







Louis Dreyfus Commodities

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CEO: SUSTAINING GROWTH

Despite the many challenges our industry faces, I am happy to be introducing a report showing progress towards long-term goals and an evolving vision for Louis Dreyfus Commodities' future as a global food supplier. Our evolution since publishing our first Sustainability Report for 2012, is both a cause for satisfaction and an acknowledgement that there is a great deal more work to be done. It continues to be driven by a focus on setting and meeting a series of intermediate targets, while remaining aware of the wider landscape.



Claude Ehlinger

MOVING FORWARD

In the spirit of open reporting, transparency and accountability, this year we have begun expanding the scope of information we present.

A number of our platforms (the Group's business lines) share their approach, goals and progress here. While all platforms remain committed to our sustainability strategy, these platforms have particularly detailed stories to tell:

- ▼ Coffee – expanding within and beyond certified sustainable coffee
- ▼ Cotton – improving our impact, including the **Better Cotton Initiative**

- ▼ Citrus – highlighting a new sustainability brochure on operations in Brazil
- ▼ The palm operations of the Oilseeds Platform – building on the palm principles we published last year

In other areas, we have bolstered reporting on environmental data as we near our major goal of setting global, time-bound targets to reduce resource usage, emissions and waste across our operations. This development is crucial not only as our part in fighting climate change but also as a guarantee that Louis Dreyfus Commodities can remain an efficient, reliable and dynamic long-term partner in the global commodities industry.

We also have interesting new data, gathered for the first time, on the nationalities represented in our workforce.



HOW WE CAN CONTRIBUTE

The need for companies like Louis Dreyfus Commodities to innovate to ensure the long-term viability of the industry is well known. What is perhaps less often discussed is exactly what that kind of entrepreneurial approach involves.

In the next section of this report, we shed light on this question with more granular insight into how food suppliers can respond to challenges. This illustrative use of our own extensive, proprietary research and analysis paints a different, interesting and illuminating picture of the changes we need to make in the years to come.

BUILDING MOMENTUM

Working to intermediate targets has helped us to generate real momentum in a number of areas, particularly in our community work and on environmental and safety metrics.

OUR TARGETS

- ▼ 10 targets to meet in 2014
- ▼ 3 targets for 2015 and beyond
- ▼ 6 new targets set this year

OUR PERFORMANCE

- ▼ 8 targets met in 2014
- ▼ Progress reported on 5 targets
- ▼ 5 targets amended or delayed



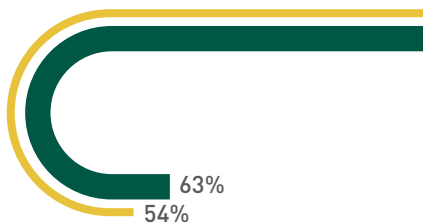
We want the benefit of Louis Dreyfus Commodities' know-how and commercial success to be felt by those in the communities around the places we operate. Our employees, with their local awareness and concern for the people around them, are very focused on needs.

However, the reach and effectiveness of their efforts continue to receive an invaluable boost from the Group's partnership with the Louis Dreyfus Foundation. Having commenced last year, I am pleased to have seen the partnership go from strength-to-strength with both new and ongoing projects. With this kind of cooperation between stakeholders, we have been able to accelerate our ability to make a difference to many communities.

With ambitious targets in place for safety and on the horizon for our environmental footprint, advances are clearly visible.

Resource usage is down on last year. We are cautiously optimistic about these results and eager to focus now on a concrete reduction plan, which we will share in next year's report.

NUMBER OF FACILITIES WITH ZERO LOST TIME INJURIES



- ▼ 2013
- ▼ 2014

Our safety record continues to improve, despite isolated setbacks this year. While we are relieved that no injuries or fatalities occurred, events such as the explosion at our canola crushing plant in Yorkton, Saskatchewan, Canada are extremely disappointing. This prompts us to re-double our existing drive to become the industry leader in safety.

LEARNING FROM STAKEHOLDERS

Many stakeholders contribute to our sustainability evolution. I would like to thank you all for your input and the opportunity it affords us to learn as we continue to set the direction our sustainability evolution takes.

We are particularly indebted to those stakeholders who have taken the time to share their insight in this report. Only with your considered views on your expectations and our work to date can we continue on our journey of improvement, with the shared goal of sustainably supplying global demand for sustenance.

Our stakeholder engagement is also evolving along with our sustainability approach. We will use this report as more of a tool to engage with customers, both increasing dialogue on crucial global issues and better understanding their needs. I look forward to this next step in our journey together.

Lastly, but perhaps most importantly, I extend my thanks to all the Louis Dreyfus Commodities colleagues whose hard work powers the Group's evolution.

Claude Ehlinger
Deputy Chief Executive Officer
and Chief Financial Officer
(Acting CEO)

OUR PROFILE



US\$64.7 billion
net sales

YEAR ENDED
31 DECEMBER 2014

SUPPORTED BY A
US\$3.8 billion
fixed asset base

Louis Dreyfus Commodities is a global merchandizer of commodities and processor of agricultural goods, operating a significant network of assets around the world.

KEY FACTS

164 YEARS of experience

OVER A PERIOD OF CEASELESS GLOBAL CHANGE

Operating in over
100 COUNTRIES



22 000+
PEOPLE 
EMPLOYED AT
PEAK SEASON

Approximately
85% Owned by the
LOUIS DREYFUS GROUP



Approximately
15% EMPLOYEE
OWNED

Approximately
80 million TONS OF COMMODITIES
SHIPPED TO DESTINATION

A MATRIX ORGANIZATION OF **6 REGIONS** and **13 PLATFORMS**

Our diversified activities span the entire value chain from farm to fork, across a broad range of business lines (platforms).

Since 1851 our portfolio has grown to include Oilseeds, Grains, Rice, Feed, Freight, Finance, Coffee, Cotton, Sugar, Juice, Dairy, Fertilizers & Inputs and Metals.

We help feed and clothe some 500 million people every year by originating, processing and transporting approximately 80 million tons of commodities. In our efforts to help sustain a growing global population we rely on our worldwide presence, responsible practices, sophisticated risk management and in-depth market knowledge.

The commitment of our employees is essential to those efforts, which is reflected in their ownership of approximately 15% of the Group.

Our diversified approach generated US\$64.7 billion in net sales supported by US\$592 million in capital expenditure in the year ended 31 December 2014.

OUR PROFILE

Louis Dreyfus Commodities

GUIDED BY OUR VALUES

ENTREPRENEURSHIP

Our entrepreneurial spirit drives growth by supporting people in taking initiatives with strong risk management to enable fast, clear and informed decision-making.

DIVERSITY

Our global perspective promotes respect for diversity across every aspect of our business and in all the communities where we operate.

HUMILITY

Our leading position makes us fully conscious of our responsibility to act with integrity and continually question the way we work, so that we always engage with and learn from our customers, partners and communities.

COMMITMENT

Our commitment is in the way we build relationships based on trust with partners at every stage of the value chain, upholding the highest ethical standards while pursuing excellence.

**Our values are at the heart
of everything we do.**

Our vision

Working safely and sustainably across the value chain to contribute to the global effort of providing sustenance for a growing population.

Our mission

To use our know-how and global reach to bring the right food to the right location, at the right time.

MEETING GLOBAL CHALLENGES

Our function as a business is to distribute resources, through time and over distance, as efficiently as possible in a relentlessly changing world. To do this, Louis Dreyfus Commodities is constantly researching and building strategies to deal with fluctuating market conditions.

This is what is required to remain a reliable, global food supplier. It is also part of how we can sustainably respond to the challenges of feeding a growing population. Here is an illustration of how our business is built to respond to those challenges, and how that fits into the worldwide response to feeding and clothing a growing population.



Clyde Davidson

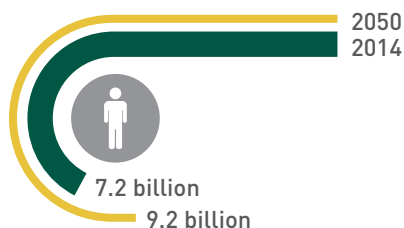
PRESENT AND FUTURE CHALLENGES

The world's population reached 7.2 billion people in 2014. It is expected to increase by a further 2 billion by 2050.¹

Many countries are witnessing rising incomes, which are driving changes to the food people want to consume. Meat consumption, in particular, is increasing with wealth. More meat production creates a need for even more grain production for animal feed, adding to the strain on global resources.

“Overall food demand will grow 70% by 2050²”

WORLD POPULATION¹



However, agriculturally suitable uncultivated land is limited and, even with technological advances, in recent years yields have been rising at only half the rate of previous decades.

The world must make the most of what it has to meet its needs. What does that mean for agricultural commodities? Clear price signals and efficiency, throughout the value chain, are key.

PRICE SIGNALS

Price signals hold the key to the efficient use of resources. Those resources must be used responsibly, meaning that our efficiency is a strong contribution to sustainably utilizing the Earth's capacity to support life.

Consider a farmer in the American mid-west:

Should he or she plant corn or soybeans this spring? Should every available acre be sown, or should some land lie fallow to recover?

Such decisions turn on the cost of production relative to corn and soybean prices. In a free, efficient market those prices reflect participants' knowledge of supply and demand for those commodities. A liquid, transparent futures market provides the price discovery mechanism to keep market participants informed so that they can manage risk.

But the factors fundamentally affecting supply are unpredictable beyond a few weeks, perhaps months, into the future. The weather our farmer experiences could turn out unfavorable to plant pollination, for example. Conflict might break out, affecting a key product flow. How is a prospective buyer to know what price to bid?

There are many thousands of variables such as these and operators, such as Louis Dreyfus Commodities, must constantly evaluate them to decide the price to bid for any commodity at any given time.

Critical research is required to stay up to date, with regularly revised forecasts, based on detailed knowledge of diverse considerations such as:

- ▼ Factors affecting acreage and production decisions
- ▼ Agronomy to observe and understand how crops are progressing
- ▼ The climate / crop output relationship
- ▼ Current local crop and weather data worldwide
- ▼ Short and long-term weather forecasts
- ▼ Demand trends, across diverse cultures
- ▼ Global commodity flows
- ▼ Government intervention around the world

EFFICIENCY

Markets are naturally efficient at matching resources and needs. Interference can cause inefficiency and waste – the enemy both of good business and the ability to feed everyone in the world.

1. All figures in paragraph: "The World Population Situation in 2014", UN, Department of Economic and Social Affairs, Population Division, New York, 2014, p. iii

2. "State of the World's Land and Water Resources for Food and Agriculture", UN/FAO, 2011, p. vii



“ This drives every one of our business decisions. It works its way into what we buy, where we buy it from and how we transport it.”

This can make a huge difference to costs – significant energy, and hence carbon, is expended moving cargo from origin to destination. For example, moving corn from the mid-western US farm to Japan might incur transport costs as high as one-third of the value of the corn itself.

This type of flow is sometimes inevitable and often advantageous, as many destination countries simply cannot produce enough or as efficiently as other origins. As with any other cost in the value chain, managing flows proficiently is therefore crucial.

The relative prices of commodities in different locations, and fluctuating transportation costs influence how we optimally organize our work across the value chain. The aim is to keep eliminating waste to meet customer demand, in partnership with our suppliers.

STORAGE AND INEFFICIENCY

Storing agricultural commodities incurs irrecoverable costs. Sustainable solutions to increasing demand therefore must aim to minimize the need to use storage. Storage causes further waste if the goods degrade in quality or, in the worst case, spoil entirely.

Even without spoilage, avoidable distortions to price signals can lead to inefficient storage and waste. For example, some governments have recently operated stockpiling policies in certain agricultural commodities. They aim to build food security and support farmers’ incomes (often by buying at above-market prices).

Farmers respond by directing resources to sell to the stockpile rather than for present consumption needs. Food is channeled away from the people who want to eat it and land away from



growing what people want, forcing local purchasers towards imports that are often sourced thousands of miles away.

More waste is created – in storage, through transportation costs, in carbon expenditure – as operators can’t efficiently match supply and demand.

LONG-TERM INVESTMENT

Investing to drive favorable returns is often exactly what ensures that we can make the most of available resources to get the right food, to the right location, at the right time.

For example, we invested in our export terminal at Port Allen, Louisiana, US, notably to serve burgeoning Chinese soybean demand. Soybean yields have doubled in Louisiana, but it is not a profitable crop for Chinese farmers.

We are providing an efficient outlet from a strong origination market to a major destination market.

The challenges facing all operators in agricultural commodities mean that we must continue to invest with sound financial, community and environmental results at the center of our decision-making processes. Free markets remain essential to enable and encourage such investment.

These global challenges are considerable – it will take all the industry’s research and know-how, in partnership with policy makers, to meet them sustainably.

Clyde Davidson

Global Head of Cross-Commodity Research

PEOPLE

Our people are at the heart of everything that we do. Engaging with, nurturing and protecting all 22 000 employees (at peak season) is therefore fundamental to our business. Only with their talent and dedication can our business continue to grow and meet the challenges facing the commodities industry.



TARGETS

2013

- ▼ Establish Behavior-Based Safety Program across all locations
DELAYED

2014

- ▼ Reduce frequency of workplace accidents by 20% YOY **MISSED**
- ▼ Reduce lost time accidents to zero
IN PROGRESS
- ▼ Collect and analyze more diversity data **ACHIEVED**
- ▼ Identify potential strategies for improving diversity across metrics, business divisions and regions
DELAYED

NEW TARGETS

2015

- ▼ Reduce frequency of workplace accidents by 20% YOY





SAFETY

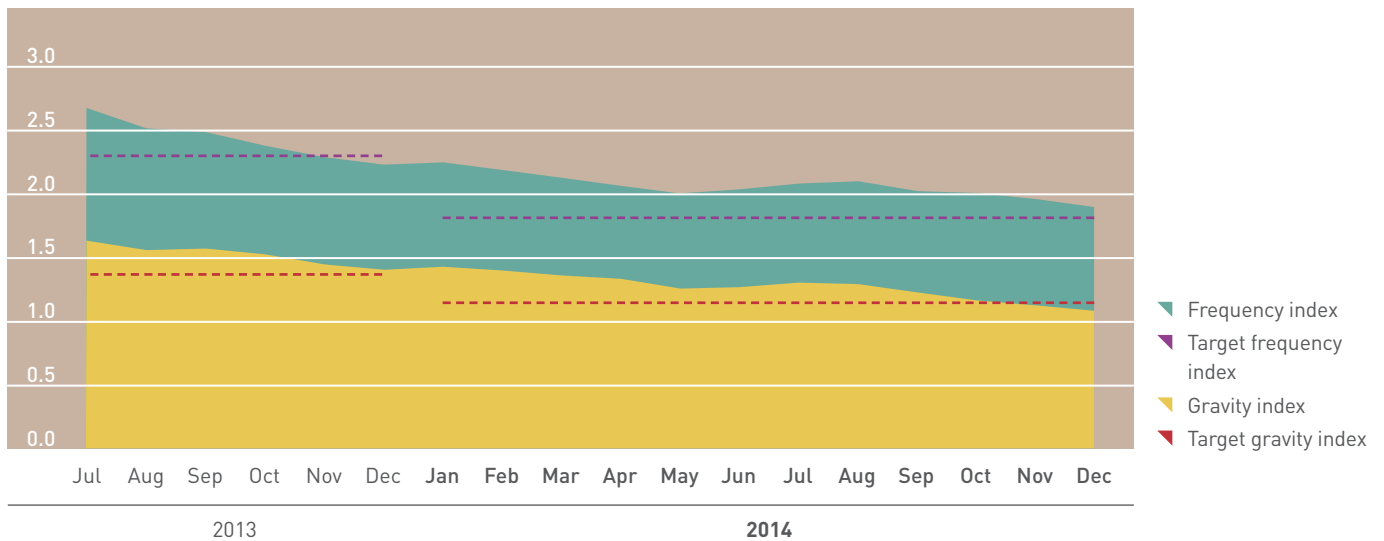
CONSTANTLY IMPROVING SAFETY

Our core, basic commitment is to the safety of all employees and anyone who visits any of our sites. We have a strong health and safety record, but remain intent on constantly improving.

Aiming to reduce the frequency of accidents 20% year-on-year is central to this commitment. We also have a long-term goal of reducing all accidents resulting in a person having lost time at work due to injury to zero.

GLOBAL FREQUENCY AND GRAVITY INDEXES

18 month average

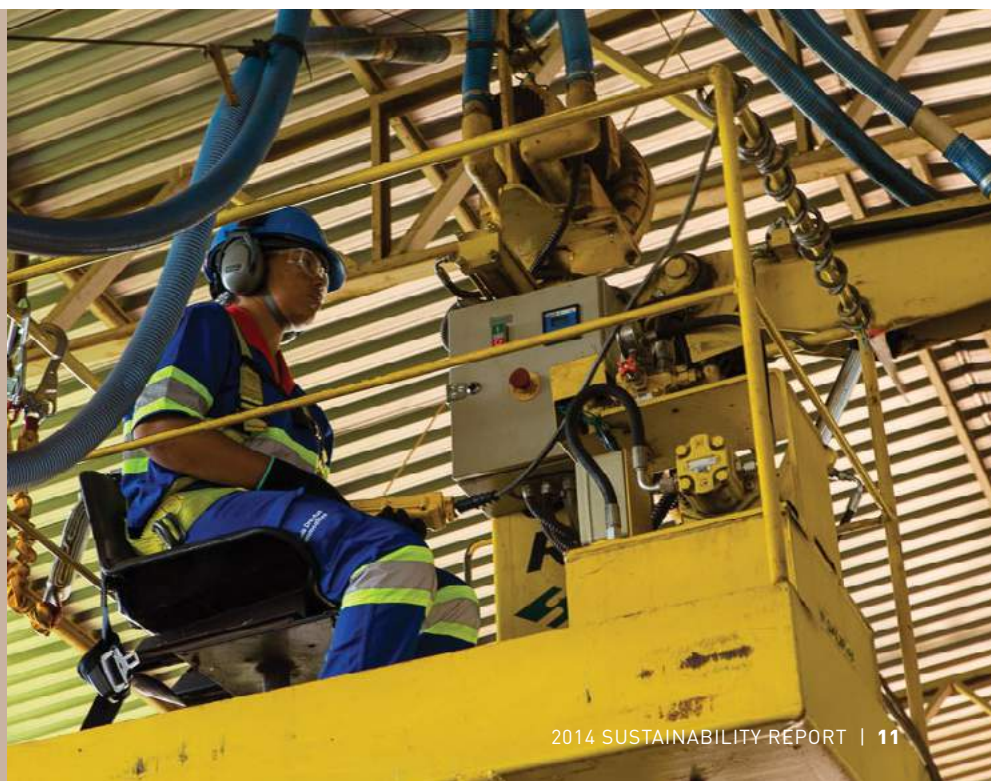
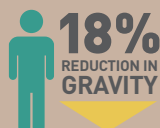
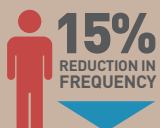


The Frequency Index expresses the relation between the number of workplace injuries requiring medical attention and hours worked. The ratio expresses the number of employees in every 100 that experienced an injury requiring medical attention during the year.

The Gravity Index is a subset of the Frequency Index and shows the relation between the number of workplace injuries serious enough to result in time away from work and hours worked.

As the rolling averages show, our work continues to produce good reductions in the frequency of accidents. However, despite significant efforts, with a 15% reduction we missed our target for the year. We will continue to work hard in this area and maintain our ambitious 20% target for 2015.

Reductions in the gravity of accidents also continued throughout 2014 and we will keep striving to reduce accidents resulting in people needing time off work to zero.



PEOPLE

Across our portfolio there has been considerable improvement, as 63% of all assets recorded zero injuries requiring time off work. This displays significant progress over the 3 years in which we have been reporting these figures publicly.

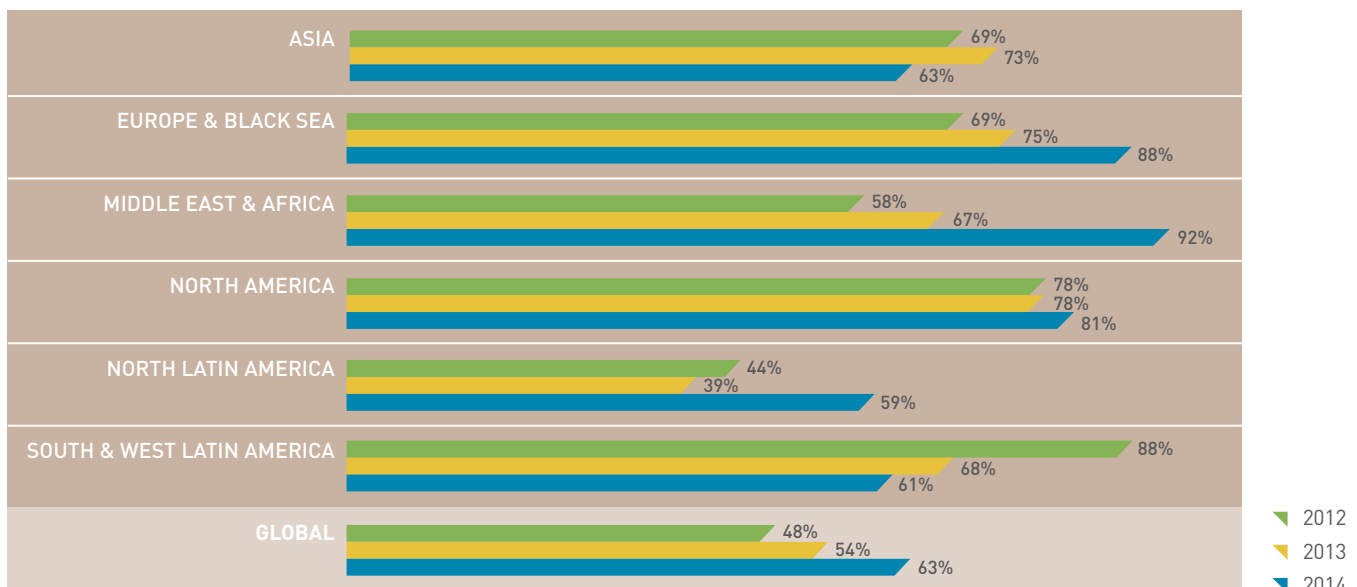
Unlike the rest of our industry, we record and report the fatalities

of all third parties working at our premises. Their safety is as important to us as our own employees. We are therefore very sorry to report that there were 6 fatalities at Louis Dreyfus Commodities assets in 2014 – at Jataí and Paranaguá, Brazil; Lampung, Indonesia; Abijan, Ivory Coast; Dakar, Senegal; and LovCot, Texas, US.



ZERO LOST TIME INJURIES 2012 TO 2014

% of facilities



Includes industry units, plus farms.
Percentage includes all facilities in that region.

IMPROVEMENT STRATEGIES

Our progress comes in a context of wider strategic work to make Louis Dreyfus Commodities an industry leader in safety.

The Group's Behavior-Based Safety Program has been established but its rollout across all our facilities has been delayed beyond our expected completion date. A full training program has been developed but we are still in the process of aligning the ability of all our many assets, across all regions, to deliver that program.

Our focus on improving safety awareness and proactive management continues, centered on each individual's role and responsibility. "Safety starts with me" grows in our workforce's awareness and the Behavior-Based Safety Program will build on this ongoing work. The case study opposite shows one example of the successes this program has delivered.



Our annual Safety Day, where every member of senior management delivers or attends a training presentation at an industrial site, supports and further publicizes this wider strategy. The overall safety approach is clearly having an effect, as participation in this Safety Day 2014 increased significantly year-on-year among both employees and contractors.

Our proactive approach continues through implementation of programs, procedures and training focused on risk identification and management through our SHE (Safety, Health and Environment) management system.



CASE STUDY: WORKING AT HEIGHT

A global project was instituted to proactively identify areas within our assets where there are potential risks to people working at height. The know-how gathered from across our global network allowed us to share best practices and ensure adoption of safer working measures.

The project brought new safety equipment and precautions to several of our locations, including:

- ▼ Oilseeds refinery, Kandla, India
- ▼ Oilseeds refinery, Krishna, India
- ▼ Oilseeds crushing, refining and export facility, General Lagos, Argentina
- ▼ Sugar refinery, Zhangzhou, China
- ▼ Oilseeds crushing and refining facility, Claypool, Indiana, US
- ▼ Juice processing plant, Matao, Brazil
- ▼ Juice processing plant, Paranavaí, Brazil
- ▼ Port facility, Santos, Brazil
- ▼ Juice processing and packing facility, Winter Garden, Florida, US



CASE STUDY: BEHAVIOR-BASED SAFETY SUCCESS

The Louis Dreyfus Commodities grains logistics facility at Port Wentworth, Georgia, US has been operating our Behavior-Based Safety Program since June 2013.

This has contributed to a 50% reduction in the rate of incidents causing injuries since 2012.

Reports produced under the program help identify potential “at risk” behaviors and address any issues identified before they lead to any accidents. Combined with a similar approach on near misses and actual incidents, the team at the facility was able to build a better picture of preventative steps required much more quickly than using conventional methods.



Port Wentworth,
Georgia, US

Improved data collection, wide communication to employees of findings and dialogue between the people observing and those observed have combined to deliver excellent results.

Management and employees have an increased feeling of responsibility, supporting the Behavior-Based Safety process. We will continue to identify any unsafe conditions and reinforce any positive behaviors.



PEOPLE

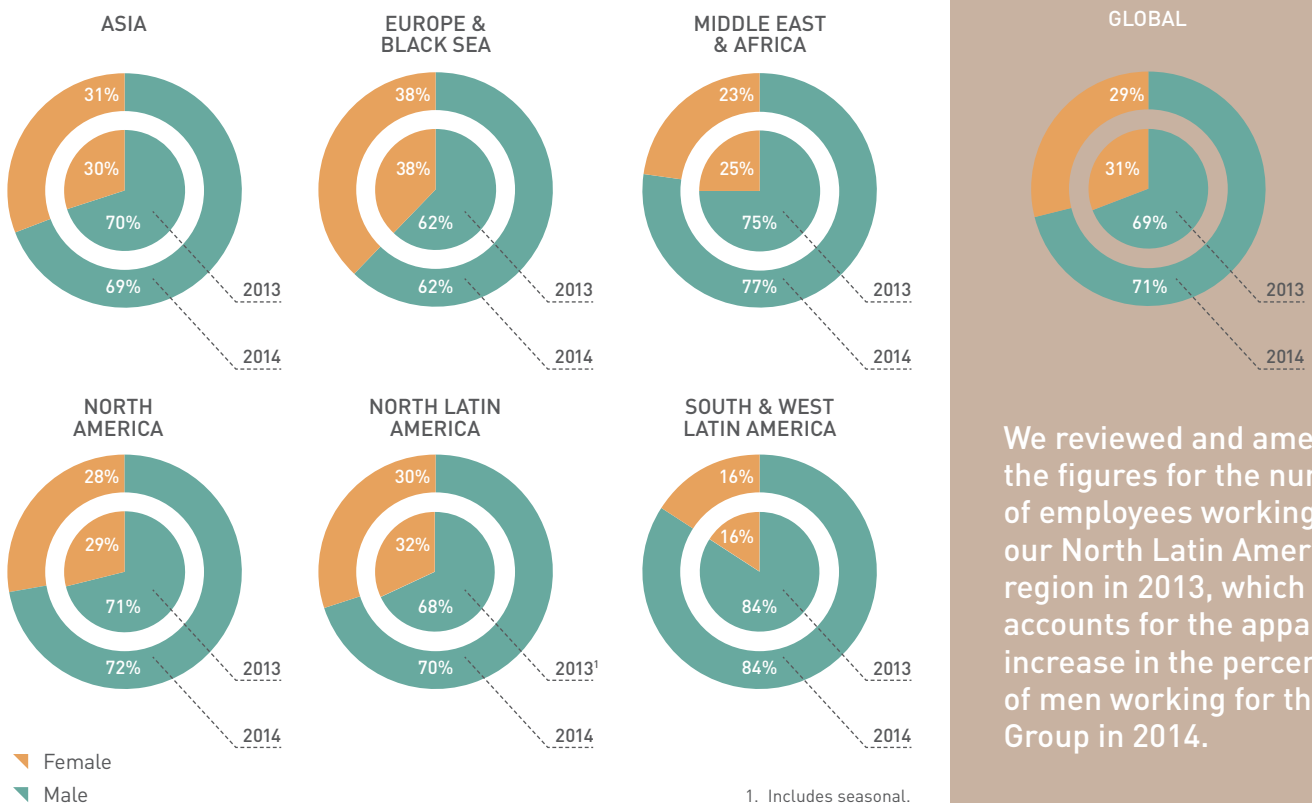


DIVERSITY

As part of our strategy to improve diversity across Louis Dreyfus Commodities, we have expanded the data collected to include the nationality of our workforce in our analysis.

GENDER, BY REGION, WITH COMPARISON TO 2013

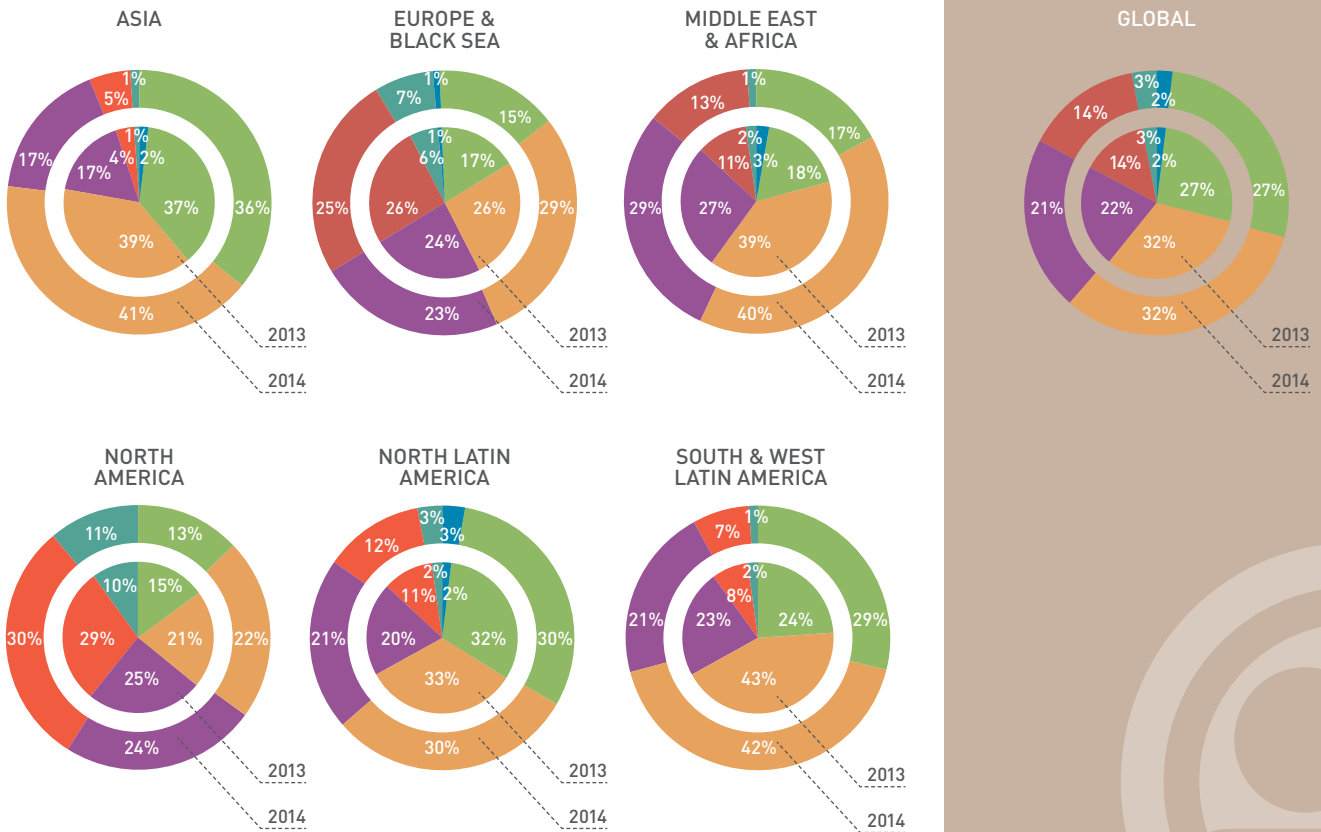
% of employees



We reviewed and amended the figures for the number of employees working in our North Latin America region in 2013, which accounts for the apparent increase in the percentage of men working for the Group in 2014.

AGE, BY REGION, WITH COMPARISON TO 2013

% of employees



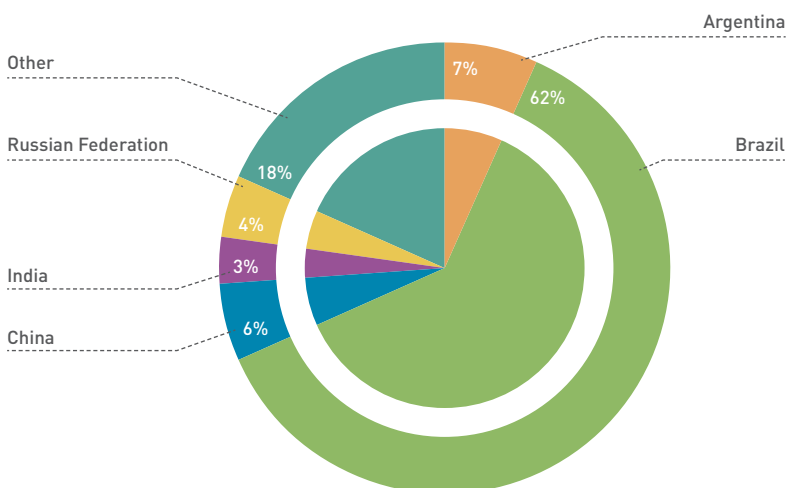
■ Under 20 ■ 40-49
■ 20-29 ■ 50-59
■ 30-39 ■ 60+

We took the first step forward in better understanding the wide range of Louis Dreyfus Commodities people by collating data on nationality.

We are pleased that 89% of our colleagues responded to the survey and will continue to collect information and feed it into our diversity strategy. We believe the data shows our strong local presence, with a workforce representative of the farmers and clients we are serving.

NATIONALITY, GLOBALLY, 2014 YE

% of employees



ENVIRONMENT

Louis Dreyfus Commodities is committed to taking a methodologically robust, long term, strategic approach to reducing the environmental impact of our operations. We made good progress in 2014 towards setting time-bound targets for that reduction, and towards our ultimate aim of being a sector leader in usage and waste generation.



TARGETS

2014

- ▼ Fold individual 5-year plant optimization plans into a single, global plan **ACHIEVED**
- ▼ Segment data collection by asset type **IN PROGRESS**

2015

- ▼ Set global time-bound targets for reducing resource usage and emissions **IN PROGRESS**



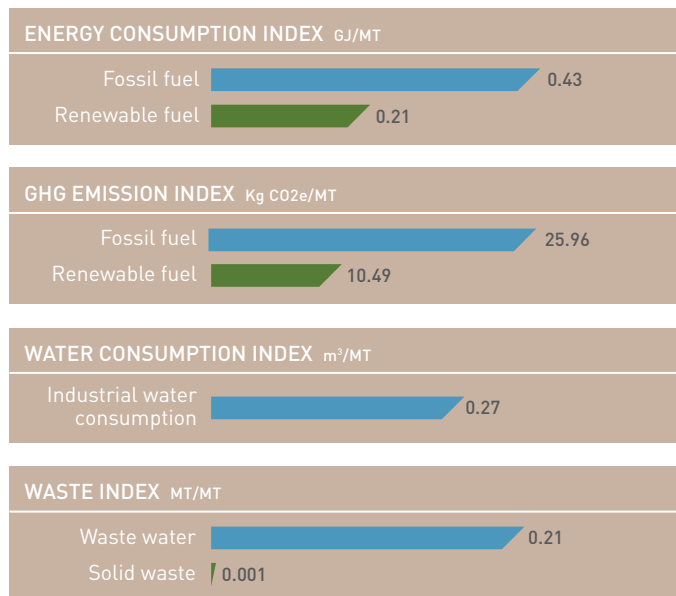


We first set up data collection on key metrics across our whole global portfolio in 2012, and then improved and harmonized our methodology in 2013. This year has been focused on further developing our processes and methods, including building in new, rigorous checks and balances.

This will ensure that our uniform, coordinated, global approach produces the most robust results possible as the basis for setting time-bound usage reduction targets.

As we progress through this fine tuning, back testing and training, we present a global view of the data here as we work towards establishing global time-bound targets in 2015.

GLOBAL ENVIRONMENTAL KPIs 2014 YE



With our approach harmonized, we can see this year that, globally, we have improved across most metrics. However, we are cautious at this stage as to whether the decreases in usage reflect a decrease, in real terms, in our environmental footprint. This is due to three key factors:

- ▼ Work to refine our processes and methods has not yet been completed.
- ▼ Areas where we have a high proportion of processing assets saw record crops. Consequently,

our assets processed close to the maximum amount of feedstock – potentially bringing the consumption-to-tons-processed ratio down simply due to the volume processed.

- ▼ The proportion of the Group's asset portfolio dealing with logistics increased through a number of acquisitions this year. Logistic assets typically consume less energy and fewer resources than industrial assets – this caused some of the reductions.

ENVIRONMENT

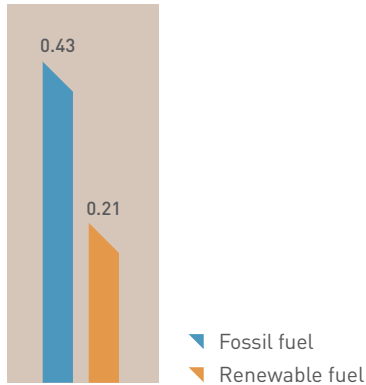




ENERGY CONSUMPTION

ENERGY CONSUMPTION INDEX

GJ/MT



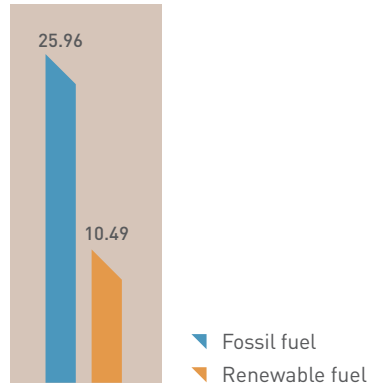
Global 2014 YE



GREENHOUSE GAS (GHG) EMISSIONS

GHG EMISSION INDEX

Kg CO2e/MT



Global 2014 YE

EXPLAINING THE DATA

This index shows the ratio of fossil fuel energy consumed by the facility industrial processes per unit of feedstock processed. Depending on the facilities, the feedstock element of that ratio represents feedstock crushed, in the case of an industrial facility, or feedstock processed, in the case of a warehouse or logistic facility. The unit of measurement is gigajoules per metric ton (GJ/MT).

EXPLAINING THE DATA

Our greenhouse gas emissions (GHG) index shows the quantity of GHGs emitted per ton of feedstock either crushed or processed. This is measured in kilograms of carbon dioxide-equivalent per metric ton of feedstock (kg CO2e/MT).



CASE STUDY: ENERGY & GHG EMISSIONS

In China our industrial team identified possible energy and greenhouse gas (GHG) emissions savings through a series of small changes to operating boilers at our assets in Bazhou, Dongguan and Zhangjiagang.

We observed that the boiler at Dongguan that is used to produce steam for various processes was set to run at a higher than necessary steam pressure. The team therefore reduced that pressure from 13.5 bar to 10.5 bar.

This experiment was successful, producing all the steam the plant needed with significant energy and GHG emission reductions. In 2014 this change alone has saved over 12 500 MT CO2e in emissions and several thousand kilowatt-hours of energy.

At Bazhou, the plant replaced its single, large boiler with 3 smaller units and switched from burning coal to burning gas in the process. Again, the observed possible saving was successfully realized with a resulting decrease of almost 20 000 MT CO2e per year.

The interaction between 2 consecutive condensers at Zhangjiagang was seen as an area where improvements could be made. By enlarging the first condenser's capacity, we were able to increase the heat recovery made in its part of the process. Consequently, the second condenser's cooling capability was improved and its energy consumption decreased. These adaptations created savings of almost 5 000 MT CO2e annually.



ENVIRONMENT



CASE STUDY: WATER

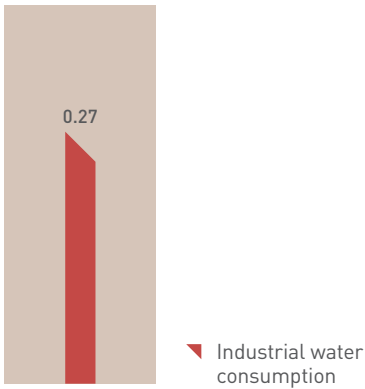
We are always looking for creative ways to improve our approach to water usage and disposal.

At our palm oil storage facility in Mombasa, Kenya, for example, our team has been exploring how to re-use water that has been washed through the storage tanks to clean them.

Since the wash water has palm oil in it, they managed to find partners in soap manufacturing who need the palm oil content as an industrial input. Now, instead of being disposed of, the facility's wash water is sold to these partners as a key element in their production.

WATER CONSUMPTION

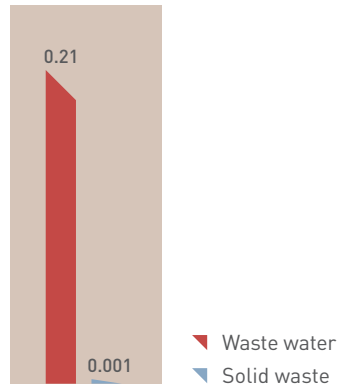
WATER CONSUMPTION INDEX
m³/MT



Global 2014 YE

WASTE

WASTE INDEX
MT/MT



Global 2014 YE

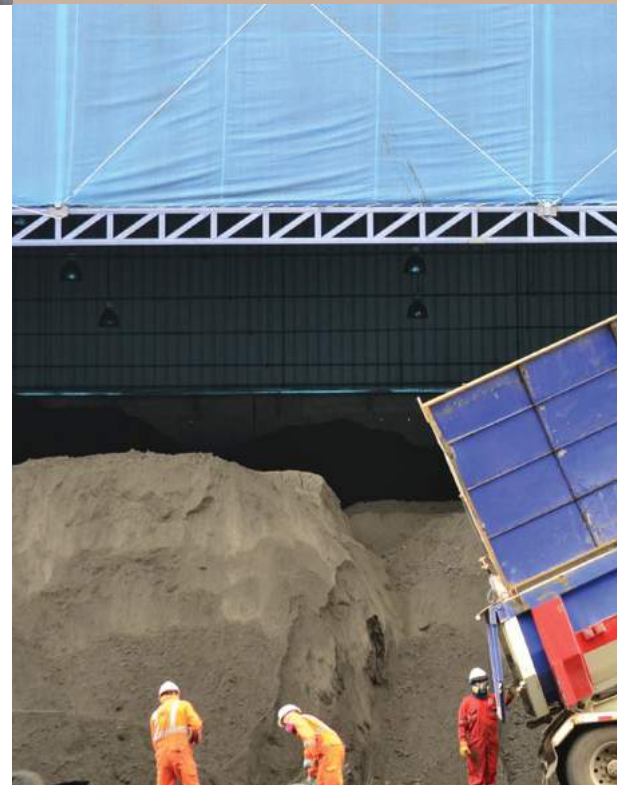
EXPLAINING THE DATA

Our water consumption presents the ratio of water used for each metric ton of feedstock crushed or processed. The ratio is given in cubic metres per metric ton (m³/MT).

EXPLAINING THE DATA

The ratio given here shows the amount of waste produced for every ton of feedstock crushed or processed, in metric tons of waste produced per metric ton of feedstock (MT/MT).

Our facilities generally produce little solid waste as we can use secondary components of many of the commodities we process to produce useful by-products. Waste water is a greater area of focus, as there is greater scope for loss of water through various processes.



CASE STUDY: WASTE

At our metals processing asset in Callao, Peru we analyzed how we might better prevent dust being blown into the atmosphere from areas where we store raw material before processing.

The practice had been to use large blanket-like coverings. However, removing and replacing them allowed dust to escape. We built permanent closure mechanisms for all storage areas.

The amount of dust escaping has now been significantly reduced, benefiting the surrounding communities and minimizing waste generation.



BIODIVERSITY

Biodiversity is a major concern to us both globally and locally to our assets.

As we expand our asset base we always give weight to the results of both environmental and social impact assessments before beginning projects in any area where there are possible sensitivities.

Globally, we support a number of initiatives, especially in Asia and Africa, aimed at protecting and enriching the biodiversity. This way we hope that we not only prevent our operations damaging local ecosystems, but that we also contribute to improving ecosystems in many areas.



CASE STUDY: BIODIVERSITY

Employees at our cotton asset at Luis Eduardo Magalhães, Brazil saw the opportunity to foster local biodiversity and increase awareness of this important issue using 7 000 m² within the asset's grounds.

They created a forest, with a man-made lake, planting numerous different species of tree. A seed bank has been established to collect seeds of a wide variety of different plants, to further improve biodiversity in the future.

Planting also made use of recycled materials such as tires and plastic bottles, as did building the on-site children's playground.

Employees, contractors and children from local schools now visit and learn about environmental preservation through enjoying this green space.

With the seed bank and ongoing use of recycled materials, the project should continue as an environmentally and educationally beneficial space for years to come.

PARTNERS

We carry our 164-year history of working in partnership into how we work on sustainability. Our long-term approach has convinced us that the challenges facing the sector are best solved through open, multi-stakeholder dialogue.



TARGETS

2014

- ▼ **Grain:** Actively engage in process of setting up a new grain roundtable **COMPLETED**
- ▼ **Palm:** Complete production mapping and benchmarking to be in a position to create a time-bound plan for RSPO-certifying palm oil production **COMPLETED**
- ▼ **Rice:** Assist the Sustainable Rice Platform to establish effective scientific assessment and outreach mechanisms **COMPLETED**
- ▼ **Sugar:** Complete production mapping and benchmarking to be in a position to set a target date for Bonsucro-certifying all the Group's sugar mills **CLOSED**
- ▼ **Sugar:** Set a plan with Bonsucro for how we promote their activities with growers whose sugar we buy **AMENDED**

2014

- ▼ **Cotton:** Promote knowledge and use of Better Cotton Initiative standards among brands, retailers and producers **COMPLETED**
- ▼ **Cotton:** All cotton merchandized by Louis Dreyfus Commodities companies to be Better Cotton **AMENDED**
- ▼ **Coffee:** Increase volume of certified coffee we purchase to 11.3% of our total volume **COMPLETED**

2016

- ▼ **Coffee:** Increase volume of certified coffee we purchase to 19.0% of our total volume **IN PROGRESS**

NEW TARGETS

2015

- ▼ **Rice:** Assist the Sustainable Rice Platform to establish effective scientific assessment and outreach mechanisms
- ▼ **Cotton:** Promote knowledge and use of Better Cotton Initiative standards among brands, retailers and producers
- ▼ **Sugar:** Work with Bonsucro to promote their activities with growers from whom we buy sugar

2015, 2016, 2017, 2018, 2019

- ▼ **Cotton:** Increase volume of Better Cotton purchased by 25.0% year-on-year

2019

- ▼ **Coffee:** Increase volume of certified coffee we purchase to 23.0% of our total volume



Strategically we are focused on working collaboratively through roundtables relevant to the commodities we handle. Wherever possible, we look to help expand the available forums for multilateral engagement.

We are also evolving this approach to make Louis Dreyfus Commodities the hub of engagement for and between our clients, giving them the opportunity to explain their needs and expectations so that we may work on major issues together.

For further information on how we engage with partners please see

- ▼ **Citrus** (pages 34-35)
- ▼ **Coffee** (pages 36-37)
- ▼ **Cotton** (pages 38-39)
- ▼ **Palm** (pages 32-33)

Here is a summary of other activities we have undertaken in partnership with stakeholders.

GRAINS

In our inaugural Sustainability Report two years ago we highlighted that there is no roundtable dealing with issues relating to grains, despite the fact that grains are central to so many people's diets. We therefore set ourselves the target of engaging with other stakeholders to explore setting up such a forum.

As indicated in last year's report, that process has been highly complex. That complexity, due in part to the diverse nature of the grains market and its operators, has meant that setting up a roundtable has not been possible at this stage.

We remain optimistic that setting up such a roundtable will occur at some point and will re-engage should discussions re-open.

RICE

As one of the largest merchandizers of rice in the world, we feel the responsibility to help ensure enough rice is produced and delivered to feed the people who rely on it.

This includes playing our part in building an international standard for sustainable rice production through the **Sustainable Rice Platform (SRP)**.

We rotated off the steering committee last year, as per the SRP's rules, having spent 3 years helping the SRP with its initial set up. We are therefore supporting the organization as members as it continues to work with the International Rice Research Institute and committee members to formulate its sustainability standards.



SUGAR

Louis Dreyfus Commodities is one of the largest global merchandizers of sugar. We have been using our reach to promote the certification scheme established by **Bonsucro**.

That has involved seeking to persuade producers in our network to seek certification as our customers, particularly in the US, express a growing interest in certified sustainable sugar.

Louis Dreyfus Commodities no longer controls any sugar mills, and so we are closing the target to **Bonsucro**-certify this type of asset until such time as we come to own any relevant operations.



PARTNERS

LISTENING TO OUR STAKEHOLDERS

We know that there is always room to learn more and improve, even with many years of successful operations behind us.

A key part of learning and improving has been the opportunity to listen to a range of stakeholders' views on our work in sustainability. This year we asked them what they expect from an entity like Louis Dreyfus Commodities and whether we met their expectations.





Dr Jason Clay, Senior Vice President, Food & Markets, WWF

Commodity trading as we know it was invented in the 19th century and perfected in the 20th century. If traders want to survive the 21st century they will need to transcend yesterday's thinking and today's boundaries.

We live on a finite planet. Today, 7.3 billion people are consuming about 1.5 times what the Earth can produce. By 2050, our planet will be expected to support more than 9 billion people with 2.9 times the income per capita and each consuming twice as much as today.

There is increasing uncertainty about where all the raw materials will come from. Dedicated supply chains are

risky given the degree to which global climate change – and its impact on planting seasons, soil moisture and organic matter – is already affecting production. Production will likely shift to new areas.

For their part, commodity buyers want long-term, reliable supplies in an increasingly uncertain world. They also want traceability and transparency to reduce the reputational risk of being associated with unacceptable impacts during production and processing. But, they don't want to pay built-in premiums. Given that on any given day, traders buy from the same producers, the types of transparency that are being demanded will force traders to work together.

The real issue here is not the better performers but rather the worse ones. The poorer performing 25 percent of producers for any commodity produce up to 50 percent of the impacts but only 10 percent of the product. This production, with all the impacts associated with it, poses the biggest threats to traders, retailers and brands alike. But, it is the traders that will have to support continuous improvement programs or find ways to avoid such product.

The \$100 billion question is who will pay? How can traders use the growing demand for traceability and more sustainably produced goods to leverage investments in more sustainable production? They will certainly need to coordinate and work closely with each other as they all buy from the same producers. They need to shift away from spot market purchases to longer-term contracts with retailers and brands, and if the retailers and brands could pool their commitments to increase volume that would help the transition to more sustainable production as well.

Increasingly, sustainability is a pre-competitive issue. No company or sector is big enough to address all these issues by themselves; they need to work together, along with governments and non-profit organizations, to meet increasing demand for food as well as for a healthy planet to ensure future supplies. The journey will not be easy, but we have no choice. The Earth's demands are impossible to ignore.



Jane Theuri, coffee farmer, Githongongo, Kenya

Long ago we would lose tons of our coffee to diseases and would not know the best way to manage our farming activities.

Some of the old problems have gone, partly thanks to training from private sector companies and government. We now know how to manage our farming better, and to prevent the diseases that previously destroyed tons of our crops.

However, many farmers still earn less than US\$1 per kilogram of green coffee they produce. We all know that supply and demand influence prices.

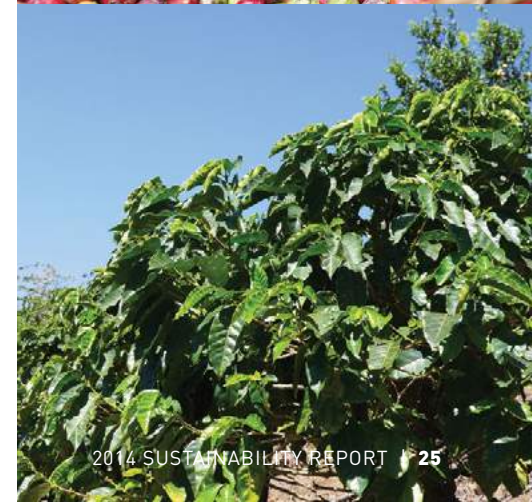
Many farmers don't trust the local and regional co-operatives, but we must sell our coffee to them to access exporters.

We need transparency on quality and price from exporters – the way the co-operatives work means we don't know what our coffee is worth to exporters or whether we're getting a fair price. Also, ideally, the whole payment process would be automated for efficiency and fraud-prevention.

I think exporters should also be giving back to farmers' local communities through their corporate social responsibility programs. Projects should touch the lives of many with, for example:

- ▼ Scholarship funds for children's education
- ▼ Water boreholes drilled in villages
- ▼ Road repairs

They should also visit regularly to refresh farmers' technical knowledge. Even with all this help, though, the biggest barrier to progress is local politics.



PARTNERS



Dale Thompson, farmer, Rippey,
Iowa, US

In terms of my expectations of Louis Dreyfus Commodities, I place the same emphasis on developing a long-term relationship with my grain buyer as I do with my banker and my doctor.

That includes thinking about my legacy – making sure my operation is an attractive opportunity for the next generation in my family to continue to farm. In the past, we used to rely on the cooperative for everything. Now, farmers have to become more independent. To remain profitable we must do more business direct, both on input purchasing and grain sales.

I need to work with entities, including Louis Dreyfus Commodities, to make it economically viable for my children, their children and their children's children to continue farming.



Veronesi

As one of the key European groups in the animal feed and meat sector, we at Veronesi take our sustainability commitments very seriously. Our pursuit of environmental, social and economic development for future generations has always been one of the Group's guiding principles and we are proud of our ample and integrated production chain "from the field to the dinner table".

We see the challenge of sustainability: "producing more while consuming less resources" as growing over the next few years; as meat consumption increases, we will have to continue our excellent and careful monitoring of waste, environmental impact, animal well-being and food safety.

We pay keen attention to the environmental impact of a production, using the methodology of Life Cycle Assessment (LCA) among others, and we follow the "Five Freedoms" set in the Brambell report, to ensure the animal's quality of life, and the implementation of appropriate environmental conditions.

Food safety and quality are paramount to us: we invest significantly in food safety and public health, using third-party veterinarians to verify both the animal's health conditions as well as our processing plants.

We greatly value our long-standing relationship with Louis Dreyfus Commodities, and the support they provide to both our business and our principles.



Société Générale

As an international bank supporting its clients in all economic sectors and diverse markets, Société Générale is conscious that it has a role to play in fostering more sustainable production and consumption patterns.

Since 2011, this recognition has prompted the bank to develop Environmental and Social (E&S) Guidelines and Policies applicable to its financings and banking services. These E&S Policies are currently being deployed throughout the bank. They are publicly available on the bank's website.

In 2014, Société Générale published an Agriculture, Fisheries and Food sector E&S Policy, following the publication in 2013 of a palm oil sector E&S Policy.

Société Générale provides a range of banking and financial services to the agriculture and food sector. Financing agribusiness is of primary importance, as 9 billion people will have to be fed in 2050 according to current projections, while at least 1 billion people are still food insecure today. Meeting this challenge will require an important increase in food production levels.

At the same time however, there is growing evidence of the profound impacts of agricultural production activities on the ecosystems and local communities. Not only are these impacts endangering the common natural capital, they are also putting at risk the primary natural processes which enable food production, at a time when climate change is also predicted to have important effects on production patterns.

Regarding social impacts, adequate revenues for all actors in the food supply chain and most notably a proper remuneration of producers are also called for.

Société Générale believes that this situation calls for a shift towards more sustainable practices in the food production sector. The bank is willing to remain a value-adding partner to its clients in this sector, while ensuring that such support is provided in a responsible and considered manner.

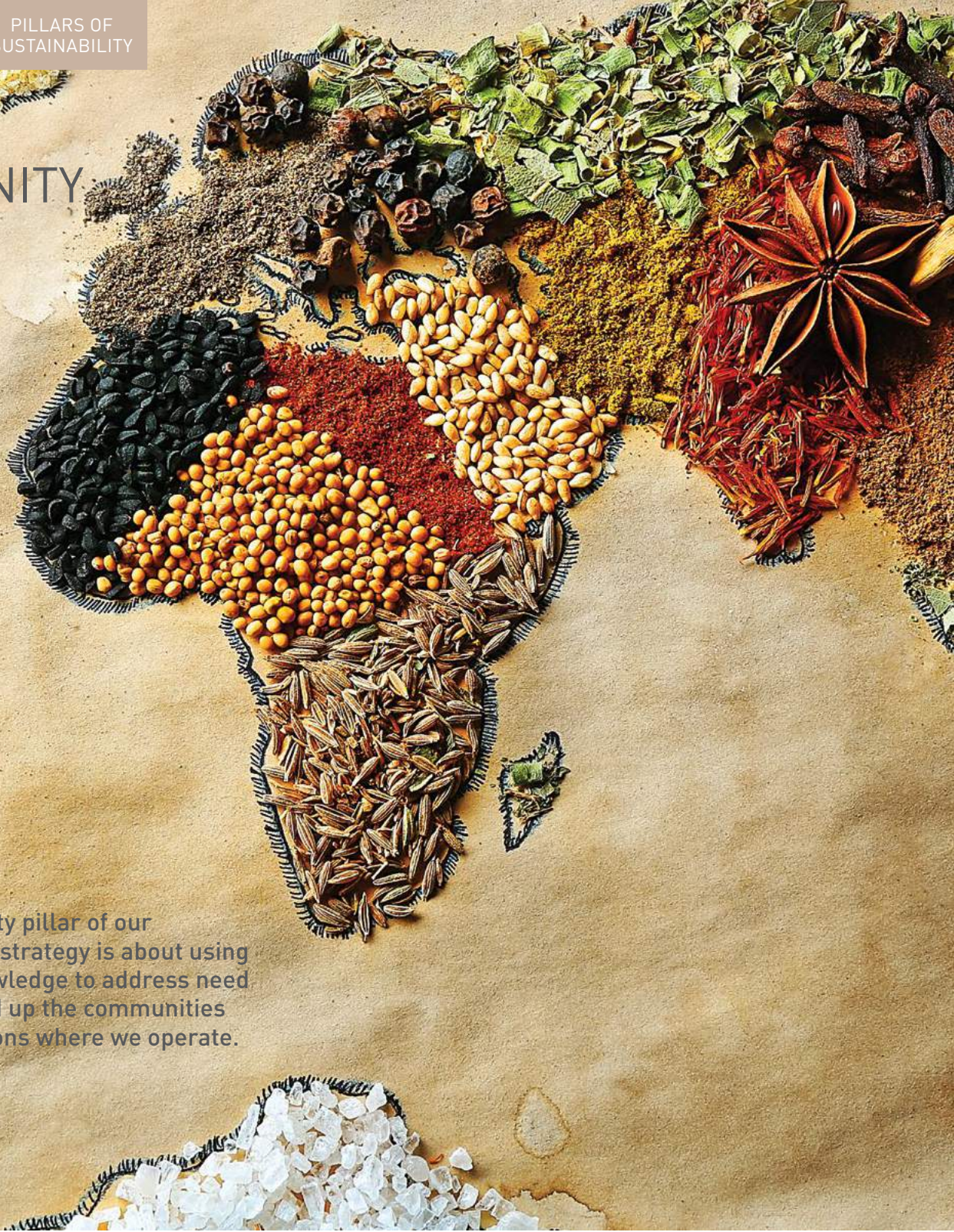
Sustainability issues are complex and setting sustainability standards requires a deep knowledge of a sector's driving forces. Hence, in selecting the most relevant and credible standards to be referenced in its E&S policies, Société Générale particularly values those relying on a multi-stakeholder approach. The sustainability standards which have been developed and have gained in importance in the soft commodities sector in the past decade (such as RSP0 for palm oil, RTRS for soy, or the Better Cotton Initiative) are particularly good examples of how cooperation of all relevant actors and integration along the supply chain can trigger meaningful changes on the ground.

While Société Générale agricultural sector E&S policies set that priority action is expected from its clients directly involved in upstream agricultural production, it also encourages all client companies active in the value chain, including traders, but also processors, wholesalers and retailers to develop E&S policies and implement a management system covering their sourcing.

Beyond and along with its E&S risk management approach, Société Générale sees many opportunities arising from these developments and is particularly keen to support its clients, including Louis Dreyfus Commodities, in shaping innovative approaches.



COMMUNITY



The community pillar of our sustainability strategy is about using our local knowledge to address need in and to build up the communities around locations where we operate.

TARGETS

2013

- Complete scoping of our current activities to enable us to set targets for increasing our participation in community projects **COMPLETED**

2014

- Establish group-wide methodology for monitoring volunteer hours on community projects **IN PROGRESS**
- Gather data for volunteer hours across all regions **IN PROGRESS**
- Design a community program capable of being applied to a range of our platforms **ON HOLD**

2015

- Set targets for volunteer hours for all regions **IN PROGRESS**



Our community program picked up more momentum throughout 2014, particularly as our relationship with the Louis Dreyfus Foundation strengthened in this second year of working in cooperation. The Louis Dreyfus Foundation continues to include projects submitted by our employees among the initiatives it supports and funds.

EMPLOYEE-DRIVEN SOLUTIONS

With over 270 assets worldwide, our operations touch many communities. This reach means that Louis Dreyfus Commodities is a center of local knowledge, through employees and contractors living in and understanding the needs of these many local communities.

We therefore encourage Louis Dreyfus Commodities employees to identify and drive initiatives – both those supported by the Louis Dreyfus Foundation (see below) and projects we carry out independently.

This grassroots approach is both successful in finding where best to put our efforts to use, and also in empowering our people. We present some examples overleaf.

LOUIS DREYFUS FOUNDATION

The Louis Dreyfus Foundation promotes a range of projects in sustainable agriculture, food security and self-sufficiency. Its primary focus is on educating and supporting smallholder farmers, mainly in developing countries in Africa, and Asia.

Through our cooperation agreement with the Foundation, Louis Dreyfus Commodities employees can propose projects for Louis Dreyfus Foundation support. If the Foundation accepts the proposal, our employees then apply their knowledge and expertise in managing the projects through to completion.

We are proud to have 7 projects currently running under this arrangement. An update is provided here on the 2 projects highlighted in last year's Sustainability Report.



MEASURING OUR CONTRIBUTION

We are in the middle of a project to measure the scope of all our employee-led contributions to local communities.

A large proportion of our impact comes through dedicating employees' time to community projects. We are therefore looking at quantifying that contribution to help us analyze how we might help employees optimize their community work in the future.

This year we have started to monitor the number of hours that our Louis Dreyfus Commodities colleagues spent volunteering on community projects. The sheer number and geographical spread of these initiatives means that this remains a work in progress. Present data indicates that our employees volunteered for a total of approximately 10 000 hours globally.

DESIGNING A GLOBAL PROGRAM

In 2013 we highlighted an interesting cotton project as a possible model for future community work. More detail on the project is on page 39. We will consider wider implementation, and introduce related targets, when we build or acquire any assets with a position that might allow us to apply our learning from Zambia.



COMMUNITY

PROJECT EXAMPLES

Meals for starving children

Employees at our oilseeds crushing plant in Claypool, Indiana, US heard about two local schoolteachers trying to assemble and pack 1 million meals for children through the global project **Feed My Starving Children**.

The local Louis Dreyfus Commodities team jumped at the opportunity to help the school plan and fund the initiative, and pack the meals. The funds went to purchase the ingredients for these highly nutritious food parcels.

Employees then volunteered, with others, to go to the school in Claypool and pack the 1 million meals in just 4 days.

Not only was this a great chance to help feed many underprivileged children across the world, but the Louis Dreyfus Commodities team enjoyed working with the local people to achieve the 1 million-meal target.



Community corn harvesting

La Chocleada is an initiative in Canelones, Uruguay which allows members of the local community to come together to harvest crops by hand. Their work builds relationships between people from many different backgrounds and educates people on the reality of farming.

We support the initiative financially and, in 2014, encouraged a number of volunteers to participate in the corn harvest. Our employees learned a great deal from the experience, as did all the other participants from local schools, communities and companies. Based on this experience, we will be encouraging more volunteers to participate in the next harvest.



Supporting the socially excluded

Samusocial International does vital work in the fight against the social exclusion of street children and young people in Bamako, Mali and Dakar, Senegal.

Local Louis Dreyfus Commodities employees organized to support a **Samusocial** project to improve the lives of 1 800 street children through:

- ▼ Access to free healthcare
- ▼ Personal confidence- and resilience-building outreach work
- ▼ Training local charity workers with the skills to assist young people

We were able to fund the 12-month project, and there is scope to expand and continue the work.



LOUIS DREYFUS FOUNDATION PROJECTS

Empowering vulnerable farmers

This initiative, commenced in 2013 in collaboration with local organizations, empowers farmers in Ghana, primarily women, who have been forced to leave their homes and work alone to support their families.

Having provided training to build up the self-sufficiency of 100 people in 2013, the project has grown in 2014. A further 257 beneficiaries received training and inputs to help them improve yields, bolster their food security and increase their income.

The initiative now works across 2 villages, 357 people and over 1 100 acres planted.

Taking account of the wider impact, work to date has helped improve the livelihoods of some 1 300 indirect beneficiaries. The knowledge imparted can also be passed on to others, spreading the benefits of better farming across communities.

Tachara, from the community in Gambaga, Ghana, says:

“The Louis Dreyfus Foundation has really surprised even the most hopeful person in our camp. We are currently not dependent on anybody for our food. It feels great to be in this position where you can organize your own life.”

The Louis Dreyfus Foundation is keen to extend its support to new groups of people across northern Ghana.



Self-sufficiency through sustainable energy

Having been set up in 2013, the Flexi Biogas project to give smallholder farmers sustainable energy self-sufficiency has grown throughout 2014.

From installing biogas generators and solar kits for 400 beneficiaries in Kenya in 2013, the project expanded in 2014 to encompass 2 150 people across Kenya and Rwanda.

Early signs from this expansion have been very encouraging, so both the Foundation and the Group are keen to reach other communities with the benefits of this technology.



PALM

The issues around the production and processing of palm are highly complex. It constitutes a key element in global food consumption and the production of many other consumer products. It also raises a number of sustainability concerns.

Last year we launched our formal internal policy on palm, including on building towards RSPO (Roundtable on Sustainable Palm Oil) certification of our assets. We have built on this policy in 2014.



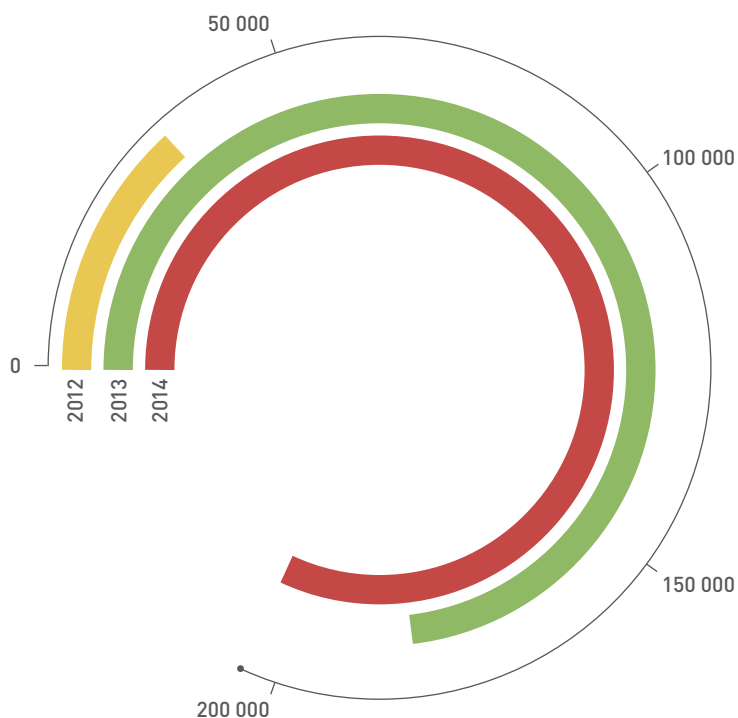
BUILDING ON OUR PRINCIPLES

Good first steps were taken this year including the successful RSPO certification of our two, combined refining / logistic facilities in Indonesia – at Lampung and Balikpapan. After considerable work throughout the year, certification was confirmed in Q4 2014. This adds to the facilities' existing International Sustainability & Carbon Certification (ISCC).

We identified and engaged with a number of external entities and, in 2015, appointed a consultancy to map our supply chains.

Through the forthcoming supply chain mapping exercise we will be able to inform existing and prospective counterparties of our policy to encourage the adoption of its principles.

TOTAL SALES, ISCC AND RSPO, 2012 TO 2014
in MT



OTHER STEPS

In 2014 the Group exited its joint venture with Green Eagle Resources Ltd in Green Eagle Plantations Pte Ltd. The joint venture operated a palm plantation in Indonesia.

Louis Dreyfus Commodities remains committed to sustainably developing its presence at various points along the palm oil value chain, including in origination. As future investments are planned they will, of course, be undertaken in line with our policy on sustainable palm oil.



We have developed and formally adopted the following principles to guide all our palm oil related business activities going forward¹:

- ▼ As the current primary, internationally recognized and accepted multi-stakeholder voluntary benchmark, the RSPO voluntary standard governs and guides all our palm operations and activities
- ▼ All palm plantation assets and related milling capacity, whether owned outright or in partnership with others, including any currently in development, to be governed by a time-bound plan for RSPO-certification as a minimum
- ▼ All other assets, including logistic points and refineries, that are reliant on third party supply to actively develop sustainable supply chains, in part by communicating these palm principles to all suppliers
- ▼ All palm-related counterparties, purchase contracts and supply agreements to be assessed based on internal sustainability criteria benchmarked against RSPO principles

- ▼ Compliance with the RSPO-certification plan and the internal sustainability criteria to be subject to regular internal monitoring
- ▼ Work with all suppliers to protect land with high carbon stock with the aim of zero planting on such land, in addition to applying RSPO criteria
- ▼ Matters relating to our palm oil activity to be reviewed by a qualified external entity
- ▼ Actively contribute to the RSPO's agenda and discussions, including by leveraging our expertise to assist in the RSPO's evolution
- ▼ All prospective palm counterparties to be informed of all the above principles and criteria

All Louis Dreyfus Commodities palm oil activity will be periodically reviewed internally by our newly created Palm Steering Committee, which comprises senior representatives from our commercial, regional and compliance functions. This Committee is also charged with updating the above principles in response to stakeholder feedback and changes in market conditions.

1. Such principles to be brought into effect according to time-bound target dates which will be set during 2015.

CLIENT TESTIMONY: UNIGRA, ITALY

Italian public opinion on palm oil, and consumer demand, changed considerably in the last 12 months. Bloggers and conventional media coverage highlighted a number of issues with some palm operators, and the market reacted quickly.

This has prompted a significant change in Unigra's palm oil sourcing. From 10% of our volumes being RSPO-certified in

2014, we are now aiming for 50% in 2015. In addition, all the palm oil we supply to power plants is ISCC-certified.

The next phase of development is likely to come from small- to medium-sized companies. Most large companies in Italy have already switched to RSPO-certified palm oil, but smaller companies mostly appear to be waiting for consumer demand to change before making the switch themselves.

Having said that, based on current trends, it is conceivable that Italy, and even all of Europe, will have moved to 100% RSPO-certified palm oil consumption by 2020.

Alberto Zanelli
Unigra



CITRUS

The Juice Platform is at the forefront of our sustainability strategy.

As a leading global integrated juice producer and merchandizer, the Platform is a key pillar of the Group's business. Brazilian citrus operations form the heart of its activities and Brazilian orange juice is by far the world's most popular juice with consumers.



**Brazilian orange juice
= 3 of 5 glasses
of juice consumed**

With the considerable size of our reach, we take our responsibility to every person and place touched by our operations very seriously. Many initiatives are in place to fulfill that responsibility, investing in the long-term sustainability of our operations.

This year we published a sustainability brochure specifically on our Brazilian citrus operations. Here are some highlights.

CARING FOR OUR WORKERS

In line with global policy, all employees go through mandatory training to ensure they adopt safe, healthy working practices.

A particular issue arises for juice operators around harvest time – many seasonal workers are needed as we pick every piece of fruit manually to guarantee quality. We take all necessary steps to ensure that seasonal pickers are treated as well as they should be.

- ▼ All seasonal workers are trained as comprehensively as any permanent employee
- ▼ Full personal safety equipment is issued to each of them and we ensure they use it at all times
- ▼ Transportation, water, sanitary and eating area facilities are set up at every work site
- ▼ Pay is set at a rate above the Brazilian legal minimum wage, with an added variable premium linked to performance and safety targets



IMPROVING LOCAL COMMUNITIES

Responsibility extends beyond our workforce to the communities around our operations. With groves in rural areas, we have a particular opportunity to improve the lives of many Brazilian people who do not have access to amenities that others in less remote areas might have.

Here are two examples of how we make that work in practice.



Community conservation training

We identified a number of local needs in a study conducted in 2013 as part of the Rainforest Alliance Certification of our orange farm near the small town of Ribeirão Bonito, São Paulo, Brazil.

Picking up on these needs, we now have an ongoing program, in partnership with the municipal government, to empower and develop the local community.

A key part of this program is the continuous training for students in schools in the area to:

- ▼ Raise awareness of the importance of preserving ecosystems and how this improves living standards
- ▼ Encourage attitudes of respect for natural and cultural resources
- ▼ Build skills and daily practices that conserve the environment
- ▼ Show how to protect the environment in orange production activities

Abrinq Foundation projects

The Abrinq Foundation connects private investment with people in need of help, especially projects for young people. We have worked with the Foundation since 1998 and have several current projects, including:

- ▼ Adopt a School Program – we fund out-of-hours activities to support children’s wider learning at the Alfredo Naime Primary School in Bebedouro, São Paulo, Brazil
- ▼ Strengthening food initiative – we supply fruit and juice to Apae, an organization that supports people with learning difficulties
- ▼ Educandario Santo Antonio – we support this non-profit organization, also in Bebedouro, that benefits young people through social and educational programs

OUR ENVIRONMENTAL EFFORTS

In addition to the monitoring and reduction program that runs under the Environment pillar (see pages 16-21 above) of the Louis Dreyfus Commodities sustainability strategy, our Brazilian citrus operations also take steps to preserve forest habitats around farms we operate.

All Group-owned farms run three programs to ensure compliance with Brazilian law on the protection of Areas of Permanent Preservation (APP):

- ▼ Recovery of Permanent Preservation Areas – in designated APPs we plant native seedlings (50 000 in 2014) and carefully manage the area, reporting yearly to Brazil’s governmental environment agency
 - ▼ Conservation and Management of Adjacent Native Vegetation – management includes controlling areas of bushes at the forest fringe and reservation borders to prevent invading plants from competing with young, native trees as they grow
 - ▼ Monitoring of Surface Water Quality – all farms have plans and ongoing maintenance programs to ensure soil erosion does not cause excessive quantities of silt to enter the river and affect water quality
- In addition, at our Monte Belo farm, Ribeirão Bonito, São Paulo we have set up a program to carefully identify, log and monitor all animals and plants around our farm to ensure preservation, especially of endangered species. We hope to roll out this program to two further farms in 2015.

COFFEE

Louis Dreyfus Commodities wishes to play its part to support coffee farmers, especially smallholders. Our position as one of the world's largest merchandizers of green coffee means we are well placed to make a difference.



CURRENT SCOPE OF COFFEE CERTIFICATION

Sustainability in coffee is often reduced to certification / verification models, but those remain one of a diverse range of tools to support the value chain.

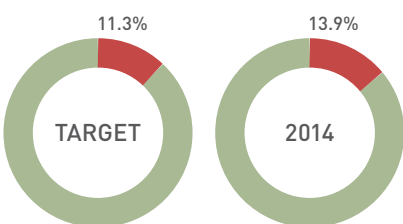
They guarantee that a coffee producer has followed the relevant scheme's criteria in the production of their coffee. The criteria in most schemes relate to social, economic and environmental issues, aiming to protect both farmers and the environment.

Consumer awareness of the issues in the coffee value chain is continually increasing. This keeps driving demand from roasters for certified and verified coffee from us.

However, there are limitations to such schemes' effectiveness and challenges remain on how to support operators throughout the coffee value chain. A particular concern is to ensure that the next generation of smallholder coffee farmers have commercially viable operations with attractive prospects. There is a specific emphasis, in that context, on productivity and quality.

INCREASE IN CERTIFIED AND VERIFIED COFFEE

% of total coffee sales



We continue to aim high, with further increases in the proportion of certified and verified coffee we sell planned for 2015 and 2019.

OUR TARGETS AND ACHIEVEMENTS

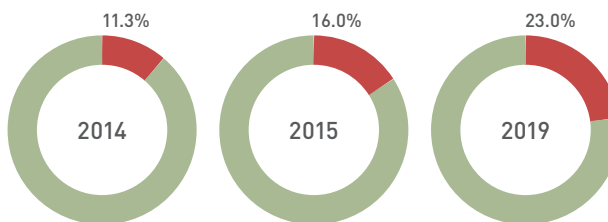
To meet customer and consumer demand, and to secure supply, we implemented a sustainable approach to support smallholder farmers. This involves providing them with relevant training, technical assistance,

pre-financing of crops, access to inputs and to markets.

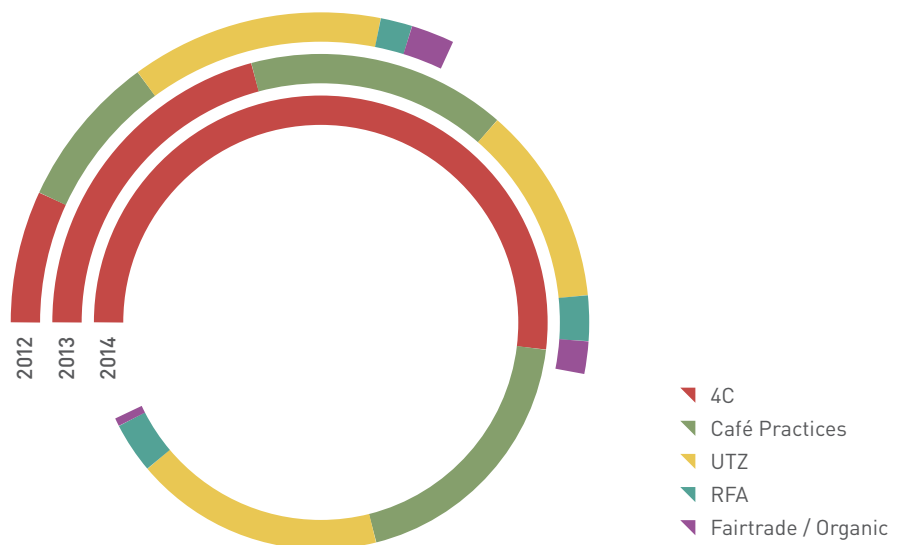
Alongside this support for farmers, we have been setting targets to increase our sales volumes of certified and verified sustainable coffee. We are pleased to have met those targets this year.

TARGETS FOR CERTIFIED AND VERIFIED COFFEE

% of total coffee sales



TOTAL SALES, 2012 TO 2014



BEYOND CERTIFICATION

As described opposite, there are recognized limitations with the current structure of the certification system for sustainable coffee. Louis Dreyfus Commodities is following and adapting to the global trend to move beyond the certification system, as a direct result of the recognized limitations with the various certification systems for sustainable coffee:

- ▼ Improving productivity and quality
- ▼ Reducing production costs
- ▼ Increasing farmers' margins

We have been working on addressing these points with smallholder farmers within our network. Here is a good example of our recent work.



CASE STUDY: FINANCING HARVESTS IN MEXICO

Smallholder farmers the world over face multiple challenges to the long-term viability of their plantations. Besides the well-known issues surrounding climate change and productivity, many face huge financial hurdles to their operations. Louis Dreyfus Commodities has therefore started focusing on these financial challenges.

In Mexico, for example, we have been running a program to pre-finance smallholders' crops. We advance cash at 0% interest to local cooperatives. This enables farmers to focus on pre-harvest activities and even helps them deal with the costs associated with seeking certification or verification.

In return, the cooperatives agree to sell coffee to Louis Dreyfus Commodities at a pre-agreed price, for a pre-agreed volume.

Since its inception in 2010, the program has provided stability to over 100 communities – some 9 000 families – through 8 cooperatives in 3 different regions. This represents a commitment of over US\$10 million since 2012.

“The pre-financing program is one of the best benefits we can receive from a partner as we can't afford to advance money to take care of our land.”

**Ester Morales Velázquez,
Head of ProAgrom cooperative**



COTTON

Louis Dreyfus Commodities is one of the world's largest merchandizers of raw cotton by volume. Our presence from field to destination mill makes us acutely aware of issues affecting farmers and the environment.

We therefore support a number of initiatives concerned with multiple aspects of sustainable cotton production.



BETTER COTTON INITIATIVE (BCI)

We participate in and promote the work of this multi-stakeholder initiative, which focuses on helping farmers increase efficiency, improve financial stability and enhance environmental sustainability through adopting BCI principles.

Demand for BCI cotton is high, and growing, with many large retailers pushing for BCI-verified garments. This permeates the supply chain, incentivizing operators at all levels to seek verification.

We strongly promoted awareness and application of these principles among producers throughout 2014. We will refocus those efforts for 2015.

We want more and more of the cotton we merchandize to be Better Cotton – to conform to BCI principles. With this aim in view, we have now set a series of interim goals to increase the volume

Promote knowledge and use of Better Cotton Initiative standards among brands, retailers and producers

Increase volume of Better Cotton purchased by 25% year-on-year

of Better Cotton we purchase by 25% year-on-year, every year, for the next 5 years, using 2013 as a baseline. This is ambitious, but also provides the opportunity to reassess and re-set targets in 5 years' time.

With customer demand for BCI cotton from various origins rising, we have been seeking to increase sourcing opportunities. For example, we recently studied the possibility of beginning BCI-certified cotton origination in Kazakhstan. These efforts will enable us to meet customer demand and drive us towards our targets of handling increasing volumes of Better Cotton.

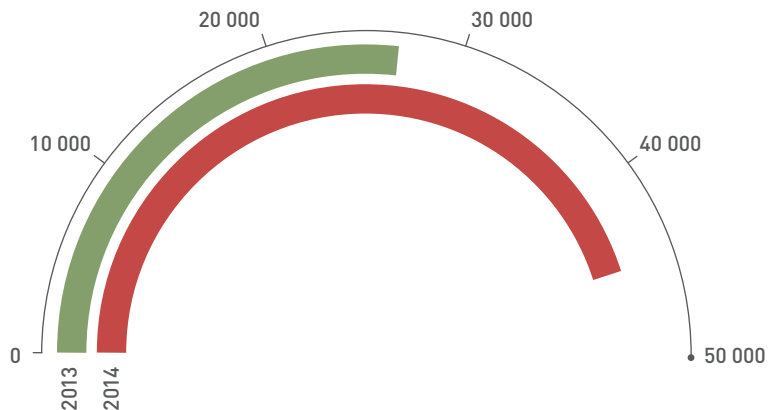

20 000kg+ water to produce 1kg of cotton¹


300 million people estimated to rely on cotton for their livelihood



Here is our progress in 2014:

SUSTAINABLE COTTON PURCHASED, 2014 YE
in kg



1. "The Impact of Cotton on Freshwater Resources and Ecosystems", WWF, 1999

ENABLING FARMERS

Louis Dreyfus Commodities also takes direct action to support smallholder cotton farmers.

We try to identify ways we can enable them to make a sustainable living, in what are often difficult conditions. Here are two sample projects.



Mechanizing Zambian smallholdings

This forms part of our ongoing commitment to small-scale Zambian farmers, as featured in our last two Sustainability Reports. Our existing approach had helped 120 000 farmers improve yields, quality and income, but ran into a number of difficulties last year after weather conditions caused a poor cotton harvest.

We have learned from this and we are adapting our approach to build resilience to such events. Mechanization is key to this approach.

A large part of the problem with poor yields results from farmers' inability to prepare land fast enough to plant before the rainy season. This means that they cannot take advantage of the full length of the growing season.

Mechanized ploughing and planting would avoid this issue, but the farmers lack the necessary finance to mechanize their operations.

In previous years we started to pilot a scheme to get farms mechanized, with great success. This led to 37 further

farmers in Zambia operating tractors. This benefits not just their own farming, but also the communities around them.

This year we have built a plan, with our joint venture partners in Zambian agriculture company NWK AS, to provide a full package of machines to facilitate effective tillage, planting, spraying and transportation. Each farmer's participation will be financed by banks, with NWK AS's backing. NWK AS will then provide access to markets and buy cotton and other commodities at full market value. We were successful in securing external financial support as first loss guarantors in case farmers cannot keep up payments for the equipment.

The scheme therefore enables farmers to build their own capability and efficiency, while providing cotton to NWK AS to sell on to customers around the world. All this is done through financing channels the farmers would not otherwise have been able to access. With this scheme, we have now helped 134 farmers to mechanize their operations.



Supporting harvests in Kazakhstan

Having built a local presence in Kazakhstan since 2009, our team identified a need for greater picking capacity at harvest time.

Louis Dreyfus Commodities therefore invested in mechanical pickers to assist the local farmers and increase our marketing capabilities for Kazakh cotton. Following a successful pilot with 6 pickers in 2013, we purchased 14 more pickers for the 2014 harvest and 20 more will follow in 2015.

The local community and our customers have both benefited greatly. Farmers were able to pick faster with less strain on laborers, and cotton quality was preserved as the crop was brought in swiftly around the optimal picking time.

We are proud of the local team that worked on this, who received an award from the local government for the positive community impact of the initiative this year.



Cotton picked for 466 farmers



34% of Louis Dreyfus Commodities' volume picked mechanically

MOVING FORWARD TOGETHER

Our people are the force behind how Louis Dreyfus Commodities responds to the many challenges faced by the commodities industry.

We convened a group of our people, with different roles, to discuss their vision for how we build and maintain sustainable value chains. They have a strong vision for how we can dynamically evolve our day-to-day operations to work with partners and meet ambitious targets for improvement.

“THE WORLD IS CHANGING FAST”

Customers’ needs change very swiftly and Louis Dreyfus Commodities must be proactive in providing solutions for clients. The sustainability-related aspects of this approach are central to our strategic thinking.

As Nigel Mamalis observes, consumers and many other stakeholders are demanding better information about the origin of the products we supply. This trend is only likely to intensify.



Nigel Mamalis, Senior Head, Merchandizing Platforms

How we respond is going to be fundamental both to our role as a sustainable long-term food supplier and to the financial performance of our business.

For example, Bill Ballenden and his cotton team already see demand for certified sustainable cotton growing rapidly (see pages 38-39 above). Supply does not yet match demand for **Better Cotton**, in particular.



Bill Ballenden, Head of Cotton Platform, Europe & Black Sea

It will be fundamental to our ongoing competitiveness in serving clients, not only in cotton, that we are at the forefront of originating certified sustainable supply for them.

WORKING WITH PARTNERS

In some commodities we handle, the market's move to more sustainable options is slower. We should seek to be among the leaders, working with others to drive that change.

Our work in palm oil illustrates the challenge. Our Global Head of Palm explained that many customers, even those interested in sustainable palm oil, are unwilling to pay a premium for a certified sustainable product. The attitude among producers and processors towards seeking certification therefore varies a great deal, with many struggling to justify incurring the extra costs associated with that process.

Other operators in the palm value chain have made strides forward in promoting sustainable palm oil, and we should look to learn from their efforts to build our own, improved approach.

We must, all participants agreed, join with the efforts of other stakeholders to lead the process of change. That will push the industry towards the right outcomes and help us deal with our business challenge of maintaining volumes while simultaneously changing our supply chain.

This is likely to happen, at some point in the future, for each of the commodities we merchandize – including those that currently lack any industry standard or momentum towards one. We must continue to change our policies – both on specific issues, such as waste, and on wider operational concerns such as how we select joint venture partners – so that we are moving debate forward in our day-to-day business.

There is reason for optimism. As Cecile Sother observed from growing our portfolio across the Middle East & Africa Region, although some



Cecile Sother, Head of Business Development, Middle East & Africa

farmers and potential joint venture partners may be unreceptive, there is increasing enthusiasm among partners for embracing more rigorous operating procedures.

This provides an opportunity to build our sustainability principles into how we grow our business, creating more community, safety and environmental guarantees.

EVOLVING INTERNALLY

We have set ourselves a number of targets throughout our recent sustainability reporting. Nigel, Bill and Michael, from their different perspectives, all emphasized how crucial working towards those targets will be.

This is also the main issue that concerns Rosineide dos Santos Lima and Francisco de Sá Costa, fruit pickers who have worked with us on a number of harvests in Monte Belo, Brazil. They have noticed, and praised, the efforts Louis Dreyfus Commodities has made on safety. Maintaining those high standards, of constant improvement, will be a test of our capabilities.



Rosineide dos Santos Lima and Francisco de Sá Costa, Fruit Pickers, Monte Belo, Brazil

This brings with it two further requirements. As Michael points out, from his experience of implementing strategies to meet safety and environmental targets, we must make sure that Louis Dreyfus Commodities people have the mindset and practical training to achieve our goals. For example, Gustavo Galli feels workers would appreciate further training on new, safety-related technology and innovation.

We must also hold ourselves to account and address those situations where we might not meet the standards we set.

All agreed that this will continue to require a strong lead from our most senior management – an attitude and approach that can be cascaded down, right through to the shop floor.

This is the journey that we embarked upon when we started setting public targets. We have had both successes and setbacks, learning from both.

There is a strong sense that we can and must continue this evolution, embedding our aims further into our operations, towards leading the sector into a more sustainable long-term future.



Michael Roberts, Head of Industrial Operations, Asia

As we progress, we will only maintain momentum by setting ourselves realistic but ambitious targets on a short- and long-term basis.



Gustavo Galli, General Services Supervisor, General Lagos, Argentina

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