assets

In 2020, the US$(1) million loss relates mainly to the sale of two Ukrainian silos.
In 2019, the Group sold ten Canadian grain elevators for US$173 million, which led to a US$151 million gain on sale. The Group also recognized a US$7 million gain on the sale and lease back of a cotton warehouse located in Memphis, Tennessee, US. Those gains were partially offset by the US$(3) million loss on the sale of network facilities located in Portland, Oregon, US, used for grains transportation (refer to Note 3.2).

2.5 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 applied to the expected current year taxable income, and any adjustment to income taxes payable in respect of previous years.
Current tax assets and current tax liabilities are offset when there is a legally enforceable right to offset the amounts and when the entity intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Generally, the entity will have a legally enforceable right to offset the amounts when they relate to income taxes levied by the same taxation authority which permits the entity to make or receive a single net payment.

Deferred taxes arise from temporary differences between the carrying amounts of certain assets and liabilities and their tax basis. The Group accounts for deferred income tax in accordance with the balance sheet liability method using the most recent established tax rates or substantively enacted income tax rates which are expected to be effective at the time of the reversal of the underlying temporary difference.
The Group recognizes future tax benefits to the extent that the realization of such benefits is probable. The carrying amount of deferred tax assets is reviewed at each balance sheet date.
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities.

Income taxes are recognized as an expense or income in the consolidated income statement, except when they relate to items that are recognized outside the consolidated income statement (whether in other comprehensive income or directly in equity) or when they arise from the initial accounting for a business combination.

The global tax exposure of the Group is subject to 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 recognize 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 global tax exposure is determined by reference to the uncertainty that the tax authority may not accept the Group's proposed treatment of tax positions.

Incomes taxes in the income statement for the years ended December 31, 2020 and December 31, 2019 are as follows:

(in millions of US$)	2020	2019
Current year income taxes	(158)	(135)
Adjustments with respect to prior year income taxes	(3)	2
Current income taxes	**(161)**	**(133)**
Current year deferred income taxes	(65)	84
Valuation allowance for deferred tax assets	(10)	(55)
Adjustments with respect to prior year deferred income taxes	1	3
Change in tax rate	(2)	33
Deferred income taxes	**(76)**	**65**
Income taxes	**(237)**	**(68)**

The reported tax expense differs from the computed theoretical income tax provision using the Netherlands' income tax rate of 25% during the years ended December 31, 2020 and December 31, 2019 for the following reasons:

(in millions of US$)	2020	2019
Theoretical income tax	**(155)**	**(74)**
Differences in income tax rates	28	24
Effect of change in tax rate	(2)	33
Difference between local currency and functional currency	(85)	(29)
Change in valuation of tax assets and net operating losses	(10)	(55)
Permanent differences on share of profit (loss) in investments in associates and joint ventures	4	1
Adjustments on prior years	(2)	5
Other permanent differences	(15)	27
Reported income tax	**(237)**	**(68)**

Notes Continued

The differences in income tax rates relate to subsidiaries taxed at different rates than the Netherlands' rate.
In 2019, the change in tax rate mainly related to the Federal Act on Tax Reform on corporate taxation in Switzerland, with an increase in the corporate income tax rate from 10% to 13.99%. The new income tax rate has been applicable since January 1, 2020.

The difference between local currency and functional currency impact is booked in non-US entities whose functional currency is the US Dollar while being taxed based on their local respective currencies. Such impact mainly regarded Group entities in Brazil and, to a lesser extent, in Argentina. As of December 31, 2020, this line includes US$(62) million which relate to revaluation in respect of movements in currency values of deferred tax assets and liabilities, excluding the non-monetary balance sheet items (US$(2) million as of December 31, 2019).

The change in valuation of tax assets and net operating losses is mostly attributable to a valuation allowance on deferred tax assets related to tax benefits from carry forward losses in Brazil in 2020 and in Switzerland in 2019.

The consolidated deferred income tax assets (liabilities) as of December 31, 2020 and December 31, 2019 are as follows:

(in millions of US$)	**2020**	2019
Deferred income tax assets	184	232
Deferred income tax liabilities	(170)	(170)
Deferred tax net	**14**	**62**

Changes in net deferred income tax assets (liabilities) for the years ended December 31, 2020 and December 31, 2019 are as follows:

	2020					
(in millions of US$)	**Opening balance**	Recognized in net income - continuing operations	Recognized in equity	Foreign currency translation adjustment	Other	**Closing balance**
Net tax benefits from carry forward losses	**297**	(55)	–	1	(5)	**238**
Tax benefits from carry forward losses	***393***	*(50)*	–	*1*	*(5)*	***339***
Valuation allowance on carry forward losses	***(96)***	*(5)*	–	–	–	***(101)***
Unrealized exchange gains and losses	**122**	20	–	–	–	**142**
Non-monetary balance sheet items - difference between tax and functional currencies	**(210)**	(53)	–	–	–	**(263)**
Fixed assets (other temporary differences)	**(199)**	7	–	(2)	–	**(194)**
Other temporary differences	**54**	16	23	–	–	**93**
Valuation allowance for other deferred tax assets	**(2)**	–	–	–	–	**(2)**
Deferred tax net	**62**	**(65)**	**23**	**(1)**	**(5)**	**14**

	2019					
(in millions of US$)	**Opening balance**	Recognized in net income - continuing operations	Recognized in equity	Foreign currency translation adjustment	Other	**Closing balance**
Net tax benefits from carry forward losses	**240**	60	–	–	(3)	**297**
Tax benefits from carry forward losses	***294***	*101*	–	–	*(2)*	***393***
Valuation allowance on carry forward losses	***(54)***	*(41)*	–	–	*(1)*	***(96)***
Unrealized exchange gains and losses	**131**	(9)	–	–	–	**122**
Non-monetary balance sheet items - difference between tax and functional currencies	**(219)**	9	–	–	–	**(210)**
Fixed assets (other temporary differences)	**(212)**	12	–	–	1	**(199)**
Other temporary differences	**70**	(5)	(10)	(1)	–	**54**
Valuation allowance for other deferred tax assets	**–**	(2)	–	–	–	**(2)**
Deferred tax net	**10**	**65**	**(10)**	**(1)**	**(2)**	**62**

Other changes in deferred tax are mainly related to the reclassification of tax positions of *LDC (Fujian) Refined Sugar Co. Ltd.* to assets classified as held for sale amounting to US$(3) million (refer to Note 1.4).

The recognized and unrecognized tax benefits from carry forward losses for the years ended December 31, 2020 and December 31, 2019 expire as follows:

	2020			2019		
(in millions of US$)	Recognized	Unrecognized	**Total**	Recognized	Unrecognized	**Total**
Losses expiring in less than 1 year	1	3	**4**	1	3	**4**
Losses expiring in 2-3 years	7	8	**15**	31	3	**34**
Losses expiring in 4-5 years	55	33	**88**	62	37	**99**
Losses expiring in more than 5 years	96	19	**115**	85	15	**100**
Losses which do not expire	79	38	**117**	118	38	**156**
Tax benefits from carry forward losses	**238**	**101**	**339**	**297**	**96**	**393**

3. Operating Balance Sheet Items

3.1 Intangible Assets

Goodwill

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

For transactions concluded prior to December 31, 2009, goodwill was determined as the excess of cost of acquisition over the fair value of net assets acquired at date of purchase. When the Group acquired an additional interest in a company already controlled, the excess cost of acquisition over the historical value of net assets acquired was also recorded as goodwill.

For transactions concluded since January 1, 2010, goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, measured at fair value at acquisition date, and the amount recognized for non-controlling interests over the net identifiable assets acquired and liabilities assumed. For each business combination, the Group measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the difference between the cost of acquisition and the fair value of net assets acquired is negative it is immediately recognized through the consolidated income statement.

The fair values of assets and liabilities and the resulting goodwill are finalized within 12 months of the acquisition.

Goodwill is not amortized. Goodwill is tested for impairment, when circumstances indicate that the carrying value may be impaired, and at the minimum, annually. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognized.

At the time of impairment testing a cash-generating unit to which goodwill has been allocated, there may be an indication of an impairment of an asset within the unit containing the goodwill. In such circumstances, the entity tests such asset individually for impairment first, and recognizes any impairment loss for that asset before testing for impairment of the cash-generating unit containing the goodwill. Impairment of such goodwill is included in the "Cost of sales" line of the consolidated income statement.

Goodwill relating to the acquisition of shares in an equity investment is presented in the "Investments in associates and joint ventures" line of the consolidated balance sheet.

Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Other intangible assets of the Group mainly include trademarks and customer relationships, licenses and internally generated software.

The useful life of acquired trademarks is assessed to be qualified as finite or indefinite. Trademarks with an indefinite useful life are not amortized but reviewed for impairment annually by comparing their recoverable amount with their carrying amount.
The recoverable amount is determined using the royalty relief method.
Intangible assets with finite life are amortized over periods ranging from one to ten years.

Amortization and impairment are recorded in the consolidated income statement according to the nature of assets:

- "Cost of sales" line for industrial assets linked to production and farming;
- "Commercial and administrative expenses" line for assets linked to commercial and trading and to general and/or administrative activities.

As of December 31, 2020 and December 31, 2019, intangible assets consist of the following:

(in millions of US$)	2020 Gross value	2020 Accumulated amortization/ impairment	2020 **Net value**	2019 Gross value	2019 Accumulated amortization/ impairment	2019 **Net value**
Goodwill	61	(21)	**40**	72	(31)	**41**
Trademarks and customer relationships	64	(24)	**40**	87	(33)	**54**
Other intangible assets	556	(327)	**229**	480	(272)	**208**
	681	**(372)**	**309**	**639**	**(336)**	**303**

As of December 31, 2020, the Group tested the value of goodwill allocated to its cash-generating units as described in Note 1.2, using a perpetual growth rate of 2% and an annual discount rate (weighted average cost of capital of the Group before tax) of 6.6%. A 1% increase in the discount rate and a 0.5% decrease in the perpetual growth rate would jointly not cause the recoverable amount of the cash-generating units to fall below their carrying value, despite the context of the Covid-19 pandemic (refer to the Covid-19 paragraph within the introduction to the notes section).

Changes in the net value of intangible assets for the years ended December 31, 2020 and December 31, 2019 are as follows:

(in millions of US$)	Notes	2020 Goodwill	2020 Trademarks and customer relationships	2020 Other intangible assets	2020 **Total**	2019 **Total**
Balance as of January 1		41	54	208	**303**	**329**
Acquisitions and additions		–	–	65	**65**	70
Acquisitions through business combinations	1.3	–	–	–	**–**	2
Amortization		–	(1)	(52)	**(53)**	(55)
Impairment losses		(1)	(2)	–	**(3)**	–
Foreign currency translation adjustment		–	–	7	**7**	(1)
Reclassification to held for sale assets	1.4		(11)	–	**(11)**	–
Other reclassifications		–	–	1	**1**	(42)
Closing balance		**40**	**40**	**229**	**309**	**303**

Acquisitions and Additions

During the years ended December 31, 2020 and December 31, 2019, acquisitions and additions mainly consisted of the ongoing upgrade of the Group's existing main front office system, alongside capital expenditure related to the new global back-office enterprise resource planning (ERP) system.

Acquisitions Through Business Combinations

In December 2019, the Group acquired 51% of the shares of *Louis Dreyfus (Jinzhou) Warehousing Co., Ltd.*, generating a US$2 million goodwill.

Foreign Currency Translation Adjustment

In 2020, the foreign currency translation adjustment is mainly related to the appreciation of the Euro against the US Dollar.

Impairment Losses and Reclassification to Held for Sale Assets

As of December 31, 2020, the Group fully impaired the goodwill related to *Louis Dreyfus Company (Shaanxi) Juices Co. Ltd.* following the decision to sell the entity. The Group also recognized a US$(2) million impairment on sugar trademarks that are part of the Imperial transaction (Sugar business). The US$11 million residual value was classified as held for sale at the same date (refer to Note 1.4).

Other Reclassifications

In 2019, the US$(42) million related mainly to right-of-use of land in China and Indonesia, reclassified into right-of-use assets.

3.2 Property, Plant and Equipment

Property, Plant and Equipment (Except Bearer Plants)

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, incurred during the construction period, are capitalized as part of the cost of that asset. When relevant, property, plant and equipment costs include initial estimate of decommissioning and site restoration costs.
Tangible assets under construction are capitalized as a separate component of property, plant and equipment. Upon completion, the cost of construction is transferred to the appropriate category.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recorded through the consolidated income statement during the financial period in which they are incurred.

Depreciation and Impairment

The depreciation of property, plant and equipment (except bearer plants) is calculated based on the carrying amount, net of residual value, principally using the straight-line method over the estimated useful lives of the assets. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use. Tangible assets under construction are not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- Buildings: 15 to 40 years;
- Machinery and equipment: 5 to 25 years;
- Other tangible assets: 1 to 20 years.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but up to the limit of the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Depreciation and impairment are recorded in the consolidated income statement according to the nature of assets:

- "Cost of sales" line for industrial assets linked to production and farming;
- "Commercial and administrative expenses" line for assets linked to commercial and trading, and to general and/or administrative activities.

Gains or losses on disposal of an item of property, plant and equipment are recorded in the consolidated income statement under the specific line "Gain (loss) on investments and sale of fixed assets".

Bearer Plants

Orange trees are bearer plants recorded at cost less accumulated depreciation and accumulated impairment losses, and measured using the cost model.

Borrowing costs that are directly attributable to the acquisition, construction or production of a bearer plant, incurred during the immature period, are capitalized as part of the cost of that asset.

The depreciation of bearer plants is based on the unit of production method over the estimated useful lives of the assets, since it is the method that best reflects the expected pattern of consumption of the future economic benefits embodied in the bearer plant. Orange groves are considered immature during the first three years. The useful life of mature orange trees is around 17 years.

Notes Continued

As of December 31, 2020 and December 31, 2019, property, plant and equipment consist of the following:

(in millions of US$)	Notes	2020 Gross value	2020 Accumulated depreciation	2020 Net value	2019 Gross value	2019 Accumulated depreciation	2019 Net value
Owned assets		5,414	(2,275)	**3,139**	5,662	(2,252)	**3,410**
Right-of-use assets	7.1	477	(148)	**329**	447	(95)	**352**
		5,891	**(2,423)**	**3,468**	**6,109**	**(2,347)**	**3,762**

The following tables provide information on owned assets only.

As of December 31, 2020 and December 31, 2019, consolidated owned assets consist of the following:

(in millions of US$)	2020 Gross value	2020 Accumulated depreciation	2020 Net value	2019 Gross value	2019 Accumulated depreciation	2019 Net value
Land	208	–	**208**	220	–	**220**
Buildings	2,032	(720)	**1,312**	1,984	(668)	**1,316**
Machinery and equipment	2,631	(1,333)	**1,298**	2,858	(1,381)	**1,477**
Bearer plants	210	(71)	**139**	211	(58)	**153**
Other tangible assets	199	(151)	**48**	198	(145)	**53**
Tangible assets under construction	134	–	**134**	191	–	**191**
	5,414	**(2,275)**	**3,139**	**5,662**	**(2,252)**	**3,410**

Changes in net value of property, plant and equipment for the years ended December 31, 2020 and December 31, 2019 are as follows:

(in millions of US$)	Notes	2020 Land	2020 Buildings	2020 Machinery and equipment	2020 Bearer plants	2020 Other tangible assets	2020 Tangible assets under construction	2020 Total	2019 Total
Balance as of January 1		220	1,316	1,477	153	53	191	**3,410**	**3,463**
Additions		–	3	8	3	4	186	**204**	241
Disposals	2.4	–	(1)	(2)	–	–	(1)	**(4)**	(31)
Acquisitions through business combinations	1.3	–	–	–	–	–	–	**–**	16
Depreciation		–	(85)	(140)	(16)	(16)	–	**(257)**	(248)
Impairment losses		(3)	(27)	(17)	(1)	–	(1)	**(49)**	(3)
Foreign currency translation adjustment		–	4	9	–	1	–	**14**	1
Reclassification to held for sale assets	1.4	(18)	(66)	(88)	–	–	(6)	**(178)**	(28)
Other reclassifications		9	168	51	–	6	(235)	**(1)**	(1)
Closing balance		**208**	**1,312**	**1,298**	**139**	**48**	**134**	**3,139**	**3,410**

Additions

During the year ended December 31, 2020, the Group invested in more sustainable logistic assets for its orange juice business by adapting two new vessels for the transportation of not-from-concentrate (NFC) and frozen concentrate orange juice (FCOJ). It continued to build soybean sheds and truck dumps and increase its boiler capacity in Claypool, Indiana, US, and to invest in its wider transshipment hub construction project in Brazil. The Group improved its existing assets, such as its sugar refining plant in Port Wentworth, Texas, US, its grains and oilseeds industrial sites in Argentina and in Tianjin, China, its elevators in the US, its orange juice processing plants in Brazil and its canola crushing plant in Yorkton, Saskatchewan, Canada.
During the year ended December 31, 2019, the Group continued to invest in an anchoring system in Brazil as part of a wider transshipment hub construction project and in a railcar fleet for grain transportation in Ukraine. It also started to build soybean sheds and truck dumps in Claypool, Indiana, US, and orange juice tanks in Ghent, Belgium (both in order to increase storage capacity), acquired a previously leased cotton warehouse in Eloy, Arizona, US, and invested in new sugar refining machinery for its sugar refining plant in Port Wentworth, Texas, US. The Group improved its existing assets, such as its grains and oilseeds crushing plants in Argentina, its orange juice processing plants in Brazil, its soybean crushing plants and refineries in Brazil and Germany, its refinery in Tianjin, China, and its elevators and grains and oilseeds storage facilities in Port Allen, Louisiana, US.

Disposals

During the year ended December 31, 2020, the Group sold two Ukrainian silos.
During the year ended December 31, 2019, the Group sold ten grain elevators in Canada with a net book value of US$22 million. It also sold and leased back a cotton warehouse in Memphis, Tennessee, US, with a net book value of US$4 million.

Acquisitions Through Business Combinations

In December 2019, the Group acquired a grains warehouse located in Jinzhou, China, through the acquisition of 51% of the shares of *Louis Dreyfus (Jinzhou) Warehousing Co., Ltd.*

Impairment Losses

During the year ended December 31, 2020, the Group recognized a US$(30) million impairment on its sugarcane refinery in Port Wentworth, Texas, US, that is part of the Imperial transaction (Sugar business) (refer to Note 1.4). Additionally, a US$(13) million impairment was recorded on assets in the Texas Gulf region as the Group signed a lease termination agreement on the elevators.

Foreign Currency Translation Adjustment

In 2020, the foreign currency translation adjustment is mainly related to the appreciation of the Euro and the Chinese Yuan against the US Dollar partially offset by the depreciation of the Russian Ruble against the US Dollar.

Reclassification to Held for Sale Assets

As of December 31, 2020, the Group classified as held for sale its sugarcane refinery in Port Wentworth, Texas, US, that is part of the Imperial transaction (Sugar business) for a net book value of US$172 million (refer to Note 1.4).
As of December 31, 2019, the Group classified as held for sale its sugar refinery located in Fujian, China for a net book value of US$26 million following the decision to sell the entity *LDC Fujian Refined Sugar Co. Ltd.* (Sugar business).

3.3 Investments in Associates and Joint Ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Joint ventures are a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost.
The carrying amount of the investment is adjusted to recognize:

- Changes in the Group's share of net assets of the associate or joint venture since the acquisition date; and
- Impairment losses in the value of the investments, if any.

Any goodwill arising from purchases of interests in associates or joint ventures is included in their carrying amount.

Changes in investments in associates and joint ventures for the years ended December 31, 2020 and December 31, 2019 are as follows:

(in millions of US$)	2020	2019
Balance as of January 1	227	197
Acquisitions and additional investments	18	34
Reclassification to held for sale assets	(16)	–
Share of profit (loss)	9	1
Impairment	(2)	–
Dividends	(15)	(5)
Change in other reserves	(5)	–
Closing balance	**216**	**227**
Of which:		
Investments in associates	*13*	*17*
Investments in joint ventures	*203*	*210*

Acquisitions and Additional Investments

In 2020, the Group contributed US$4 million (representing a 17% stake) for the creation of *Covantis S.A.*, a technology company focused on digitizing international trade, equally co-owned with *ADM, Bunge, Cargill, COFCO* and *Viterra.* Additionally, the Group performed a US$4 million capital injection into *Tianjin Rongchuan Feed Co., Ltd.* (aquatic feed facilities). The Group also performed a US$10 million capital injection in the joint venture *TES - Terminal Exportador de Santos S.A.* (concession in Santos port terminal in Brazil), in which a US$17 million capital injection was also made in 2019.
In 2019, the Group also acquired a 40% stake in *Luckin Roastery Technology (Xiamen) Co. Ltd.* (coffee roasting plant) for US$12 million and contributed a right-of-use of land into *Tianjin Rongchuan Feed Co., Ltd.* (aquatic feed facilities) for US$5 million, representing a 30% stake.

Reclassification to Held for Sale Assets and Impairment

In 2020, the Group reclassified to held for sale its investment in *Riddoch Holdings Pty. Ltd.* (dairy processing plant) for US$6 million and in *Luckin Roastery Technology (Xiamen) Co. Ltd.* (coffee roasting plant) for US$10 million, after recognizing a US$2 million impairment in the consolidated income statement (refer to Note 1.4).

Dividends

In 2020, the Group received US$15 million as dividends, including US$8 million from *TEG - Terminal Exportador Do Guarujá Ltda.*, US$3 million from *Complejo Agro Industrial Angostura S.A.* and US$2 million from *Calyx Agro Ltd.*
In 2019, the Group received US$3 million as dividends from *Calyx Agro Ltd.* and US$2 million from *TEG - Terminal Exportador Do Guarujá Ltda.*

Change in Other Reserves

In 2020, the change in other reserves was mainly due to cash flow hedges in Brazilian joint ventures and foreign currency translation adjustments related to the depreciation of the Brazilian Real.

Investments in associates and joint ventures are detailed as follows:

			2020		2019	
Investment	**Country**	**Activity**	**Ownership**	**Net value**	Ownership	Net value
All Asian Countertrade Inc.	Philippines	Sugar merchandizing	18%	8	18%	8
Covantis S.A.	Switzerland	Digitizing international trade technology	17%	3	–	–
Riddoch Holdings Pty. Ltd.[1]	Australia	Dairy processing plant	30%	–	30%	7
Total main associates				**11**		**15**
Amaggi Louis Dreyfus Zen-Noh Grãos S.A.	Brazil	Grain and soy storage and processing	33%	22	33%	17
Amaggi Louis Dreyfus Zen-Noh Terminais Portuários S.A.	Brazil	Logistic facilities	33%	14	33%	15
Calyx Agro Ltd.	Cayman Islands	Land fund	29%	7	29%	9
Cisagri Holland Cooperatief U.A.[2]	Netherlands	Logistic facilities	10%	16	10%	16
Complejo Agro Industrial Angostura S.A.	Paraguay	Soy crushing plant and facilities	33%	37	33%	36
Epko Oil Seed Crushing Pty. Ltd.	South Africa	Sunflower seed and maize germ crushing plant	50%	8	50%	8
LDC - GB Terminais Portuários e Participações Ltda.	Brazil	Logistic facilities	50%	4	50%	5
Luckin Roastery Technology (Xiamen) Co. Ltd.[1]	China	Coffee roasting plant	40%	–	40%	12
Namoi Cotton Alliance	Australia	Cotton packing and marketing	49%	20	49%	25
Orient Rice Co. Ltd.	Vietnam	Rice procurement and processing	33%	4	33%	4
TEG - Terminal Exportador Do Guarujá Ltda.	Brazil	Logistic facilities	40%	27	40%	31
TES - Terminal Exportador De Santos S.A.[3]	Brazil	Logistic facilities	60%	30	60%	19
Tianjin Rongchuan Feed Co. Ltd.	China	Aquatic feed facilities	30%	9	30%	5
Total main joint ventures				**198**		**202**
Total main associates and joint ventures				**209**		**217**
Other associates				2		2
Other joint ventures				5		8
				216		**227**

1. In 2020, the Group reclassified to held for sale its investment in *Riddoch Holdings Pty. Ltd.* (dairy processing plant) and in *Luckin Roastery Technology (Xiamen) Co. Ltd.* (coffee roasting plant) (refer to Note 1.4).
2. The Group's percentage of control in *Cisagri Holland Cooperatief U.A.* ("Cisagri") is 25% and the percentage of ownership is 10%.
3. The governance rules of *TES - Terminal Exportador de Santos S.A.* meet the definition of a joint control, therefore this investment qualifies as a joint venture.

Investments in associates and joint ventures include a goodwill of US$1 million as of December 31, 2020 and US$3 million as of December 31, 2019.

Share of profit (loss) in investments in associates and joint ventures for the years ended December 31, 2020 and December 31, 2019 is as follows:

Income statement (in millions of US$)	**2020**	2019
Main associates and joint ventures	9	1
Others	(2)	–
Share of profit (loss) in investments in associates and joint ventures	**7**	**1**

A summary of the aggregated financial information of the companies listed above is as follows as of and for the years ended December 31, 2020 and December 31, 2019:

	2020				
Balance sheet (in millions of US$)	Main associates	Logistic facilities	Others	Main joint ventures	**Total main associates and joint ventures**
Non-current assets	31	596	296	892	**923**
Current assets	167	84	697	781	**948**
Total assets	198	680	993	1,673	**1,871**
Non-current liabilities	3	279	56	335	**338**
Current liabilities	131	69	637	706	**837**
Total liabilities	134	348	693	1,041	**1,175**
Net equity	64	332	300	632	**696**
Equity - owners of the company share	**11**	**91**	**107**	**198**	**209**

	2019				
Balance sheet (in millions of US$)	Main associates	Logistic facilities	Others	Main joint ventures	**Total main associates and joint ventures**
Non-current assets	73	595	293	888	**961**
Current assets	148	82	303	385	**533**
Total assets	221	677	596	1,273	**1,494**
Non-current liabilities	30	310	72	382	**412**
Current liabilities	127	45	202	247	**374**
Total liabilities	157	355	274	629	**786**
Net equity	64	322	322	644	**708**
Equity - owners of the company share	**15**	**86**	**116**	**202**	**217**

	2020				
Income statement (in millions of US$)	Main associates	Logistic facilities	Others	Main joint ventures	**Total main associates and joint ventures**
Revenue	318	88	1,537	1,625	**1,943**
Net income	(11)	20	12	32	**21**
Share of profit (loss) in investments in associates and joint ventures	**(2)**	**9**	**2**	**11**	**9**

	2019				
Income statement (in millions of US$)	Main associates	Logistic facilities	Others	Main joint ventures	**Total main associates and joint ventures**
Revenue	389	88	1,509	1,597	**1,986**
Net income	5	(3)	11	8	**13**
Share of profit (loss) in investments in associates and joint ventures	**1**	**(2)**	**2**	**–**	**1**

3.4 Other Non-Current Assets

As of December 31, 2020 and December 31, 2019, other non-current assets consist of the following:

(in millions of US$)	**2020**	2019
Tax credits	240	302
Long-term advances to suppliers	9	6
Others	5	6
	254	**314**

Tax credits mainly include income tax and VAT credits in Brazil. The decrease in 2020 is mostly attributable to the depreciation of the Brazilian Real.

3.5 Other Non-Current Liabilities

As of December 31, 2020 and December 31, 2019, other non-current liabilities consist of the following:

(in millions of US$)	**2020**	2019
Debts associated to business combinations and put options	60	57
Others	11	9
Non-current financial liabilities	71	66
Staff and tax payables	23	24
Others	1	3
Non-current non-financial liabilities	24	27
Other non-current liabilities	**95**	**93**

As of December 31, 2020, the table does not include the US$1 million staff and tax payables that are part of the Imperial transaction (Sugar business), as they were reclassified to held for sale liabilities (refer to Note 1.4).

3.6 Provisions

Provisions are recognized when:

- The Group has a present obligation (legal or constructive) as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- A reliable estimate can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows 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).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As of December 31, 2020 and December 31, 2019, provisions consist of the following:

(in millions of US$)	2020	2019
Current provisions	9	8
Non-current provisions	69	60
	78	**68**

Changes in provisions for the years ended December 31, 2020 and December 31, 2019 are as follows:

(in millions of US$)	2020					2019
Provisions for:	Tax risks	Social risks	Litigations	Other	**Total**	**Total**
Balance as of January 1	11	22	7	28	**68**	**40**
Allowance	–	6	13	11	**30**	22
Reversal of used portion	–	(3)	(1)	(1)	**(5)**	(9)
Reversal of unused portion	(2)	(5)	(1)	–	**(8)**	(5)
Reclassification to held for sale liabilities	–	–	–	(10)	**(10)**	–
Others	–	–	–	3	**3**	20
Closing balance	**9**	**20**	**18**	**31**	**78**	**68**

Tax and social provisions consist of various claims and lawsuits against the Group, primarily related to employment terminations, labor accidents and allegations of non-compliance with tax regulations mainly linked to VAT. These claims are subject to court decisions or tax interpretations within multiple jurisdictions and timing and amounts are uncertain; however the recognized provision reflects management's best estimate of the most likely outcome. Regarding certain legal claims in Brazil, the Group was required to establish escrow deposits which, as of December 31, 2020, amounted to US$34 million (US$42 million as of December 31, 2019) and are disclosed under the line "Deposits and Others" within the non-current financial assets (refer to Note 5.4).

Provisions for litigations include contractual obligation for trade disputes with customers, suppliers and other counterparties.

Other provisions include a US$26 million provision for decommissioning leased land and US$1 million for environmental provisions in Brazil. The Group recognized a US$10 million provision for onerous contracts that was reclassified to held for sale liabilities as it was part of the Imperial transaction (Sugar business) (refer to Note 1.4).

3.7 Inventories

Trading Inventories

Trading inventories are valued at fair value less costs to sell. The "mark-to-market" valuation policy, which is accepted as a commodity industry practice, presents a fair reflection of the Group's trading activities. Changes in fair value are recognized in the consolidated income statement in "Cost of sales".

Other Inventories

The other inventories are valued at the lower of cost or net realizable value, especially for certain entities or businesses for which the trading model is not applicable. Cost of goods sold are presented in the line "Cost of sales" of the consolidated income statement.

As of December 31, 2020 and December 31, 2019, inventories consist of the following:

(in millions of US$)	2020	2019
Trading inventories	5,501	4,395
Finished goods	454	511
Raw materials	153	240
Inventories (gross value)	**6,108**	**5,146**
Depreciation of non-trading inventories	(7)	(3)
Inventories (net value)	**6,101**	**5,143**

The table does not include the following inventory items as they were reclassified to held for sale assets (refer to Note 1.4):

- The raw materials and finished goods that are part of the Imperial transaction (Sugar business) amounting to US$86 million as of December 31, 2020;
- The trading inventories and raw materials held by *LDC Fujian Refined Sugar Co. Ltd.* (Sugar business) amounting to US$30 million as of December 31, 2019.

3.8 Biological Assets

Bearer plants are accounted for as property, plant and equipment, while the produce growing on the bearer plant is a biological asset. Biological assets are carried at fair value less estimated costs to sell, based on discounted expected future cash flows from these assets. Changes in fair value are recognized in the consolidated income statement in "Cost of sales".

The Group owns biological assets located in Brazil consisting of oranges growing until point of harvest. As of December 31, 2020 and December 31, 2019, the Group owns 38 mature orange groves, which generally sustain around 17 years of orange production.

Changes in biological assets for the years ended December 31, 2020 and December 31, 2019 are as follows:

(in millions of US$)	2020	2019
Balance as of January 1	54	56
Acquisitions and capitalized expenditure	53	62
Decrease due to harvest	(63)	(55)
Change in fair value	(1)	(9)
Closing balance	**43**	**54**

The valuation model used to determine the carrying value of biological assets was developed by an external valuation firm and is classified as Level 3 in the fair value hierarchy defined in Note 4.10.

Expected future cash flows are determined based on the expected volume yields in number of boxes and the price for an orange box derived from available market prices. This price is net of picking, handling and freight costs, among others, considered based on internal assumptions, to determine the net value less cost to sell. This amount is subsequently discounted to present value. The following assumptions have a significant impact on the valuation of the Group's biological assets:

	2020	2019
Number of trees (in thousands)	12,756	12,153
Expected yields (in number of boxes)	16,953	18,810
Price of a box of oranges (in US$)	5.88	6.95
Discount rate	5.63%	5.63%

Changes in assumptions would increase (decrease) the estimated fair value of the biological assets if:

- Expected yields in number of boxes were higher (lower);
- Estimated price of a box of oranges were higher (lower);
- Estimated costs for harvesting and transportation were lower (higher);
- The discount rate were lower (higher).

3.9 Trade and Other Receivables

"Trade receivables" are initially recognized at the transaction amount (unless a significant finance component is included) of the consideration receivable and carried at amortized cost, less provision for impairment. The Group applies IFRS 9's simplified approach to measure expected credit losses on trade receivables. This method allows the Group to recognize lifetime expected credit losses on receivables without the need to identify significant increases in credit risk. The expected credit losses are estimated by reference to past default experience and a credit rating, adjusted as appropriate for current and forecasted future economic conditions.

As of December 31, 2020 and December 31, 2019, trade and other receivables consist of the following:

(in millions of US$)	2020 Gross value	2020 Provision	2020 Net value	2019 Gross value	2019 Provision	2019 Net value
Trade receivables	2,205	(207)	**1,998**	2,162	(127)	**2,035**
Accrued receivables	1,049	–	**1,049**	945	–	**945**
Prepayments	368	(3)	**365**	555	–	**555**
Other receivables	140	(4)	**136**	83	(5)	**78**
Financial assets at amortized cost	3,762	(214)	**3,548**	3,745	(132)	**3,613**
Advances to suppliers	275	(7)	**268**	379	(5)	**374**
Staff and tax receivables	402	(14)	**388**	710	(20)	**690**
Prepaid expenses	52	–	**52**	59	–	**59**
Non-financial assets	729	(21)	**708**	1,148	(25)	**1,123**
Trade and other receivables	**4,491**	**(235)**	**4,256**	**4,893**	**(157)**	**4,736**

The table does not include the following items as they were reclassified to held for sale assets (refer to Note 1.4):
- The trade and other receivables amounting to US$40 million and the US$3 million prepaid expenses that are part of the Imperial transaction (Sugar business) as of December 31, 2020;
- The staff and tax receivables amounting to US$1 million and the US$2 million prepaid expenses held by *Louis Dreyfus Company (Shaanxi) Juices Co. Ltd.* (Juice business) as of December 31, 2020;
- The trade and other receivables amounting to US$4 million and the US$1 million staff and tax receivables held by *LDC Fujian Refined Sugar Co. Ltd.* (Sugar business) as of December 31, 2019.

The changes in the provision on trade and other receivables are as follows:

(in millions of US$)	2020	2019
Balance as of January 1	**(157)**	(100)
Increase in provision	(87)	(82)
Receivables written off as uncollectable	15	12
Unused amount reversed	21	12
Reclassification from provision on derivative assets	(27)	–
Foreign currency translation adjustment	–	1
Closing balance	**(235)**	**(157)**

Increase in Provision

During the year ended December 31, 2020, the increase in provision mainly corresponded to default risk on various customers for US$79 million (US$66 million as of December 31, 2019) for their estimated non-recoverable portions, particularly in the Cotton Platform due to the Covid-19 pandemic's consequences (refer to the Covid-19 paragraph within the introduction to the notes section), and to provisions on VAT for US$4 million (US$13 million as of December 31, 2019).

Receivables Written Off as Uncollectable

During the year ended December 31, 2020, the amount of receivables written off mainly corresponded to provisions for trade receivables for US$14 million. During the year ended December 31, 2019, the amount of receivables written off mainly corresponded to provisions for trade receivables for US$11 million and to provisions on VAT for US$1 million.

Unused Amount Reversed

The unused amount of provisions recovered during the year ended December 31, 2020 mainly consisted of provisions on trade receivables for US$12 million and to provisions on VAT for US$9 million. During the year ended December 31, 2019, the amount of receivables recovered mainly corresponded to provisions for trade receivables reversed for US$5 million and to provisions on VAT for US$7 million.

Reclassification from Provision on Derivative Assets

As of December 31, 2020, the US$27 million reclassification is related to contracts on cotton that were washed out during the period and invoiced to customers. The corresponding provisions were kept, as the risk of default remains.

The following table details the counterparty exposure broken down by past due date of receivables as of December 31, 2020 and December 31, 2019:

(in millions of US$)	2020 Gross value	2020 Provision	2020 Net value	2019 Gross value	2019 Provision	2019 Net value
Not due	5,619	(36)	**5,583**	4,100	(28)	**4,072**
Due since < 3 months	386	(7)	**379**	413	(7)	**406**
Due since 3-6 months	43	(19)	**24**	50	(24)	**26**
Due since 6 months-1 year	96	(53)	**43**	48	(7)	**41**
Due since > 1 year	167	(120)	**47**	168	(91)	**77**
Closing balance	**6,311**	**(235)**	**6,076**	**4,779**	**(157)**	**4,622**
Including:						
Trade receivables	*2,205*	*(207)*	***1,998***	*2,162*	*(127)*	***2,035***
Prepayments	*368*	*(3)*	***365***	*555*	–	***555***
Advances to suppliers	*275*	*(7)*	***268***	*379*	*(5)*	***374***
Staff and tax receivables	*402*	*(14)*	***388***	*710*	*(20)*	***690***
Other receivables	*140*	*(4)*	***136***	*83*	*(5)*	***78***
Margin deposits	*2,117*	–	***2,117***	*885*	–	***885***
Financial advances to related parties	*804*	–	***804***	*5*	–	***5***

3.10 Trade and Other Payables

As of December 31, 2020 and December 31, 2019, trade and other payables consist of the following:

(in millions of US$)	2020	2019
Trade payables	1,843	2,099
Accrued payables	1,965	1,870
Prepayments received	295	477
Margin deposits	172	42
Payables on purchase of fixed assets and investments	10	11
Other payables	137	81
Financial liabilities at amortized cost	4,422	4,580
Advances received	30	18
Staff and tax payables	264	210
Deferred income	48	33
Non-financial liabilities	342	261
Trade and other payables	**4,764**	**4,841**

The table does not include the following items as they were reclassified to held for sale liabilities (refer to Note 1.4):
- The trade and other financial payables amounting to US$35 million and the US$2 million staff and tax payables that are part of the Imperial transaction (Sugar business) as of December 31, 2020;
- The prepayments received and other financial payables amounting to US$2 million and the US$1 million staff and tax payables held by *LDC Fujian Refined Sugar Co. Ltd.* (Sugar business) as of December 31, 2019.

4. Financial Instruments and Risk Management

Financial instruments are subject to various risks, including market value fluctuations, foreign currency, counterparty credit and liquidity risks. In addition to managing market and foreign currency risk, the Group implemented a robust monitoring of counterparty credit and ensured the availability of sufficient cash in order to reduce its liquidity risk. At each financial period end, the Group has a policy of accruing its receivables and unrealized gains with counterparties deemed at risk.

4.1 Market Risk

Market risk is the risk that the fair value or future cash flows of assets and liabilities held by the Group including financial instruments, physical commodities, industrial and biological assets will fluctuate due to changes in market variables such as spot and forward commodity prices, price spreads, volatilities and foreign exchange rates.

The Group classifies exposures to market risk into either trading or non-trading activities. The Group manages market risk for trading activities by diversifying exposures, controlling position natures, sizes and maturities, performing stress testing, and monitoring risk limits under the supervision of the Market Risk function and the Macro Committee. Limits are established for the level of acceptable risk at a corporate level and are allocated at platform and profit center levels. Compliance with the limits is reported daily.

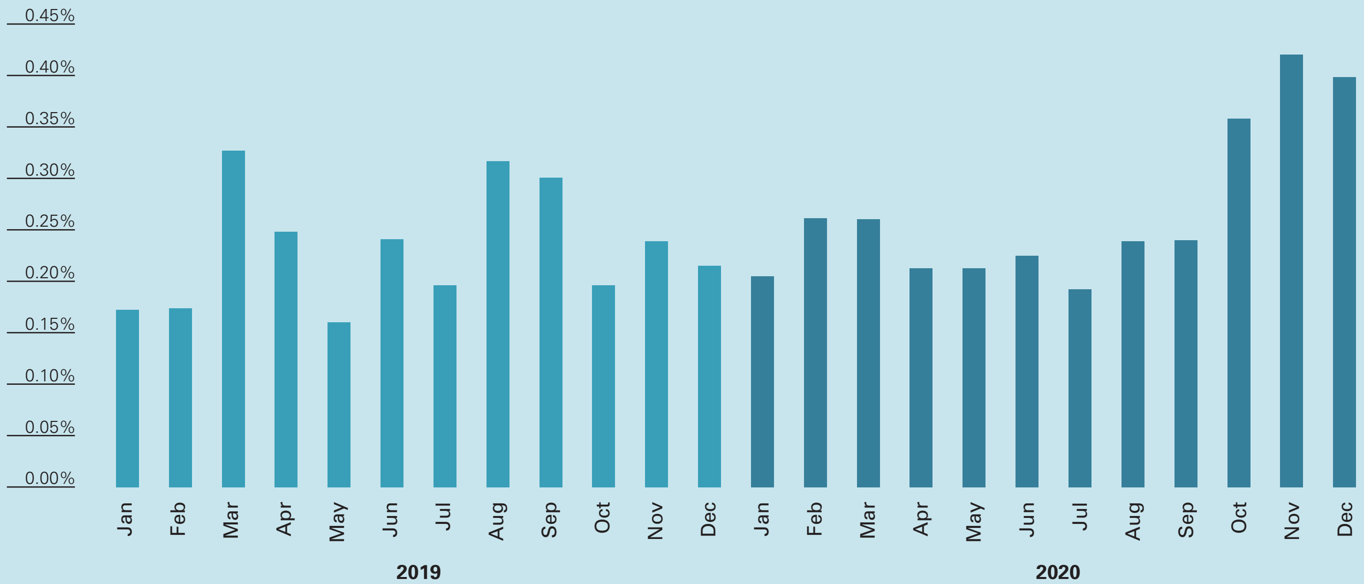
Limits are based on a daily measure of market risk exposure referred to as value at risk (VaR). The VaR that the Group measures is a model-based estimate grounded upon various assumptions such as that the log-normality of price returns, and on conventions such as the use of exponentially weighted historical data in order to put more emphasis on the latest market information.

The VaR computed therefore represents an estimate, expressed at a statistical confidence level of 95%, of the potential loss that is not expected to be exceeded should the current market risk position remain unchanged for one day. The use of a 95% confidence level means that, within a one-day horizon, losses exceeding the VaR figure are not expected to occur statistically more than once every 20 trading days.

The VaR may be under- or over-estimated due to the assumptions placed on risk factors and historical correlations and volatilities in market prices, and the probability of large market moves may be underestimated per the normal distribution as well as due to significant market, weather, geopolitical or other events.

The monthly average of VaR as a percentage of Group equity corresponds to the average over a month of the VaR computed daily as a percentage of Group equity at the beginning of each quarter. It consists of the following:

Average VaR as a Percentage of Group Equity



During the years ended December 31, 2020 and December 31, 2019, the monthly average Group VaR for trading activities was less than 1% of stockholders' equity. The yearly average VaR for the Group reached 0.26% in 2020, compared to 0.23% in 2019.

VaR is only one of the risk metrics within a wider risk management system applied within the Group.

4.2 Foreign Currency Risk

The Group operates on a global scale and is exposed to changes in foreign currency exchange for its monetary assets and liabilities arising from transactions in a currency different from the functional currency of each entity. Such transactions include capital expenditure, purchases linked to industrial operations, administrative expenditure and other operating payables or receivables in local currency, among others. The Group is also party to some financing arrangements in a foreign currency different from the functional currency of the borrowing entity.

The Group manages its exposure to foreign currency transactions by setting natural hedge structures and by entering into foreign exchange derivative contracts to hedge its exposure back to each entity's own functional currency (refer to Note 4.8).

As of December 31, 2020 and December 31, 2019, the net exposure to foreign currency transactions before hedge for current monetary items (excluding the current portion of long-term debt) represents 4% and 3% of net equity position, respectively, and is denominated in the following currencies:

(in millions of US$)	**2020**	2019
Brazilian Real	140	101
Euro	317	19
Indian Rupee	(198)	(19)
US Dollar	(42)	76
Argentine Peso	(21)	41
Other currencies	21	(56)
Net exposure	**217**	**162**

The Group is also exposed to currency translation risk from its investments in foreign operations, particularly in China and European countries.

4.3 Counterparty Risk

The Group trades diversified commodities and commodity-related products. Accordingly, a substantial portion of the Group's trade receivables is toward other commodity trading companies. Margin deposits generally consist of deposits with commodity exchanges and brokers which hold such deposits in a custodial capacity. The Group's counterparty risk exposure from derivative financial instruments is limited to the current fair value of contracts with a positive fair value.

Performance risk on an open contract measures the risk of non-performance by the counterparty and is composed of:

- The mark-to-market exposure to date (if any) reflecting the cost to the Group if the contract is not fulfilled and has to be replaced in the open market under prevailing market conditions; and
- The potential future mark-to-market exposure reflecting the fact that the market price can move from the day of exposure calculation to the delivery date/payment date versus the current market price.

The Group has implemented risk management procedures to monitor its exposures and to minimize counterparty risk. These procedures include initial credit and limit approvals, margin requirements, master netting arrangements, letters of credit and other guarantees.

4.4 Political and Country Risk

In its cross-border operations, the Group is exposed to country risk associated with a country's overall political, economic, financial, regulatory and commercial situations. The Group does not seek to retain country risk and it is the trade finance, insurance and credit risk departments' duty to seek solutions to mitigate political and country risk by transferring or covering them with major financial institutions or insurance companies.

4.5 Liquidity Risk

Liquidity risk arises in the general funding of the Group's commodity trading activities and in the management of positions. It includes both the risk of being unable to fund the Group's portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

Management of the liquidity profile is designed to ensure that the Group has access to the funds necessary to cover maturing liabilities. Sources of funds include interest-bearing and non-interest-bearing deposits, bank notes, trading account liabilities, repurchase agreements, long-term debt and borrowing arrangements.

The Group holds operating assets that are expected to generate cash inflows that will be available to meet cash outflows arising from operating liabilities. In the trading business, settling commodity contracts and liquidating trading inventories by exchanging the commodity for cash before the contractual maturity term is usual practice. Consequently, liquidity risk is measured by allocating liabilities to the earliest estimated period on which the counterparty can require repayment, and assets to the earliest estimated period on which the Group can realize in cash these assets without any significant discount from market value. This measurement takes into consideration the market depth and price sensitivity to significant transaction volumes. The inclusion of information on non-financial items is necessary to understand the Group's liquidity risk management, as the liquidity is managed on a net asset and liability basis. The table below summarizes the liquidity profile of the Group's operating assets and liabilities carrying amounts as of December 31, 2020 and December 31, 2019.

	2020				2019			
(in millions of US$)	Under 3 months	3 to 6 months	Over 6 months	**Total**	Under 3 months	3 to 6 months	Over 6 months	**Total**
Trading inventories	5,246	254	1	**5,501**	4,293	101	1	**4,395**
Derivative assets	2,188	530	305	**3,023**	1,048	77	110	**1,235**
Trade and other receivables	3,621	428	207	**4,256**	3,705	803	228	**4,736**
Derivative liabilities	(3,010)	(87)	(101)	**(3,198)**	(1,231)	(31)	(46)	**(1,308)**
Trade and other payables	(4,578)	(137)	(49)	**(4,764)**	(4,214)	(584)	(43)	**(4,841)**
Total assets net of liabilities	**3,467**	**988**	**363**	**4,818**	**3,601**	**366**	**250**	**4,217**

The schedule below analyzes the Group's financial interests (excluding those related to lease liabilities under IFRS 16) that will be settled on future periods based on short-term debt (excluding repurchase agreements and bank overdrafts) and long-term financing as of December 31, 2020 and December 31, 2019. Such interests are grouped by maturity based on the contractual maturity date of the interests.

(in millions of US$)	**2020**	2019
Maturity < 1 year	178	191
Maturity 1-2 years	110	120
Maturity 2-3 years	69	85
Maturity 3-4 years	52	59
Maturity 4-5 years	44	45
Maturity > 5 years[1]	34	116
Interests future cash outflows related to short-term debt and long-term financing existing at closing date	**487**	**616**
of which:		
Fixed rate	376	408
Floating rate	111	208

1. It includes future interests on a financial debt contracted in Brazil in 2018 and maturing up to 2035, and another contracted in the US in 2019 and maturing up to 2028.

4.6 Interest Rate Risk

As of December 31, 2020 and December 31, 2019, the allocation of Group financing between fixed and floating interest rates is as follows:

(in millions of US$)	**2020**	2019
Fixed rate	4,435	3,888
Floating rate	4,931	3,600
Total short-term debt and long-term financing	**9,366**	**7,488**

For further details, refer to Notes 5.2 and 5.3.

Short-term debt with initial contractual maturity below six months is considered as bearing a floating interest rate.

4.7 Categories of Financial Assets and Liabilities

Classification and measurement of financial assets depend on the business model and the instruments' contractual cash flow characteristics. Upon initial recognition, financial assets are carried at amortized cost, fair value through other comprehensive income (OCI), or fair value through profit and loss.

The main financial assets of the Group (excluding derivatives) are presented within the following consolidated balance sheet lines:

- Non-current financial assets
- Trade and other receivables
- Other financial assets at fair value through profit and loss
- Cash and cash equivalents

Financial liabilities are measured at amortized cost or fair value through profit and loss. The main financial liabilities of the Group (excluding derivatives) comprise long-term debt, short-term debt, financial advances from related parties and trade payables. All these financial liabilities are recorded at amortized cost using the effective interest method.

Financial assets and liabilities are recorded in the consolidated balance sheet as current if they mature within one year following the closing date of the financial statements and non-current if they mature after one year, apart from derivatives held for trading, which are all classified as current.

Derivatives are measured at fair value through profit and loss, except for those considered as hedging instruments in a cash flow hedge relationship, in which case the change in fair value is recognized in OCI.

Margin deposits consist of cash with brokers and exchanges to meet initial and variation margins requirements in respect of futures positions on commodities exchanges.

As of December 31, 2020, the different categories of financial assets and liabilities are as follows:

(in millions of US$)	**Notes**	Assets at fair value through profit and loss	Derivatives at fair value through OCI - cash flow hedges	Assets at amortized cost	**Total**
Non-current financial assets	5.4	196	–	358	**554**
Total non-current financial assets		196	–	358	**554**
Financial advances to related parties	7.3	–	–	804	**804**
Trade and other receivables	3.9	–	–	3,548	**3,548**
Derivative assets	4.8	2,977	46	–	**3,023**
Margin deposits		–	–	2,117	**2,117**
Other financial assets at fair value through profit and loss	5.5	223	–	–	**223**
Cash and cash equivalents	5.6	317	–	979	**1,296**
Total current financial assets		**3,517**	**46**	**7,448**	**11,011**
Total financial assets		**3,713**	**46**	**7,806**	**11,565**

(in millions of US$)	Notes	Liabilities at fair value through profit and loss	Derivatives at fair value through OCI - cash flow hedges	Liabilities at amortized cost	Total
Long-term debt	5.2	–	–	3,690	**3,690**
Other non-current financial liabilities	3.5	–	–	71	**71**
Total non-current financial liabilities		–	–	**3,761**	**3,761**
Short-term debt	5.3	–	–	5,765	**5,765**
Current portion of long-term debt	5.2	–	–	198	**198**
Financial advances from related parties	7.3	–	–	154	**154**
Trade and other payables (excluding margin deposit liabilities)	3.10	–	–	4,250	**4,250**
Margin deposit liabilities	3.10	–	–	172	**172**
Derivative liabilities	4.8	3,137	61	–	**3,198**
Total current financial liabilities		**3,137**	**61**	**10,539**	**13,737**
Total financial liabilities		**3,137**	**61**	**14,300**	**17,498**

As of December 31, 2019, the different categories of financial assets and liabilities were as follows:

(in millions of US$)	Notes	Assets at fair value through profit and loss	Derivatives at fair value through OCI - cash flow hedges	Assets at amortized cost	Total
Non-current financial assets	5.4	178	–	1,139	**1,317**
Total non-current financial assets		**178**	–	**1,139**	**1,317**
Financial advances to related parties	7.3	–	–	5	**5**
Trade and other receivables	3.9	–	–	3,613	**3,613**
Derivative assets	4.8	1,227	8	–	**1,235**
Margin deposits		–	–	885	**885**
Other financial assets at fair value through profit and loss	5.5	414	–	–	**414**
Cash and cash equivalents	5.6	417	–	333	**750**
Total current financial assets		**2,058**	**8**	**4,836**	**6,902**
Total financial assets		**2,236**	**8**	**5,975**	**8,219**

(in millions of US$)	Notes	Liabilities at fair value through profit and loss	Derivatives at fair value through OCI - cash flow hedges	Liabilities at amortized cost	Total
Long-term debt	5.2	–	–	3,269	**3,269**
Other non-current financial liabilities	3.5	–	–	66	**66**
Total non-current financial liabilities		–	–	**3,335**	**3,335**
Short-term debt	5.3	–	–	3,889	**3,889**
Current portion of long-term debt	5.2	–	–	637	**637**
Financial advances from related parties	7.3	–	–	184	**184**
Trade and other payables (excluding margin deposit liabilities)	3.10	–	–	4,538	**4,538**
Margin deposit liabilities	3.10	–	–	42	**42**
Derivative liabilities	4.8	1,276	32	–	**1,308**
Total current financial liabilities		**1,276**	**32**	**9,290**	**10,598**
Total financial liabilities		**1,276**	**32**	**12,625**	**13,933**

4.8 Classification of Derivative Financial Instruments

Derivatives

The Group uses futures and option contracts mostly to hedge trading inventories and open commitments in commodities and securities. Futures and option contracts are recognized at fair value, and the resulting unrealized gains and losses are recognized within the gross margin. Undelivered commodities purchase and sale commitments and swap/supply arrangements are recognized at fair value, and the resulting unrealized gain or loss is recognized within the gross margin. Foreign exchange hedge contracts are recognized at fair value, and the resulting unrealized gains and losses are recognized in the consolidated income statement in "Other financial income and expense" line for the foreign exchange exposure on funding and in "Cost of sales" line, for the foreign exchange gains and losses related to working capital.

Hedge Accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk. These hedging instruments are classified either as fair value hedges, cash flow hedges, or net investments hedges in foreign operations.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group 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 relationships meet all of the following hedge requirements:

- The hedging relationship must only concern eligible hedging instruments and hedged items;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedging relationship must meet hedge effectiveness requirements, particularly in respect of a hedging ratio.

The hedging relationship ends when it ceases to satisfy the above criteria. This includes situations in which the hedging instrument expires or is sold, terminated or exercised, or when the risk management objectives initially documented are no longer met. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The ineffective portion of a hedge, if any, is recognized in the consolidated income statement.

Only derivatives external to the Group, and internal derivatives that are matched with similar transactions external to the Group, qualify for hedge accounting.

Fair Value Hedges

Hedging instruments are classified as fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment. The change in fair value of the hedging instrument is recognized in the line of the consolidated income statement that is impacted by the underlying hedged item. The change in fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognized in the consolidated income statement.

Cash Flow Hedges

Hedging instruments are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction or the foreign currency risk in an unrecognized firm commitment. The effective portion of the gain or loss on the hedging instrument is recognized directly in other reserves, while any ineffective portion is recognized immediately in the consolidated income statement. When the hedged cash flows materialize, the amounts previously recognized in equity are either recycled to the consolidated income statement in the same way as for the hedged item, or are treated as an adjustment to the value of the asset acquired.

Net Investment Hedges

Hedges of net investments in foreign operations are accounted for in a similar way to cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognized directly in other reserves while any ineffective portion is recognized immediately in the consolidated income statement. Amounts taken to equity are transferred to the consolidated income statement when the investment in foreign operations is sold or liquidated.

As of December 31, 2020 and December 31, 2019, derivative financial instruments are as follows:

(in millions of US$)	2020 Assets	2020 Liabilities	2019 Assets	2019 Liabilities
Forward purchase and sale agreements	2,294	1,453	690	488
Forward foreign exchange contracts	308	434	359	298
Futures	303	1,214	172	334
Options	100	35	46	29
Swaps	1	1	5	127
Provision on derivative assets	(29)	–	(45)	–
Derivatives at fair value through profit and loss	**2,977**	**3,137**	**1,227**	**1,276**
Forward foreign exchange contracts	24	14	8	12
Swaps	22	47	–	20
Derivatives at fair value through OCI - cash flow hedges	**46**	**61**	**8**	**32**
Total derivatives	**3,023**	**3,198**	**1,235**	**1,308**

In the normal course of operations, the Group enters into various derivative financial instruments involving future settlement. These transactions include futures, forward purchase and sale agreements, and option contracts that are executed either on regulated exchanges or in the OTC market.

Futures contracts are exchange-traded contractual commitments either to receive or deliver a standard amount or value of a commodity or financial instrument at a specified future date and price. Futures exchanges typically require the parties to provide as security "initial margins" and additional cash deposits for "variation margins", based upon market value fluctuations. OTC contracts, which may or may not require the payment of initial margins or variation margins, involve parties who have agreed to either exchange cash payments or deliver/receive the underlying commodity or financial instrument. Option contracts are contractual agreements that give the purchaser the right, but not the obligation, to purchase or sell a financial instrument or commodity at a predetermined price.

As of December 31, 2020, the Group recognized a provision on derivative assets of US$29 million on performance risk to offset unrealized gains on counterparties identified as being at risk. As of December 31, 2019, this provision was US$45 million.

Derivatives at Fair Value Through OCI - Cash Flow Hedges

Forward foreign exchange contracts mainly relate to the hedge of foreign currency risk of future capital expenditure, production costs and commercial and administrative expenses in Brazilian Reais, and to a lower extent in Euros and Swiss Francs. The contracts also relate to the hedge of foreign currency risk of a long-term financing line (principal and interests) in Brazilian Reais.
As of December 31, 2020, contracts in Brazilian Reais represent a total US$493 million nominal value and are effective until 2035 with an average fixed exchange rate of 5.20 Brazilian Reais to the US Dollar (a total US$564 million nominal value effective until 2035 with an average fixed exchange rate of 4.04, as of December 31, 2019).

The Group enters into interest-rate swap contracts in North America to hedge against fluctuation in international interest rates (LIBOR) on the floating rate exposure of its debt. As of December 31, 2020, these operations represent a total US$1,555 million nominal value effective until 2026 with an average three-month LIBOR rate fixed at 1.66% per year (a total US$1,205 million nominal value effective until 2024 with an average three-month LIBOR rate fixed at 2.28% per year, as of December 31, 2019). For this hedging relationship directly affected by the IBOR reform, LDC will apply the temporary exception in IFRS 9. By doing so, the Group assumes that the interest rate benchmark on which the hedged risk is based is not altered as a result of the reform, as it is expected that eventual changes in the loan (hedged item) will be followed by similar changes in the swap (hedging instrument), ensuring the economic relationship of the hedge.

The Group entered into cross-currency swap contracts in order to hedge the currency and interest exposures of the €500 million unrated senior bond issued in December 2013 and the €600 million rated senior bond issued in November 2020. The hedge on the exposure linked to future interest payments on these bonds is booked at fair value through OCI. The hedge on the exposure related to the principal and accrued interests is booked in profit and loss impacting "Other financial income and expense" in the consolidated income statement (refer to Note 2.3). In December 2020, LDC repaid the €500 million unrated senior bond and settled the corresponding cross-currency swap representing a total repayment amount of US$677 million. The remaining cross-currency swap is effective until 2025.

4.9 Offsetting of Financial Assets and Liabilities

The Group enters into derivative transactions under *International Swaps and Derivatives Association* (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, such as when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

ISDA agreements do not meet the criteria for offsetting in the consolidated balance sheet: the Group does not have any currently legally enforceable right to offset recognized amounts, considering that the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events.

The following table sets out the carrying amounts of recognized financial instruments that are subject to the above agreements as of December 31, 2020:

	Amounts set off in the balance sheet			Amounts not set off in the balance sheet				
(in millions of US$)	Gross amount of financial assets	Gross amount of financial liabilities	**Net amount recognized in the balance sheet**	Under master netting agreements and margin deposit	Not under master netting agreements	**Total presented in the balance sheet**	Amounts under master agreements not set off in the balance sheet and margin deposit - theoretical set off adjustment	**Total net amount**
Derivative assets	346	(97)	**249**	130	2,644	**3,023**	401	**3,424**
Derivative liabilities	(1,121)	2,222	**1,101**	130	1,967	**3,198**	(1,306)	**1,892**
Margin deposit assets				2,117		**2,117**	(1,875)	**242**
Margin deposit liabilities				172		**172**	(168)	**4**
	1,467	**(2,319)**	**(852)**	**1,945**	**677**	**1,770**	**–**	**1,770**

As of December 31, 2019, the offsetting of financial assets and liabilities was as follows:

	Amounts set off in the balance sheet			Amounts not set off in the balance sheet				
(in millions of US$)	Gross amount of financial assets	Gross amount of financial liabilities	**Net amount recognized in the balance sheet**	Under master netting agreements and margin deposit	Not under master netting agreements	**Total presented in the balance sheet**	Amounts under master agreements not set off in the balance sheet and margin deposit - theoretical set off adjustment	**Total net amount**
Derivative assets	90	(43)	**47**	198	990	**1,235**	277	**1,512**
Derivative liabilities	(352)	563	**211**	188	909	**1,308**	(466)	**842**
Margin deposit assets				885		**885**	(782)	**103**
Margin deposit liabilities				42		**42**	(39)	**3**
	442	**(606)**	**(164)**	**853**	**81**	**770**	**–**	**770**

4.10 Fair Value Hierarchy

The Group uses the following hierarchy to determine and disclose the fair value of assets and liabilities broken down by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: techniques that use inputs that have a significant effect on the recorded fair value that are based on observable, either directly or indirectly, market data; and
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As of December 31, 2020 and December 31, 2019, the following table shows an analysis of financial assets and liabilities recorded at fair value, by level of the fair value hierarchy:

	2020				2019			
(in millions of US$)	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Trading inventories	3	5,426	72	**5,501**	1	4,280	114	**4,395**
Derivative assets	253	2,739	31	**3,023**	194	1,032	9	**1,235**
Forward purchase and sale agreements	*–*	*2,263*	*31*	***2,294***	*–*	*681*	*9*	***690***
Forward foreign exchange contracts	*–*	*332*	*–*	***332***	*2*	*365*	*–*	***367***
Futures	*179*	*124*	*–*	***303***	*172*	*–*	*–*	***172***
Options	*74*	*26*	*–*	***100***	*20*	*26*	*–*	***46***
Swaps	*–*	*23*	*–*	***23***	*–*	*5*	*–*	***5***
Provision on derivative assets	*–*	*(29)*	*–*	***(29)***	*–*	*(45)*	*–*	***(45)***
Other financial assets at fair value through profit and loss (current and non-current)	140	68	211	**419**	389	2	201	**592**
Cash equivalents	–	317	–	**317**	–	417	–	**417**
Total assets	**396**	**8,550**	**314**	**9,260**	**584**	**5,731**	**324**	**6,639**
Derivative liabilities	1,231	1,962	5	**3,198**	339	964	5	**1,308**
Forward purchase and sale agreements	*–*	*1,448*	*5*	***1,453***	*–*	*483*	*5*	***488***
Forward foreign exchange contracts	*–*	*448*	*–*	***448***	*–*	*310*	*–*	***310***
Futures	*1,214*	*–*	*–*	***1,214***	*334*	*–*	*–*	***334***
Options	*17*	*18*	*–*	***35***	*5*	*24*	*–*	***29***
Swaps	*–*	*48*	*–*	***48***	*–*	*147*	*–*	***147***
Total liabilities	**1,231**	**1,962**	**5**	**3,198**	**339**	**964**	**5**	**1,308**

Trading inventories are valued at fair value based on observable prices (if and when available) such as commodity futures exchange quotations, broker or dealer quotations, or market transactions in either listed or OTC markets, and adjusted for differences in local markets and quality, since the exchange quoted price represents contracts with standardized terms for commodity, quantity, future delivery period, delivery location, and commodity quality or grade. When a substantial portion of observable inputs is used to estimate the fair value of the trading inventory, it is classified as Level 2. When unobservable inputs have a significant impact on the measurement of fair value, the trading inventory is classified as Level 3.

Fair value for the forward purchase and sale agreements is estimated based on exchange-quoted price adjusted for differences in local markets. These differences are generally determined using inputs from broker or dealer quotations or market transactions in either listed or OTC markets. When observable inputs are available for the full term of the contract, it is classified as Level 2. When unobservable inputs have a significant impact on the measurement of the fair value, the contract is classified as Level 3.

Other financial assets at fair value through profit and loss mainly include investments in equity instruments and bonds classified as Level 1 if they are listed, Level 2 if they are valued in the OTC market or adjusted based on observable market data and Level 3 if other valuation technique is used. They also include loans to commercial partners that do not meet the SPPI (Solely Payments of Principal and Interests) requirements, classified as Level 3.

In 2020, the investment in *Luckin Coffee* was transferred from Level 1 to Level 2 as it is now delisted from *Nasdaq* and valued based on market prices from the OTC market (refer to Note 2.4).

5. Equity and Financing

5.1 Equity

(in millions of US$)	**2020**	2019
Issued capital	1	1
Share premium	1,586	1,586
Retained earnings	3,409	3,318
Other reserves	(138)	(119)
Equity attributable to owners of the company	4,858	4,786
Non-controlling interests	12	12
Total stockholders' equity and non-controlling interests	**4,870**	**4,798**

The stockholders' equity and non-controlling interests disclosed in the Financial Statements correspond to the equity used by the management when assessing performance.

Capital

When managing capital, the objectives of the Group are to safeguard its ability to continue as a going concern so that it can provide returns to shareholders, bring benefits to its other partners and optimize the structure of capital in order to reduce its cost.

As of December 31, 2020 and December 31, 2019, the capital of LDC is composed of 100,000,000 shares with a €0.01 nominal value each, that are issued and fully paid.

During the year ended December 31, 2020, LDC distributed US$302 million as dividends to LDCNH, corresponding to a dividend payment of US$3.02 per share. During the year ended December 31, 2019, LDC distributed US$428 million as dividends to LDCNH, corresponding to a dividend payment of US$4.28 per share.

Other Reserves

Other reserves as of December 31, 2020 and December 31, 2019 relate to:

	2020				2019			
(in millions of US$)	Pre-tax	Tax	Non-controlling share	**Owners of the company share**	Pre-tax	Tax	Non-controlling share	**Owners of the company share**
Other comprehensive income	(182)	14	(6)	**(162)**	(145)	(9)	(5)	**(149)**
Deferred compensation	24	–	–	**24**	30	–	–	**30**
Other reserves	**(158)**	**14**	**(6)**	**(138)**	**(115)**	**(9)**	**(5)**	**(119)**

Deferred compensation reserves correspond to the awards granted to the employees of the subsidiaries that did not enter into a reimbursement agreement with LDCH (refer to Note 6.2).

Other Comprehensive Income (OCI)

OCI is composed of cash flow and net investment hedges, fixed assets revaluation reserves, pensions reserves and foreign currency translation adjustment as described below.

Cash flow and net investment hedges reserves correspond to the effective portion of the gain or loss on the hedging instrument as described in Note 4.8.

Pensions reserves correspond to the re-measurement of gains and losses arising from defined benefit pension plans in accordance with IAS 19 Employee Benefits as described in Note 6.1.

Foreign currency translation adjustments are used to record exchange differences arising from the translation of the financial statements of the Group's foreign operations whose functional currencies are different from the US Dollar.

Changes in OCI for the years ended December 31, 2020 and December 31, 2019 are as follows:

(in millions of US$)	Cash flow and net investment hedges	Fixed assets revaluation reserves	Pensions reserves	Foreign currency translation adjustment	Total
Balance as of January 1, 2020 - owners of the company share	**(20)**	**6**	**17**	**(152)**	**(149)**
of which:					
Pre-tax	(18)	7	24	(158)	**(145)**
Tax	(2)	–	(7)	–	**(9)**
Non-controlling share	–	1	–	(6)	**(5)**
Current year gains (losses)	(132)	–	(3)	39	**(96)**
Reclassification to profit and loss	81	–	–	2	**83**
Others	–	(6)	–	6	**–**
OCI for the year - owners of the company share	**(51)**	**(6)**	**(3)**	**47**	**(13)**
of which:					
Pre-tax	(71)	(7)	(6)	47	**(37)**
Tax	20	–	3	–	**23**
Non-controlling share	–	(1)	–	–	**(1)**
Balance as of December 31, 2020 - owners of the company share	**(71)**	**–**	**14**	**(105)**	**(162)**
of which:					
Pre-tax	(89)	–	18	(111)	**(182)**
Tax	18	–	(4)	–	**14**
Non-controlling share	–	–	–	(6)	**(6)**

(in millions of US$)	Cash flow and net investment hedges	Fixed assets revaluation reserves	Pensions reserves	Foreign currency translation adjustment	Total
Balance as of January 1, 2019 - owners of the company share	**(21)**	**6**	**19**	**(154)**	**(150)**
of which:					
Pre-tax	(28)	7	25	(161)	**(157)**
Tax	7	–	(6)	–	**1**
Non-controlling share	–	1	–	(7)	**(6)**
Current year gains (losses)	(40)	–	(2)	(3)	**(45)**
Reclassification to profit and loss	41	–	–	2	**43**
Others	–	–	–	3	**3**
OCI for the year - owners of the company share	**1**	**–**	**(2)**	**2**	**1**
of which:					
Pre-tax	10	–	(1)	3	**12**
Tax	(9)	–	(1)	–	**(10)**
Non-controlling share	–	–	–	1	**1**
Balance as of December 31, 2019 - owners of the company share	**(20)**	**6**	**17**	**(152)**	**(149)**
of which:					
Pre-tax	(18)	7	24	(158)	**(145)**
Tax	(2)	–	(7)	–	**(9)**
Non-controlling share	–	1	–	(6)	**(5)**

5.2 Long-Term Debt

As of December 31, 2020 and December 31, 2019, long-term debt consists of the following:

(in millions of US$)	Notes	2020	2019
Non-current portion of long-term financing		3,471	3,027
Non-current portion of lease liabilities	7.1	219	242
Non-current portion of long-term debt		**3,690**	**3,269**
Current portion of long-term financing		130	572
Current portion of lease liabilities	7.1	68	65
Current portion of long-term debt		**198**	**637**
Total long-term debt		**3,888**	**3,906**

The tables below only refer to long-term financing.

Long-term financing as of December 31, 2020 and December 31, 2019 is analyzed as follows:

(in millions of US$)	2020	2019
Debt capital markets	1,522	1,307
Revolving credit facilities	15	296
Term loans from banks	2,064	1,996
Total long-term financing	**3,601**	**3,599**

Maturity of long-term financing as of December 31, 2020 and December 31, 2019 is analyzed as follows:

(in millions of US$)	2020	2019
Maturity 1-2 years[1]	1,007	245
Maturity 2-3 years[2]	520	1,173
Maturity 3-4 years	264	447
Maturity 4-5 years[3]	1,048	263
Maturity > 5 years	632	899
Non-current portion of long-term financing	**3,471**	**3,027**
Current portion of long-term financing	**130**	**572**
Total long-term financing	**3,601**	**3,599**
of which:		
Fixed rate	2,807	2,576
Floating rate	794	1,023

1. As of December 31 2020, this amount includes a €400 million, 5-year, 4.00% coupon unrated senior bond listed on the *Luxembourg Stock Exchange* issued by LDC on February 7, 2017. This senior bond is partially used as a hedging instrument to hedge the net investments in the Euro subsidiaries of the Group.
2. As of December 31, 2020, this amount includes a US$300 million, 6-year, 5.25% coupon unrated senior bond listed on the *Luxembourg Stock Exchange* issued by LDC on June 13, 2017.
3. As of December 31, 2020, this amount includes a €600 million, 5-year, 2.375% coupon rated senior bond listed on the *Luxembourg Stock Exchange* issued by LDC on November 27, 2020 (swapped to US Dollars, refer to Note 4.8).

Certain portions of this financing, aggregating US$143 million as of December 31, 2020 and US$96 million as of December 31, 2019 are secured by mortgages on assets.

Certain senior debt and bank loans contain covenants that require maintenance of levels of working capital, net worth, debt to equity ratios, dividend restrictions and limit of indebtedness. As of December 31, 2020, the Group complied with all the covenants included in its loan agreements with banks.

As of December 31, 2020 and December 31, 2019, outstanding long-term financing after hedge is denominated in the following currencies:

(in millions of US$)	2020	2019
US Dollar	3,055	3,148
Euro	545	450
Other currencies	1	1
Total long-term financing	**3,601**	**3,599**

The following is a comparative summary of outstanding long-term financing after hedge, current and non-current portions:

(in millions of US$)	2020	2019
Bank loans, from 0.9% to 3.0% over LIBOR due through 2022	37	392
Bank loans, from 0.8% to 1.7% over LIBOR due through 2023	68	–
Bank loans, from 0.8% to 3.5% over LIBOR due through 2027	641	570
Bank loans, from 3.1% to 5.0% over TJLP due through 2035	47	59
Other variable rates through 2022	1	2
Fixed rate through 2028	2,807	2,576
Total long-term financing	**3,601**	**3,599**

As of December 31, 2020, the main difference between the fair value of long-term financing and its historical value amounts to US$72 million and relates to the senior bonds for which fair value is US$1,594 million compared to US$1,522 million net book value.

Changes in long-term financing for the years ended December 31, 2020 and December 31, 2019 are as follows:

(in millions of US$)	2020	2019
Balance as of January 1	3,599	3,007
Proceeds from long-term financing	856	1,175
Repayment of long-term financing	(1,048)	(562)
Foreign exchange	95	(20)
Change in other reserves	21	(4)
Others	78	3
Closing balance	**3,601**	**3,599**

5.3 Short-Term Debt

The Group finances most of its short-term requirements through bank loans, acceptances and commercial paper. The underlying agreements require certain companies to maintain minimum levels of net worth and to meet various liquidity tests.

As of December 31, 2020 and December 31, 2019, short-term debt consists of the following:

(in millions of US$)	2020	2019
Commercial paper	536	63
Bank loans	5,085	3,406
Bank overdrafts	138	382
Repurchase agreements	6	38
Total short-term debt	**5,765**	**3,889**
of which:		
Fixed rate	1,628	1,312
Floating rate	4,137	2,577

As of December 31, 2019, the table does not include the bank loans held by *LDC Fujian Refined Sugar Co. Ltd.* (Sugar business) amounting to US$73 million as they were reclassified to held for sale liabilities (refer to Note 1.4).

The Group enters into repurchase agreements, which are arrangements involving the sale of securities at a specified price with an irrevocable commitment to repurchase the same or similar securities at a fixed price on a specified future date or with an open maturity.

As of December 31, 2020 and December 31, 2019, there is no significant difference between the historical value of the short-term debt and its fair value.

As of December 31, 2020 and December 31, 2019, the outstanding short-term debt is denominated in the following currencies:

(in millions of US$)	2020	2019
US Dollar	4,820	3,176
Chinese Yuan	589	309
Indonesian Rupiah	124	87
Euro	79	63
Ukrainian Hryvnia	72	97
Argentine Peso	–	68
Russian Ruble	1	12
Other currencies	80	77
Total short-term debt	**5,765**	**3,889**

Changes in short-term debt for the years ended December 31, 2020 and December 31, 2019 are as follows:

(in millions of US$)	2020	2019
Balance as of January 1	3,889	4,704
Net proceeds from (repayment of) short-term debt	1,795	(741)
Foreign exchange	17	(4)
Reclassification to held for sale liabilities	64	(70)
Closing balance	**5,765**	**3,889**

Net Proceeds From (Repayments of) Short-Term Debt

This line included changes in repurchase agreements (US$(32) million in 2020 and US$12 million in 2019) which are reported as changes in derivatives in the consolidated statement of cash flows. This line excluded changes in related parties' advances (US$(34) million in 2020 and US$(17) million in 2019) and US$(17) million of cash contribution made to a life insurance program in the US which are reported as "Net proceeds from (repayments of) short-term debt and related parties' loans and advances" in the consolidated statement of cash flows.

Reclassification to Held for Sale Liabilities

As of December 31, 2020, US$64 million of bank loans held by *LDC Fujian Refined Sugar Co. Ltd.* (Sugar business reclassified to held for sale liabilities as of December 31, 2019) were repaid (refer to Note 1.4).
As of December 31, 2019, the US$(70) million amount corresponds to the net of the US$(73) million bank loan held by *LDC Fujian Refined Sugar Co. Ltd.* (Sugar business) reclassified to held for sale liabilities and the US$3 million bank overdraft held by *Macrofertil Ghana Ltd.* (Fertilizers & Inputs business) no longer classified as held for sale (refer to Note 1.4).

5.4 Non-Current Financial Assets

Non-current financial assets mainly include:

- Non-current financial assets measured at amortized cost using the effective interest method such as long-term loans and deposits which meet SPPI (Solely Payments of Principal and Interests) test requirements under IFRS 9;
- Investments in equity instruments not held for trading purposes that the Group intends to keep during more than 12 months after the closing date of the period and loans to commercial partners that do not meet the SPPI test requirements. Those investments and loans are measured at fair value through profit and loss. The Group did not elect for the irrevocable option to measure any investment in equity instruments at fair value through OCI with no recycling through the consolidated income statement.

As of December 31, 2020 and December 31, 2019, non-current financial assets consist of the following:

(in millions of US$)	**2020**	2019
Non-current financial assets at amortized cost	358	1,139
Long-term loans to related parties	*260*	*1,059*
Deposits and others	*98*	*80*
Non-current financial assets at fair value through profit and loss	196	178
Non-current financial assets	**554**	**1,317**

As of December 31, 2020, long-term loans to related parties mainly include the non-current part of the loan granted by LDC to LDCNH for US$251 million (US$1,051 million as of December 31, 2019). On November 11, 2020, LDCH announced the signing of an agreement to sell an indirect 45% equity stake in *Louis Dreyfus Company B.V.* to ADQ, a large holding company based in Abu Dhabi. According to the Shareholders Agreement signed, a minimum of US$800 million of the proceeds shall be used to partially reimburse the US$1,051 million loan to LDCNH at the transaction closing date, expected in 2021. As a consequence, US$800 million of the loan were reclassified to current assets in the line "Financial advances to related parties".

In 2012, LDC entered into a joint venture agreement for the development and construction of a deep-sea terminal for agricultural commodities in the Taman peninsula in southern Russia (the "Project"). The non-current financial assets at fair value through profit and loss include loans granted to the joint venture partner *Infragos Consortium B.V.*, whose rights and obligations have now been transferred to *Infracis Group Limited* ("IGL") (the "Loan"). As of December 31, 2020 and December 31, 2019, principal and accrued interests of the Loan total US$188 million and US$178 million, respectively.

The Group owns 10% of the shares of the Dutch joint venture vehicle (C*isagri Holland Cooperatief U.A.*), which is booked under Investments in associates and joint ventures using the equity method. As of December 31, 2020 and December 31, 2019, it amounted to US$16 million (refer to Note 3.3). The Loan is repayable in cash or convertible into an additional 15% membership interests in the joint venture, and was due at earlier of the terminal completion date or December 31, 2018.

As of March 23, 2021, the Loan has not been repaid and the membership interests have not been transferred to LDC.

The Project is significantly delayed, mainly because land re-zoning approval has not been obtained and there remains significant uncertainty on the completion of the Project.

LDC and IGL have brought claims against each other in arbitration proceedings with the *International Chamber of Commerce* in London. LDC and its legal advisors consider that this arbitration shall not interfere with the Project activities and that LDC has good prospects of success in the arbitration.

The Loan was valued using a discounted cash flow method of future cash flow from the Project, in case of successful completion of the Project, with a finite projection period. Projections rely on market assumptions prevailing at the closing date, which may be subject to further delays or evolution in the future. Material assumptions include construction costs and timing, elevation fees, elevated volume, inflation and foreign exchange. The pre-tax discount rate used reflects current market assessments of the time value of money and the risks specific to the project.

LDC's legal advisors have confirmed that LDC has a good argument in the arbitration that if the Project is not completed and is frustrated, the Loan and interests would be repayable in cash. However, despite the strength of LDC's argument, as with all arbitration/court proceedings, there remains an inevitable element of uncertainty over the conclusion of the arbitration proceedings and recovery of the Loan.

5.5 Other Financial Assets at Fair Value Through Profit and Loss

Other financial assets at fair value through profit and loss include short-term securities with an initial maturity greater than three months and bonds relating to the financial trading activity as well as other financial assets designated upon recognition at fair value through profit and loss. It also includes investments in non-consolidated equity instruments on which the Group does not exercise significant influence, joint control or control.

As of December 31, 2020 and December 31, 2019, other financial assets at fair value through profit and loss consist of the following:

(in millions of US$)	**2020**	2019
Marketable securities held for trading	122	89
Short-term securities	51	165
Investments in equity instruments	50	160
	223	**414**

Short-term securities include US$1 million of securities or cash deposits pledged as collaterals as of December 31, 2020 and December 31, 2019.

As of December 31, 2019, short-term securities also include US$75 million of US Treasury bills granted as collateral to *Bolsas y Mercados Argentinos S.A.*, which were sold in 2020.

The decrease in investments in equity instruments is mostly attributable to *Luckin Coffee* shares (refer to Note 2.4).

5.6 Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less at the time of the acquisition. Treasury bills, money market funds, commercial paper, bank certificates of deposit and marketable securities having insignificant risk of change in value qualify under this definition. Short-term securities classified as "Cash equivalents" are recorded at fair value through profit and loss with changes in fair value recognized in the "Interest income" line of the consolidated income statement. Changes in bank overdrafts that form part of the financing activities are presented as an increase (decrease) in short-term debt in the consolidated statement of cash flows.

As of December 31, 2020 and December 31, 2019, cash and cash equivalents are as follows:

(in millions of US$)	**2020**	2019
Cash equivalents	317	417
Cash	979	333
	1,296	**750**

The table does not include the following cash and cash equivalents items as they were reclassified to held for sale assets (refer to Note 1.4):

- The US$2 million cash that is part of the Imperial transaction (Sugar business) as of December 31, 2020;
- The US$7 million cash held by *LDC Fujian Refined Sugar Co. Ltd.* (Sugar business) as of December 31, 2019.

Cash equivalents include US$17 million of securities pledged as collateral for exchange as of December 31, 2020 (US$1 million as of December 31, 2019).

As of December 31, 2020 and December 31, 2019, there is no material difference between the historical value of cash and cash equivalents and their fair value.

6. Employees

6.1 Employee Benefits

Short-Term Employee Benefits

Short-term employee benefits include wages, salaries, social security contributions, compensated absences, profit-sharing and bonuses and are expected to be fully settled within 12 months after the end of the reporting period. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized in the income statement as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

Pensions and Post-Retirement Benefits

Defined contribution plans are funded by contributions paid by employees and Group companies to the organizations responsible for managing the plans. The Group's obligations are limited to the payment of such contributions which include total social contributions incurred by the Group in order to secure for its employees the entitlement to defined contribution pension schemes. It covers contributions made compulsory by law as well as those resulting from supplementary collectively agreed, contractual and voluntary schemes.

Defined benefit plans consist of either funded or unfunded plans. Obligations under these plans are generally determined by independent actuaries using the projected unit credit method.

The Group measures and recognizes post-employment benefits in accordance with IAS 19:

- Contributions to defined contribution plans are recognized as an expense;
- Defined benefit plans are measured using actuarial valuations.

The Group uses the projected unit credit method as the actuarial method for measuring its post-employment benefit obligations, on the basis of the national or company-wide collective agreements effective within each entity.

Factors used in calculating the obligation include length of service, life expectancy, salary inflation, staff turnover and macroeconomic assumptions specific to countries in which the Group operates (such as inflation rate and discount rate).

Actuarial gains and losses relating to defined benefit plans (pensions and other post-employment benefits), arising from the effects of changes in actuarial assumptions and experience adjustments, are recognized net of deferred taxes in other comprehensive income.

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of each plan.

If the value of plan assets exceeds the obligation under the plan, the net amount is recognized as a non-current asset. Overfunded plans are recognized as assets only if they represent future economic benefits that will be available to the Group through future refunds from the plan or reductions in future contributions to the plan.

Other Long-Term Benefits

The Group's net obligation in respect of long-term benefits, other than post-employment plans, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The value of the obligation is determined using the projected unit credit method.

Actuarial gains and losses are immediately recognized in the income statement as part of the commercial and administrative expenses.

Short-Term Employee Benefits

In 2020, personnel expenses related to continuing operations reached US$715 million (US$730 million in 2019).

Long-Term Employee Benefits

Defined Benefit Plans and Other Long-Term Benefits

The Group maintains pension plans in various countries as prescribed by local laws and customs. The obligations of the Group to pay benefits upon retirement are provided for on an estimated annual basis. The estimates reflect assumptions as to future salary increases, employee turnover and mortality rates. The most significant retirement plans that require funding are in the United States of America (US).

As of December 31, 2020 and December 31, 2019, retirement benefit obligations are as follows:

	2020			2019		
(in millions of US$)	US	Other	Total	US	Other	Total
Long-term pension benefit	45	23	**68**	88	23	**111**
Post-retirement benefit	19	12	**31**	20	11	**31**
Other long-term employee benefits	–	–	**–**	5	–	**5**
Retirement benefit obligations	**64**	**35**	**99**	**113**	**34**	**147**
Net plan asset[1]	**–**	**(1)**	**(1)**	**–**	**(1)**	**(1)**

1. Reported in "Trade and other receivables".

As of December 31, 2020, this table does not include the US$41 million long-term pension benefit and the US$5 million other long-term employee benefits that are part of the Imperial transaction (Sugar business), as they were reclassified to held for sale liabilities (refer to Note 1.4).

US

The Group has various defined benefit pension plans in the US covering substantially all employees, which provide benefits based on years of service and compensation during defined years of employment. The funding policy is to contribute amounts sufficient to meet the minimum funding requirements. The Group also has unfunded post-retirement plans in the US that cover substantially all salaried employees. These plans provide medical, dental and life insurance benefits.

Certain current and former employees of *Imperial Sugar Company* (ISC) are covered by retirement plans. Retirement benefits are primarily a function of years of service and the employee's compensation for a defined period of employment. In 2003, ISC froze the benefits under the salaried pension plan resulting in reductions in future pension obligations. ISC funds pension costs at an actuarially determined amount based on normal cost and the amortization of prior service costs, gains and losses over the remaining service periods. Additionally, ISC previously provided a supplemental non-qualified, unfunded pension plan for certain management members as well as a non-qualified retirement plan for former non-employee directors, which provided benefits based upon years of service as a director and the retainer in effect at the date of a director's retirement. Certain of ISC's employees who meet the applicable eligibility requirements are covered by benefit plans that provide post-retirement health care and life insurance benefits to employees.

As of December 31, 2020 and December 31, 2019, pension and post-retirement benefits liabilities recognized in the consolidated balance sheet are as follows:

	2020		2019	
(in millions of US$)	Pension benefit	Post-retirement benefit	Pension benefit	Post-retirement benefit
Present value of obligations	401	19	376	20
Fair value of plan assets	(315)	–	(288)	–
Liability before reclassification to held for sale liabilities	**86**	**19**	**88**	**20**
Reclassification to held for sale liabilities	(41)	–	–	–
Liability in the balance sheet	**45**	**19**	**88**	**20**

The changes in the pension and post-retirement liabilities before reclassification to held for sale liabilities are as follows:

	2020		2019	
(in millions of US$)	Pension benefit	Post-retirement benefit	Pension benefit	Post-retirement benefit
Balance as of January 1	88	20	91	21
Net expense	5	–	7	1
Remeasurements	5	1	(8)	–
Contributions	(12)	(2)	(2)	(2)
Closing balance	**86**	**19**	**88**	**20**

The changes in the present value of the obligation in respect of pension and post-retirement benefits and before reclassification to held for sale liabilities are as follows:

	2020		2019	
(in millions of US$)	Pension benefit	Post-retirement benefit	Pension benefit	Post-retirement benefit
Balance as of January 1	376	20	345	21
Interest cost	11	–	14	1
Remeasurements	34	1	37	–
Contributions	(20)	(2)	(20)	(2)
Closing balance	**401**	**19**	**376**	**20**

The changes in fair value of the plan assets before reclassification to held for sale liabilities are as follows:

(in millions of US$)	2020	2019
Balance as of January 1	(288)	(254)
Interest income	(8)	(10)
Administrative expenses	2	3
Return on plan assets excluding interest income	(29)	(45)
Employer contributions	(12)	(2)
Benefit payments	20	20
Closing balance	**(315)**	**(288)**

The amounts recognized in the consolidated income statement are as follows:

	2020	2019	
(in millions of US$)	Pension benefit	Pension benefit	Post-retirement benefit
Administrative expenses	2	3	–
Net interest expense	3	4	1
Total net expenses	**5**	**7**	**1**

The changes in other comprehensive income are as follows:

	2020		2019	
(in millions of US$)	Pension benefit	Post-retirement benefit	Pension benefit	Post-retirement benefit
Balance as of January 1	34	4	26	4
Return on plan assets excluding interest	29	–	45	–
Effect of change in financial assumptions	(35)	(1)	(37)	–
Other actuarial assumptions	1	–		
Closing balance	**29**	**3**	**34**	**4**

The plan assets are detailed as follows:

(in millions of US$)	2020	2019
Large US Equity	(100)	(107)
Small/Mid US Equity	(9)	(13)
International Equity	(19)	(19)
Bond	(187)	(149)
Total plan assets	**(315)**	**(288)**

The discount rate is 2.28% as of December 31, 2020 (3.10% as of December 31, 2019).

Other

Other long-term pension benefit plans are mainly in the United Kingdom and Switzerland. Pension benefits liabilities recognized in the consolidated balance sheet are as follows as of December 31, 2020 and December 31, 2019:

	2020		2019	
(in millions of US$)	United Kingdom	Switzerland	United Kingdom	Switzerland
Present value of obligations	87	59	77	53
Fair value of plan assets	(77)	(51)	(66)	(45)
Liability in the balance sheet	**10**	**8**	**11**	**8**

6.2 Share-Based Payment

Share plans and stock-option plans are measured at fair value, corresponding to the value of the benefit granted to the employee on the grant date. The transactions are recognized in the line "Commercial and administrative expenses" in the consolidated income statement on a graduated basis over the vesting period, with a corresponding increase in other reserves in equity when the plan is deemed an equity plan.

In December 2006, the terms of a stock-based compensation arrangement referred to as the Equity Participation Plan (EPP), which is sponsored by LDCH, became operational and the arrangement was fully implemented in December 2007 with the issuance of the first shares relating to the awards. The EPP provides for the grant of securities and options to purchase securities in LDCH (collectively "Awards") to certain employees of the Group. EPP awards granted to employees of the Group generally vest on a graduated basis over a four-year period. Additional awards have been granted to employees during each first semester starting in 2008, with the corresponding securities and options to purchase securities to be issued during the second semester of the same calendar year.

The Group accounts for the EPP as an equity-settled plan: the fair value of the awards granted, determined at attribution date, is recorded in the consolidated income statement ratably over the vesting period of the awards. The value of the awards granted is not revalued in subsequent periods.

The Group and LDCH have entered into reimbursement agreements under which certain subsidiaries of the Group reimburse LDCH for the awards attributed to their employees. Depending on the reimbursement agreement, the Group is liable for vested awards at attribution or fair value. Amounts due under these reimbursement agreements are recorded by the Group as a distribution of equity to LDCH. Accordingly, amounts payable under the reimbursement agreements give rise to a reclassification from equity to liabilities up to the amount of stock compensation already recorded. Any excess of the amounts due under the reimbursement agreements over the attribution value of the awards is recorded as an additional debit to retained earnings. Certain reimbursement agreements provide for a payment anticipating the accounting vesting schedule and give rise to a prepaid asset. The Group paid US$28 million in 2020 (US$20 million in 2019) to LDCH relating to reimbursement agreements, and recorded a liability of US$91 million as of December 31, 2020 (US$95 million as of December 31, 2019).

During 2020, awards granted to employees are of US$24 million while awards forfeited by employees represent US$3 million. During the 2020 transfer window period, LDCH purchased shares from employees corresponding to US$59 million in attribution value bringing the attribution value of outstanding EPP awards granted to employees to US$146 million. As of December 31, 2019, the attribution value of outstanding EPP awards granted to employees was US$184 million, of which US$54 million corresponded to awards granted in 2019, while awards forfeited by employees during 2019 amounted to US$9 million. During the 2019 transfer window period, LDCH purchased shares from employees corresponding to US$63 million in attribution value.

As of December 31, 2020, EPP awards fully vested represent US$65 million and awards vesting ratably over periods ranging from three months to three years are of US$81 million. As of December 31, 2019, they were respectively of US$89 million and US$95 million vesting ratably over periods ranging from three months to three years.

Compensation costs recognized in commercial and administrative expenses are of US$32 million in 2020 (US$39 million in 2019).

Unrecognized compensation costs expected to be recognized from 2021 to 2024 are of US$29 million as of December 31, 2020 and of US$39 million as of December 31, 2019.

6.3 Number of Employees

The average number of employees related to continuing operations is as follows:

	2020	2019
Managers and traders	1,585	1,669
Supervisors	1,385	1,358
Employees	4,058	4,126
Workers	7,326	7,706
Seasonal workers	2,708	3,299
	17,062	**18,158**

7. Leases and Other Information

7.1 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. The contract is a lease if it conveys the right to control the use of an identified asset for a period of time (lease term) in exchange for consideration, meaning the right to obtain substantially all economic benefits and the right to direct the use of such asset over the lease period.

The lease term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset. The term shall include both option to extend the lease or option to terminate the lease if the lessee is reasonably certain to exercise those options, considering business continuity among others. When determining the lease term, Management reviewed existing renewal and termination options taking into account economic factors.

Lessor

The Group acts as a sub-lessor only in short-term leases of vessels, which are classified as operating leases. The corresponding lease payments received are recognized as income in "Gross margin" over the lease term.

Lessee

As a lessee, the Group is mainly involved in leases of lands, warehouses, production lines, harvesting machinery, tractors, railcars, office spaces, vessels and cars.

At commencement date, the Group recognizes a right-of-use asset and a lease liability. In the consolidated balance sheet, the Group presents right-of-use assets in "Property, plant and equipment" and lease liabilities in "Long-term debt" for the non-current part and "Current portion of long-term debt" for the current one.

The **right-of-use asset** is initially measured at cost, which corresponds to the initial amount of the lease liability adjusted for (i) any lease payment made at or before commencement date, (ii) any initial direct costs incurred by the lessee, (iii) an estimate of any obligatory costs to be incurred in dismantling and/or restoring the underlying asset or its site as per the contractual terms of the lease and (iv) less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those used for the underlying asset (i.e. property, plant and equipment). In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for remeasurements of the lease liability. The depreciation cost is recognized either through the "Cost of sales" or the "Commercial and administrative expenses" lines of the consolidated income statement, depending on the nature of the lease.

The **lease liability** is initially measured at the present value of future lease payments at the commencement date, discounted using the implicit interest rate in the lease or the lessee's incremental borrowing rate (when the previous one is not easily determined). Generally, the Group uses its incremental borrowing rate as the discount rate. By simplification, the incremental borrowing rate is calculated for each monetary zone using the risk-free rate applicable in the zone, plus the Group's risk premium for the local currency.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments depending on an index or rate;
- Residual value guarantees;
- Exercise price of a purchase option and penalties due to early termination option (if expected to be exercised).

The lease liability is subsequently measured at amortized cost using the effective interest method. Its carrying amount is increased to reflect interest on the liability, reduced to reflect lease payments and remeasured to reflect reassessment or lease modification. The "Interest expense on leases" is recognized through the "Other financial income and expense" line of the consolidated income statement. The lease payments are reported in the line "Repayment of lease liabilities" of the consolidated statement of cash flows.

Some contracts contain both lease and non-lease components. The Group elects not to separate non-lease components from lease components except for vessel chartering contracts, for which the running costs are excluded from the lease in order to determine a bareboat equivalent lease component.

Low value assets and short-term leases

The Group does not recognize right-of-use assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases of individually low-value assets. The lease payments associated with these leases are recorded as an expense on a straight-line basis over the lease term through the "Cost of sales" or the "Commercial and administrative expenses" lines of the consolidated income statement depending on the nature of the lease.

Right-of-use assets are included within property, plant and equipment. Changes in the net value of right-of-use assets for the years ended December 31, 2020 and December 31, 2019 are as follows:

		2020						2019
(in millions of US$)	Notes	Land	Buildings and offices	Machinery and equipment	Vessels	Other tangible assets	Total	Total
Balance as of January 1		89	154	94	13	2	352	303
New leases and additions		7	16	20	27	1	**71**	86
Early terminations, disposals and decreases		(3)	(7)	(1)	(4)	–	**(15)**	(12)
Depreciation		(9)	(29)	(31)	(15)	(1)	**(85)**	(89)
Acquisitions through business combinations	1.3	–	–	–	–	–	**–**	4
Foreign currency translation adjustment		3	4	3	–	–	**10**	–
Reclassification to held for sale assets	1.4	(1)	–	(3)	–	–	**(4)**	(3)
Others		–	–	–	–	–	**–**	63
Closing balance		**86**	**138**	**82**	**21**	**2**	**329**	**352**

New Leases and Additions

In 2020, new leases and additions refer mainly to new long-term time charter contracts on vessels, new office spaces in Shanghai, China and Lyon, France, renewal of railcar contracts in the US, as well as an increase in maturity of agricultural partnerships in Brazil. In 2019, new leases and additions refer mainly to new long-term time charter contracts on vessels, railcar contracts and cotton warehouses in the US.

Early Terminations, Disposals and Decreases

In 2020, the US$(4) million decrease in vessels relates to the remeasurement of contracts resulting from a change in index. The remaining decrease for other class of assets is mainly due to early terminations, notably an elevator contract in Beaumont, Texas, US, or reduction in maturity of different individual contracts.
In 2019, the Group contributed a right-of-use of land into *Tianjin Rongchuan Feed Co., Ltd.* for US$5 million (refer to Note 3.3). The Group also sold ten grain elevators in Canada, and early-terminated leases for machinery, equipment and other tangible assets used in the disposed facilities, decreasing both the right-of-use and lease liability by US$7 million.

Acquisitions Through Business Combinations

In December 2019, the Group became lessee of a right-of-use of land through the acquisition of *Louis Dreyfus (Jinzhou) Warehousing Co., Ltd.*

Reclassification to Held for Sale Assets

As of December 31, 2020, the Group classified as held for sale the US$3 million right-of-use of machinery and equipment that are part of the Imperial transaction (Sugar business) and the US$1 million right-of-use of land located in Shaanxi, China, following the decision to sell the entity *Louis Dreyfus Company (Shaanxi) Juices Co. Ltd.*
As of December 31, 2019, the Group classified as held for sale the right-of-use of land located in Fujian, China, for US$3 million following the decision to sell the entity *LDC (Fujian) Refined Sugar Co. Ltd.*

Others

In 2019, this line includes the reclassification of right-of-use of lands previously included within the Group's fixed assets for US$43 million. It also includes US$20 million of estimated costs in connection with a contingent constructive obligation for decommissioning leased land, which were recognized against a provision (refer to Note 3.6).

Lease liabilities are included within long-term debt and current portion of long-term debt. Changes in lease liabilities for the years ended December 31, 2020 and December 31, 2019 are as follows:

(in millions of US$)	2020 Non-current portion	2020 Current portion	2020 Total	2019 Non-current portion	2019 Current portion	2019 Total
Balance as of January 1	242	65	**307**	241	60	**301**
New leases and additions	38	33	**71**	54	36	**90**
Payments	–	(70)	**(70)**	–	(76)	**(76)**
Early terminations, disposals and decreases	(6)	(9)	**(15)**	–	(7)	**(7)**
Reclassification	(52)	52	**–**	(53)	53	**–**
Reclassification to held for sale	(1)	(2)	**(3)**	–	–	**–**
Foreign exchange	(7)	(2)	**(9)**	–	(1)	**(1)**
Foreign currency translation adjustment	5	1	**6**	–	–	**–**
Closing balance	**219**	**68**	**287**	**242**	**65**	**307**

As of December 31, 2020 and December 31, 2019, the maturity of non-current lease liabilities were as follows:

(in millions of US$)	2020	2019
Maturity 1-2 years	44	49
Maturity 2-3 years	29	34
Maturity 3-4 years	23	25
Maturity 4-5 years	16	19
Maturity > 5 years	107	115
Non-current portion of lease liabilities	**219**	**242**

The amounts recognized in the consolidated income statement for the years ended December 31, 2020 and December 31, 2019 are as follows:

(in millions of US$)	2020	2019
Variable lease expenses	(6)	(3)
Short-term lease expenses	(193)	(241)
Low-value asset lease expenses	(1)	(1)
Income from sub-leasing right-of-use assets	59	76

As of December 31, 2020, the total cash outflow for leases amounts to US$270 million (US$321 million as of December 31, 2019).

7.2 Commitments and Contingencies

Commitments

Commodity contracts presented in commitments are purchase or sale contracts entered into and which continue to be held for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale or usage requirements (including amount and timing of payments). Purchase contractual agreements are contracts to purchase goods or services, including sugar, orange boxes and fuel. Sale contractual agreements are contracts to sell goods, including sugar, hulls and glycerin, frozen concentrate or not-from-concentrate juice, juice by-products and apple juice.

Advance market commitments comprise bid and performance bonds in a tender. A bid bond ensures that on acceptance of a bid by the customer, the contractor will proceed with the contract and will replace the bid bond with a performance bond. A performance bond is issued to one party of a contract as a guarantee against the failure of the other party to meet obligations specified in the contract.

A letter of credit is a commitment issued by a bank on behalf of the Group to guarantee a payment that must be made to a third party as the result of an import/export transaction.

Capex commitment is the amount the Group has committed to spend on fixed assets in the future.

Guarantees and collaterals received aim at insuring advances to suppliers and trade receivables of the Group.

As of December 31, 2020 and December 31, 2019, the Group has commitments to purchase or sell non-trading commodities that consist of the following:

(in millions of US$)	Quantities' unit	2020 Quantities	2020 Estimated amount	2020 Maturity	2019 Quantities	2019 Estimated amount
Commitments to purchase						
Raw sugar	Ktons	145	**89**	2022	68	38
Orange boxes[1]	Million boxes	78	**338**	2029	57	332
Fuel	MMBtus[2]	5	**15**	2022	7	17
Other	Ktons	–	**–**	–	1	4
			442			**391**
Commitments to sell						
Refined sugar	Ktons	469	**393**	2022	493	391
Hulls and glycerin	Ktons	52	**27**	2022	48	18
Frozen concentrate orange juice	Ktons	192	**278**	2023	144	241
Not-from-concentrate citrus juice	Ktons	443	**201**	2023	404	199
Juice by-products	Ktons	22	**48**	2023	20	45
Apple juice	Ktons	17	**21**	2022	26	30
		1,195	**968**		**1,135**	**924**

1. Of which US$136 million may fall in the following 12 months.
2. Million British thermal units.

In addition, the Group has the following non-trading commodities commitments:

(in millions of US$)	2020 Estimated amount	2019 Estimated amount
Commitments given		
Letters of credit	697	536
Bid and performance bonds	109	97
Capex commitments	81	83
Guarantees given	123	78
Other commitments	18	13
	1,028	**807**
Commitments received		
Guarantees and collaterals received	396	429
	396	**429**

Capex commitments are mainly related to investments in export terminals.

Contingencies

Audits from local tax authorities are carried out regularly and may dispute positions taken by the Group, in particular those regarding the allocation of income among various tax jurisdictions, value added taxes or export taxes. In accordance with its accounting policies, the Group may decide to record provisions when tax-related risks are considered probable to generate a payment to tax authorities.

During past years, *LDC Argentina S.A.* received several tax assessments challenging transfer prices used to price exports for different years between 2005 and 2012. As of December 31, 2020, these tax assessments amounted to US$43 million, compared to US$55 million as of December 31, 2019. *LDC Argentina S.A.* could receive additional tax notifications for subsequent years.
In 2020, *LDC Argentina S.A.* received a notification from the Supreme Court declaring null and void the tax assessments received in 2007 and 2008 in connection with differences in export taxes and which amounted to US$90 million as of December 31, 2019. The case is therefore closed.
In addition, *LDC Argentina S.A.* has received several tax assessments challenging certain custom duties related to Paraguayan soybean imports totaling US$81 million for the years from 2007 to 2009. Other large exporters and processors of cereal grains and other agricultural commodities have received similar tax assessments in this country.
As of December 31, 2020, *LDC Argentina S.A.* has reviewed the evaluation of all its tax positions. Based on Argentine tax law as well as advice from its legal counsel, *LDC Argentina S.A.* still considers that its tax positions are suitable, but cannot predict the ultimate outcome of these ongoing or future examinations.

Louis Dreyfus Company LLC (LDC LLC) and certain of its affiliates (including LDC) were named as defendants in a consolidated action in US federal court in New York, alleging manipulation and artificial inflation of the ICE Cotton No. 2 futures contracts for May 2011 and July 2011. The plaintiffs have proposed to bring the action as a class action. The defendants have filed an answer denying the claims in the action. The court denied defendants' motions for summary judgment on the claims in the class action, as well as the major part of defendants' motions to exclude the testimony of certain of the plaintiffs' experts. Plaintiffs' motion to certify the action as a class action is pending. No trial date has been scheduled in the case. This matter is in pre-trial proceedings and the company cannot predict its ultimate outcome

LDC LLC and one of its subsidiaries were named as defendants in lawsuits pending in various US state and federal courts arising out of *Syngenta A.G.* and its affiliates' (Syngenta) marketing and distribution of genetically modified corn seed (containing the MIR 162 trait) in the US. The LDC companies and other grain companies were named as defendants in numerous individual and purported class action suits filed by farmers and other parties in several US state and federal courts beginning in the fourth quarter of 2015, alleging that the LDC companies and other grain companies were negligent in failing, among other things, to screen for genetically modified corn. Those actions (other than the action filed in federal and state courts in Illinois) were consolidated for pre-trial proceedings in a multidistrict litigation (MDL) proceeding in federal court. In 2016 and 2017, the MDL court and the federal and state courts in Illinois granted motions to dismiss the claims against the LDC companies and the other grain companies in all cases where LDC companies were named as defendants. Although named as a defendant in the above-described cases, LDC was only required to respond to the complaint in one of the cases and was dismissed on the same grounds as LDC LLC.

In December 2018, approximately 170 new cases were filed in Illinois state court by farmers and other parties naming LDC LLC, one of its subsidiaries and LDC, as defendants and making similar allegations as in the cases described above. In January 2020, these cases against the LDC defendants were dismissed. Plaintiffs in the Illinois state court cases have appealed the dismissal of those cases.

In October 2016, a subsidiary of LDC LLC brought an action in US federal court against Syngenta for damages arising out of Syngenta's marketing and distribution of genetically modified corn seed (containing the MIR 162 trait) in the US. The action sought damages in excess of US$30 million. Syngenta moved to dismiss the action, which the court granted in part. This case and a related case brought by other LDC companies in Minnesota state court have been dismissed with prejudice pursuant to a confidential settlement agreement with Syngenta entered into in July 2019 by LDC LLC and other LDC companies that were plaintiffs in the two cases.

In 2017, Syngenta filed claims in federal and state court in Illinois and in state court in Iowa against LDC companies and other grain companies seeking indemnification or contribution for any damages recovered by the plaintiffs in the underlying actions relating to Syngenta's marketing and distribution of genetically modified corn. The LDC defendants, along with other grain companies, moved to dismiss the actions. The claims by Syngenta have been dismissed with prejudice pursuant to the confidential settlement agreement described above.

There are various claims and ongoing regulatory investigations asserted against and by the Group that, in the opinion of counsel, based on a review of the present stages of such claims in the aggregate, should not have a material effect on the Group's financial position or future operating results.

7.3 Related Parties Transactions

Transactions with related parties are reflected as follows:

Income statement (in millions of US$)	2020	2019
Sales[1]	69	99
Cost of sales[1]	(697)	(653)
Commercial and administrative expenses	–	6
Finance costs, net	58	58

Balance sheet (in millions of US$)	2020	2019
Non-current financial assets at amortized cost	260	1,059
Financial advances to related parties	804	5
Trade and other receivables[1]	68	307
Derivative assets	134	19
Total assets	**1,266**	**1,390**
Financial advances from related parties	154	184
Trade and other payables[1]	172	293
Derivative liabilities	2	–
Total liabilities	**328**	**477**

1. Mainly correspond to transactions with associates and joint ventures and/or with *Biosev S.A.* (a Brazilian company, indirect subsidiary of LDCH and listed on the Brazilian stock exchange).

As of December 31, 2019, non-current financial assets at amortized cost comprise a loan granted by LDC to LDCNH in the amount of US$1,051 million with maturity in 2023. As of December 31, 2020, US$800 million have been reclassified to current assets in the line "Financial advances to related parties", following the signature of an agreement to sell an indirect 45% equity stake in *Louis Dreyfus Company B.V.* to ADQ (refer to Note 5.4).

Financial advances from related parties comprises financing from LDCH of US$153 million as of December 31, 2020 (US$184 million as of December 31, 2019), including a liability relating to reimbursement agreements with LDCH of US$91 million as of December 31, 2020 (US$95 million as of December 31, 2019) (refer to Note 6.2).

Key management personnel compensation during the years ended December 31, 2020 and December 31, 2019 was as follows:

(in millions of US$)	2020	2019
Short-term benefits	16	16
Post-employment benefits	1	1
Share-based payments - amount of vested shares	11	6
	28	**23**

7.4 Subsequent Events

On January 15, 2021, the Group finalized the sale of its investment in associates *Riddoch Holdings Pty. Ltd.* to the minority shareholder *Midfield Penola Pty Ltd ATF the Midfield Penola Trust.*

On February 3, 2021, the Group finalized the sale of 30% of its investment in joint ventures *Luckin Roastery Technology (Xiamen) Co. Ltd.* to *Luckin Coffee (China) Company Limited.*

7.5 List of Main Subsidiaries

As of December 31, 2020 and December 31, 2019, the main subsidiaries of LDC that are consolidated are the following:

		2020		2019	
Company	Country	% of control	% of ownership	% of control	% of ownership
LDC Argentina S.A.	Argentina	100.00	100.00	100.00	100.00
LDC Enterprises Australia Pty. Ltd.	Australia	100.00	100.00	100.00	100.00
Ilomar Holding N.V.	Belgium	100.00	100.00	100.00	100.00
Louis Dreyfus Company Brasil S.A.	Brazil	100.00	100.00	100.00	100.00
Louis Dreyfus Company Sucos S.A.	Brazil	100.00	100.00	100.00	100.00
Macrofértil - Indústria e Comércio de Fertilizantes S.A.	Brazil	100.00	100.00	100.00	100.00
Louis Dreyfus Company Canada ULC	Canada	100.00	100.00	100.00	100.00
Louis Dreyfus Company Yorkton Trading LP	Canada	100.00	100.00	100.00	100.00
Dongguan LDC Feed Protein Company Ltd.	China	100.00	100.00	100.00	100.00
LDC (China) Trading Company Ltd.	China	100.00	100.00	100.00	100.00
LDC (Fujian) Refined Sugar Co. Ltd.[1]	China	0.00	0.00	67.00	67.00
LDC (Tianjin) Food Technology Limited Liability Company	China	100.00	100.00	100.00	100.00
LDC (Tianjin) International Business Company Ltd.	China	100.00	100.00	100.00	100.00
Louis Dreyfus (Shanghai) Co. Ltd.	China	100.00	100.00	100.00	100.00
Louis Dreyfus (Zhangjiagang) Feed Protein Company Ltd.	China	100.00	100.00	100.00	100.00
Louis Dreyfus Company Colombia S.A.S.	Colombia	100.00	100.00	100.00	100.00
Louis Dreyfus Company Distribution France S.A.S.	France	100.00	100.00	100.00	100.00
Louis Dreyfus Company Wittenberg GmbH	Germany	100.00	100.00	100.00	100.00
Louis Dreyfus Company India Pvt. Ltd.	India	100.00	100.00	100.00	100.00
PT LDC East Indonesia	Indonesia	100.00	100.00	100.00	100.00
PT LDC Indonesia	Indonesia	100.00	100.00	100.00	100.00
Louis Dreyfus Company Kenya Ltd.	Kenya	100.00	100.00	100.00	100.00
Louis Dreyfus Company Mexico S.A. de C.V.	Mexico	100.00	100.00	100.00	100.00
LDC Food Innovation B.V.	Netherlands	100.00	100.00	100.00	100.00
Louis Dreyfus Company Juices B.V.	Netherlands	100.00	100.00	100.00	100.00
Louis Dreyfus Company Logistics Holland B.V.	Netherlands	100.00	100.00	100.00	100.00
Louis Dreyfus Company Sugar B.V.	Netherlands	100.00	100.00	100.00	100.00
LDC Paraguay S.A.	Paraguay	100.00	100.00	100.00	100.00
Louis Dreyfus Company Polska SP. z.o.o.	Poland	100.00	100.00	100.00	100.00
Louis Dreyfus Company Senegal	Senegal	100.00	100.00	100.00	100.00
Louis Dreyfus Company Asia Pte. Ltd.	Singapore	100.00	100.00	100.00	100.00
Louis Dreyfus Company Freight Asia Pte. Ltd.	Singapore	100.00	100.00	100.00	100.00

		2020		2019	
Company	Country	% of control	% of ownership	% of control	% of ownership
Louis Dreyfus Company Africa Pty. Ltd.	South Africa	100.00	100.00	100.00	100.00
Louis Dreyfus Company España S.A.	Spain	100.00	100.00	100.00	100.00
Louis Dreyfus Company Juices Suisse S.A.	Switzerland	100.00	100.00	100.00	100.00
Louis Dreyfus Company Suisse S.A.	Switzerland	100.00	100.00	100.00	100.00
Louis Dreyfus Company Ukraine Ltd.	Ukraine	100.00	100.00	100.00	100.00
LDC Trading & Service Co. S.A.	Uruguay	100.00	100.00	100.00	100.00
Imperial Sugar Company	US	100.00	100.00	100.00	100.00
Louis Dreyfus Company Agricultural Industries LLC	US	100.00	100.00	100.00	100.00
Louis Dreyfus Company Claypool Holdings LLC	US	100.00	100.00	100.00	100.00
Louis Dreyfus Company Cotton LLC	US	100.00	100.00	100.00	100.00
Louis Dreyfus Company Ethanol Merchandising LLC	US	100.00	100.00	100.00	100.00
Louis Dreyfus Company Grains Merchandising LLC	US	100.00	100.00	100.00	100.00
Louis Dreyfus Company Grand Junction LLC	US	100.00	100.00	100.00	100.00
Louis Dreyfus Company LLC	US	100.00	100.00	100.00	100.00
Louis Dreyfus Company Oilseeds Merchandising LLC	US	100.00	100.00	100.00	100.00
Louis Dreyfus Company Port Allen Elevator LLC	US	100.00	100.00	100.00	100.00
Louis Dreyfus Company River Elevators LLC	US	100.00	100.00	100.00	100.00
Louis Dreyfus Company Trading LP	US	100.00	100.00	100.00	100.00
Term Commodities Inc.	US	100.00	100.00	100.00	100.00

1. *LDC (Fujian) Refined Sugar Co. Ltd* was sold on August 7, 2020 (refer to Note 1.3).

Corporate Governance

Supervisory Board

Louis Dreyfus Company Holdings B.V.

Margarita Louis-Dreyfus
Non-Executive Chairperson

Michel Demaré
Deputy Chairman

Mehdi El Glaoui
Andreas Jacobs
Marwan Shakarchi
Victor Balli

Supervisory Board Committees

Audit Committee

Victor Balli Chairperson
Mehdi El Glaoui
Michel Demaré

Strategy Committee

Michel Demaré Chairperson
Margarita Louis-Dreyfus
Andreas Jacobs
Marwan Shakarchi

Compensation, Nomination and Governance Committee

Mehdi El Glaoui Chairperson
Michel Demaré
Margarita Louis-Dreyfus

Managing Board

Louis Dreyfus Company Holdings B.V.

Maurice Kreft
Johannes Schol

Louis Dreyfus Company B.V.
Michael Gelchie
Johannes Schol

Executive Group

Michael Gelchie
Chief Executive Officer

Guy-Laurent Arpino
Chief Information Officer

Keir Ashton
Group General Counsel

Enrico Biancheri
Head, Sugar Platform

Tim Bourgois
Global Trading Manager,
Cotton Platform

Miguel Catella
Head, Global Markets

Ben Clarkson
Head, Coffee Platform

Thomas Couteaudier
Chief Strategy Officer
Head, Innovation & Downstream

Jean-Marc Foucher
Executive Chairman of the Board of Ilomar Holding

Tim Harry
Global Head, Business Development

Adrian Isman
Head, North America Region
Chairman of the Board, Calyx Agro Ltd.

Sebastien Landerretche
Head, Freight Platform

Guy de Montulé
Head, Rice Platform

Joe Nicosia
Trading Operations Officer
Head, Cotton Platform

Murilo Parada
Head, Juice Platform
Head, North Latin America Region

Javier Racciatti
Head, Grains & Oilseeds Strategic Trading Unit

André Roth
Head, Grains & Oilseeds Platform
Chairman, North Latin America Region

Jessica Teo
Chief Human Resources Officer

Patrick Treuer
Chief Financial Officer

James Zhou
Chief Commercial Officer
Head, Asia Region

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