

SUSTAINABILITY
REPORT 2013



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OUR CEO'S VIEW

Seattle, WA, US

The last 12 months have been a thought-provoking and exciting period for Louis Dreyfus Commodities, continuing the evolution of our approach to sustainability. After over 160 years of conducting business with integrity, the decision to publish our first standalone Sustainability Report for 2012 has launched us on a journey of learning, adapting and improving, with a view to playing our part in meeting the challenges of feeding and clothing the world's growing population.



We are pleased with our progress but eager to keep moving forward. In the spirit of openness with which we began, we have carefully considered feedback on that report and will continue to use a collaborative approach as we chart our way to a more sustainable future.

LEARNING AND ADAPTING

Our first year of submitting our targets and efforts to public scrutiny has been one of learning. It has brought many encouraging signs and positive outcomes, as well as some setbacks. We will continue in the spirit of transparency by analyzing our successes and shortcomings.

One of the most exciting learning points has been the positive experience of engagement with NGO partners. Having been uncertain as to the response our attempt to engage would be met with, we now have a strong and highly productive relationship

with several NGOs. Indeed, we have commenced discussions on potential joint projects and we hope to report on progress in next year's report.

The only critical feedback we received on our first report was that we should have dealt more fully with issues related to palm oil. On reflection, we felt that this criticism was fair and have taken significant steps to respond.

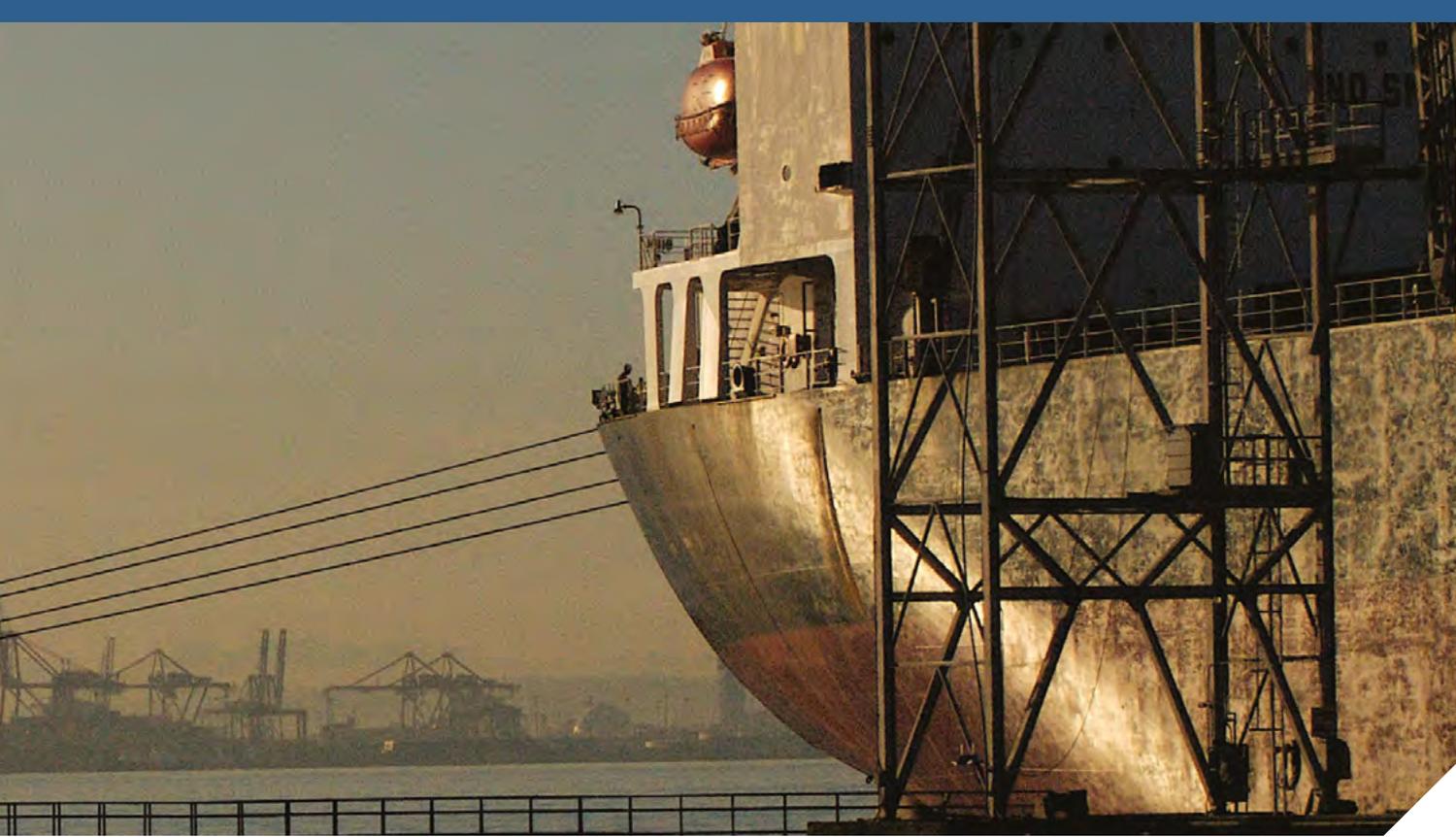
2013 has brought its share of challenges. There have also been setbacks for the Zambian cotton project we highlighted last year as our best practice case. We are considering how to proceed but, despite the difficulties, we remain optimistic that it may still be used as a model program for how our global Group could benefit the communities touched by our operations. Innovative steps are being taken that should aid the project's recovery.

OUR GOALS

- 21 targets set in 2012
- 10 new targets set this year
- Continued sustainable expansion

OUR PERFORMANCE

- 4 targets set in 2012 already met
- 12 targets in progress
- 5 targets amended or delayed



We are embracing the opportunity provided by the recent launch of the Louis Dreyfus Foundation by Margarita Louis-Dreyfus, Chairperson of Louis Dreyfus Holding. The Foundation's sponsorship of initiatives proposed by colleagues from Louis Dreyfus Commodities opens many new ways for us all to assist where we see real need.

PLANNING AND IMPROVING

The learning of the past year has clarified ideas and processes on how we can best move forward in some key areas.

We are keen to establish a more coherent model for working with the communities where we operate. Our existing approach to encouraging volunteerism among employees sees some truly inspiring responses from Louis Dreyfus Commodities staff every year. The next step will be increased coordination ensuring every one of our assets is working optimally to create a positive impact in its immediate vicinity.

Our existing locally-driven projects and the events in Zambia are teaching us how to build such a plan. We have set targets to develop the framework to allow that work to grow.

Another area where we are continually looking to make progress is on collaborative engagement on some of the bigger issues facing our industry. Many issues – like food waste or genetic modification – can appear too large or distant for any one operator to tackle. On the issue of genetic modification we, like the rest of the industry, adopt an approach of strictly complying with relevant local laws but remain agnostic about whether or not the technology should have a significant future in agriculture. We see our role as trying to facilitate debate and recognize the importance of reaching a position on this and other topics.

Accordingly, as outlined in the next section of this report, we believe that there is a better way for commodities companies to respond to such difficult situations. Closer, more open multi-stakeholder working that engages entities from across all areas that touch upon the food value chain will be fundamental to any response. We remain fully committed to this form of engagement.

I would like to acknowledge the significant role that many stakeholders already play in helping us, and the sector, build towards a more sustainable future. I hope that they will continue with us on that journey as we join together to consider responding to some of the most difficult questions that face our industry. We are particularly keen to engage with actors from across the entire value chain to address the challenge of food waste at retail and consumer level.

We remain proud to be associated with an industry that is renowned for recycling and reprocessing, converting waste from its various processes into energy and fertilizer. We are working to be at the forefront of continuing development in this area, to generate more efficiencies and environmental savings from which everyone may benefit.

Claude Ehlinger
Interim Chief Executive Officer
and Chief Financial Officer

OUR DISTINCTIVE PROFILE

DIVERSIFIED AND GLOBAL

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

Our 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.

Pasco WA, US

KEY FACTS

Operating in over

100 
Countries

Matrix organization of

6  **13** 
Regions Platforms

22 000+ 

People employed globally
at peak season

US\$63.6 billion

Net sales in 2013



We help feed and clothe some 500 million people every year by originating, processing and transporting approximately 77 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\$63.6 billion in net sales supported by US\$689 million in capital expenditure in the year ended 31 December 2013.

- 163 years of experience
- Continued sustainable expansion

OUR DISTINCTIVE PROFILE continued

GUIDED BY OUR VALUES

Entrepreneurship

Diversity

Humility

Commitment

Our values are at the heart of everything we do.

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.

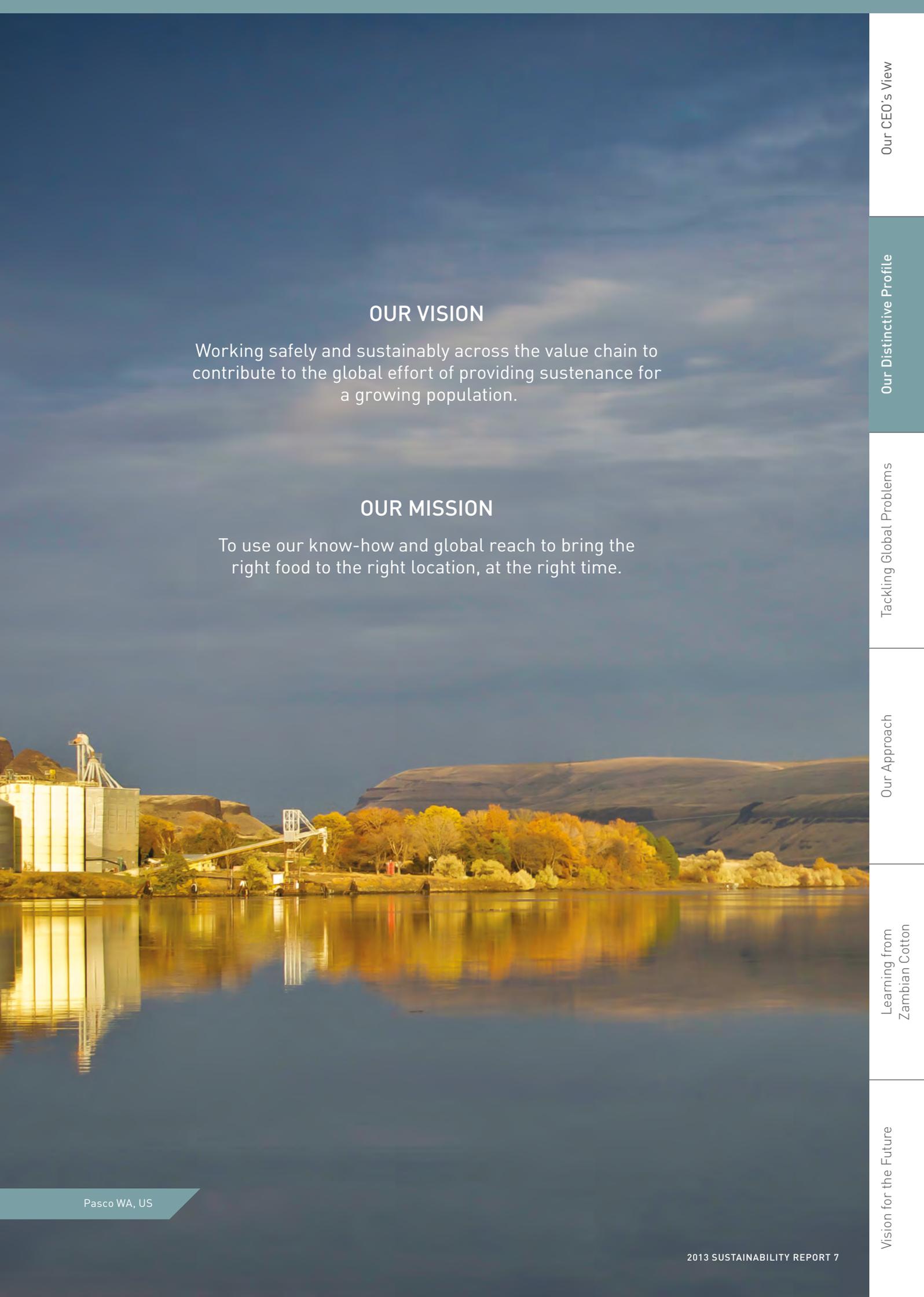
Louis Dreyfus Commodities

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 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.

TACKLING GLOBAL PROBLEMS

FEEDING THE WORLD IN 2050

The commodities sector has a major role to play over the next century in response to the demands generated by exponential population growth. The challenge is stark: world population¹ is expected to reach almost 9 billion by 2050, peak at 9.2 billion in 2075 and settle at around 9 billion for the next 200 years.² Alongside growth, urbanization and increasing wealth are likely to continue contributing to changing demand.

While enough food is currently produced to feed everyone, the sector must both aim to keep production on pace with increased demand and work to get available food to all who need it. To achieve this, food production must double by 2050³ and distribution must become more efficient.

What steps can the commodities industry take over the next 30-40 years to help provide for 2 billion extra people, while catering for rapidly changing consumption patterns?

¹ Currently approximately 7 billion

² UN, "World Population to 2300"

³ FAO, "How to Feed the World in 2050"

⁴ HSBC, "The World in 2050"

LAND, YIELDS AND EFFICIENCY

The availability of new land for food production and increasing yields massively influence how the sector can respond.

There is a rapidly dwindling amount of new land available for food production. Whereas, historically, capacity issues might have been solved by expanding agriculture on to new land, that can only represent a minor part of the solution over the coming decades. Water and other inputs are also finite.

The comparative shortage of new land requires concentration on yield growth. The challenge is considerable: yield growth in the last 20 years has been lower than in the previous 20. A recent study put contemporary yield growth at 2%, some 50% lower than previously.⁴

Given the need to focus on yields, the medium-term view is worrying. Urbanization and increases in per capita income have, to date, led to greater consumer demand for meat protein. This is significantly more resource-intensive to produce than foodstuffs such as grains and pulses. Therefore, if the demand trend continues, ever more resources are going to be re-directed to producing food for animals.

To tackle the global problems this poses, the world needs to adapt demand and to increase efficiency. It is very difficult to determine what part commodities companies, given our position in the value chain, can play in efforts to change consumer habits. Increasing efficiency is more directly the concern of companies such as Louis Dreyfus Commodities, and this is reflected in our and the industry's investment in logistic capacity.

WHAT ADVANCEMENTS SHOULD BE PURSUED?

The scope for increasing agricultural efficiency has the potential to be greatly enhanced by several technological means. Extensive research already goes on to identify possible improvements, such as soil analyses to ascertain which crops might most effectively be grown on particular sites and the optimal time to apply inputs such as fertilizer.

But more needs to be done and the question remains: where should attention, research and resources be directed?

Small measures are available to increase supply chain efficiency, such as technological mechanisms for contacting, ordering from and making payments to smallholder farmers in remote locations. Such systems enable the industry to take incremental steps to ensure a greater proportion of food meets present demand and actually reaches consumers, rather than being wasted at some intermediate stage in the value chain.

Commodities companies can drive meaningful change by passing on clear price signals to producers. Further, it is important to help smallholder farmers, through education on best practice, to respond to such signals sustainably. This work would be well supported by greater certification to assure buyers of sustainable supply.

Larger measures also exist, but can be highly controversial. The obvious area for development, in this regard, is in genetically modified (GM) food. Whether continuing or increasing efforts in that area is desirable remains unclear – and a clear answer seems unlikely to appear on the immediate horizon.

The arguments for and against are well known in the industry, although perhaps not beyond it. The character of the debate can often be unhelpfully divisive, which does little to guide operators in the commodities sector towards the right position to take.

On the one hand, the benefits that might be delivered, should future research prove successful, could assist significantly in the drive to feed the world:

- Engineering crops so as to give higher yields would clearly help.
- Modifications that improve disease resistance and enable crops to grow in less favorable conditions would allow farmers to deliver greater volumes from existing land, and perhaps even grow on more marginal land.

- Crops might be engineered so as to reduce reliance on pesticides and other inputs, thus reducing the environmental impact of agricultural production.

However, whether genetic modification can deliver on all these promises remains unclear. Opponents raise a number of other concerns, many of which, if they prove correct, could significantly hamper efficiency and capacity:

- Creating pest- and herbicide-resistant crops might result in “superbugs” and “superweeds” evolving to become resistant to eradication and even to changes made to GM crops.
- Despite extensive testing and lengthy approval processes, the technology is relatively recent and unforeseen effects remain possible – such as cross-pollination to non-GM crops.
- Farmers could become over-reliant on a small number of transnational corporations for seeds and chemicals, potentially resulting in monocultures and a loss of autonomy for smaller-scale farmers.

For entities, such as Louis Dreyfus Commodities, with no ideological or financial reason to prefer either side of the debate but a keen interest in ensuring agricultural production meets global demand, there is little useful guidance in the widespread confusion and conflict. The production and sale of GM crops is permitted in certain markets but, beyond the legal situation across jurisdictions, there is nothing to help such entities determine where they should lend their weight.

Given the enormity of the task and the time available for equipping the world to meet it, more momentum needs to be generated. That momentum should be generated through the greater engagement of all stakeholders throughout the commodities value chain in a more open and constructive debate.

PEOPLE



General Lagos, Argentina

Louis Dreyfus Commodities remains committed to engaging, nurturing and protecting every person who works for and with the Group. With over 22 000 employees worldwide at peak season that is a considerable commitment. Channelling such a high number and range of talented people, across the globe, is fundamental to fulfilling our responsibility to help sustain the world's growing population.

EXISTING TARGETS

<p>2013 Reduce frequency of workplace accidents by 20% YOY</p>	<p>2013 Reduce lost time accidents to zero</p>	<p>2013 Establish Behavior-Based Safety Program across all locations</p>	<p>2013 Collect and analyze more diversity data</p>	<p>2014 Identify potential strategies for improving diversity across metrics, business divisions and regions</p>
<p>STATUS Achieved</p>	<p>STATUS In progress</p>	<p>STATUS In progress</p>	<p>STATUS Achieved</p>	<p>STATUS In progress</p>

NEW TARGETS

<p>2014 Reduce frequency of workplace accidents by 20% YOY</p>	<p>2014 Collect and analyze more diversity data</p>
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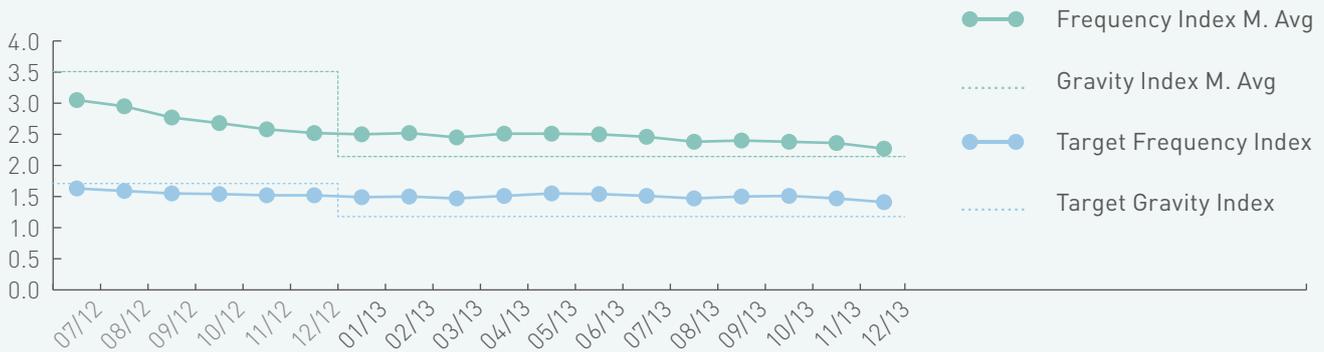
SAFETY

Our rolling target to reduce the frequency of accidents is a marker of our dedication to improving our already strong record for health and safety compliance in order to become a leader in workplace safety.

This year we met the target set in last year's report to reduce the frequency of workplace accidents by 20%. While we did not completely eliminate all accidents that lead to a person needing time off work, we reduced such accidents by 23%.¹

We retain those targets for the coming year as part of the drive for continuing improvement. We are also pleased to report that the severity of accidents decreased in parallel by 23%.

GRAVITY / FREQUENCY 18 MONTH ROLLING 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.

¹ Following the upstreaming of our sister company, Biosev, any data relating to Biosev is recorded and monitored separately from data relating to Louis Dreyfus Commodities. This applies to all health and safety data referred to in this report. This separation in reporting had not occurred by the time of publication of the Louis Dreyfus Commodities Sustainability Report 2012. Any discrepancies between historic data recorded in that report and in this report are due to this separation.

PEOPLE continued

This year the main step we took to improve safety was to begin the rollout of the Behavior-Based Safety Program, successfully trialled by our sister company, Biosev. Our annual Safety Day started the process by successfully raising awareness and generating strong engagement from a broad range of employees. The theme for 2013 was “Safety starts with me” to reinforce a key pillar of the Behavior-Based Safety Program – that each person is responsible for the safety of those around them as well as their own.

The program was highlighted in last year’s report and full implementation during 2013 was stated to be the target. It was intended and should have been stated that the program would be rolled out during 2013 for full implementation across all our assets in 2014. We therefore hope to report on first results next year.

Following the efforts of 2013, every industrial, logistic and agricultural asset, across every one of our Regions, has now been introduced to the crucial operational risk, risk perception and proactive risk management pillars of our Behavioral Safety Program. In 2014 we will build on this awareness by completing the implementation of the program. This will include formal and informal behavioral observations; analysis of behavioral trends; and action plans to improve safety management culture and decision-making.

The combined effect of the Program and Safety Day has gone beyond the targeted reduction of accidents by producing a significant increase in the reporting of near misses. This is a strong indication of a rapidly growing culture of proactive safety management.

We hope to carry this proactive approach forward in several different ways over the next few years. First, our efforts to bring our protocols up to ISO standards across all our assets continue as we update our Safety Health and Environmental (SHE) management system’s audit procedures.



This involves combining ISO and OHSAS rules with more practical safety compliance requirements, actual plant conditions and employee feedback based on audit interviews. This builds on our existing internal, global SHE management system, which is modelled on ISO 14001 and OHSAS 18001.

Secondly, we have further plans to engage employees in the process of conducting risk assessments. The aim is to ask them not only to identify existing risks but also to offer suggestions on how to reduce those risks. This is the next step in merging operational performance improvements with safety.

Thirdly, we are looking at how we might expand the reach of our safety training to help our people stay safe outside of their work for us.



CASE STUDY: PEOPLE SURVEY

In 2013 we renewed our commitment to developing our people with a strengthened focus on career development and continuous learning. Understanding people’s current position and their aspirations is a major step towards that, so we conducted our first worldwide people survey.

Of almost 5 000 employees surveyed 77% responded, providing their views on core issues centered on:

- Leadership and organization
- Reward and recognition

- Work relations and environment
- Customer orientation
- Values and business rules

We note that more than 85% of employees express satisfaction with working for Louis Dreyfus Commodities and over 80% share a sense of belonging, individually and collectively, to the Group. The survey also generated important insights for further investigation and development, such as employee recognition and professional development.

DIVERSITY

We are currently working on a strategy to improve our diversity across various metrics. In last year's report we presented data on the percentage of people we employ by gender and age, region by region. This year we have taken steps to begin monitoring the nationality of our employees to help inform our work to identify strategies for improving diversity.

Any comparison with the position in last year's report must be cautious as changes to our methodology since then have significantly improved data quality. However, in that context, two tentative points can be made.

We note that there has been a 5% decrease globally in the proportion of women employed by the Group. Our benchmarking shows that, in general, fewer women work in industrial and logistic operations. Such operations employ a large part of our workforce. We believe the decrease is linked to the acquisition of several industrial and logistic operations this year, which has increased the proportion of our workforce employed in such areas. This is a point we will monitor over the next year and that will inform our thinking as we continue efforts to guarantee equal opportunities, develop local talent, and maintain national and cultural diversity.

There have been smaller changes in the balance of the age of our employees across several Regions. Again, we will continue to monitor this balance and we remain committed to retaining and supporting employees of all ages, in line with our strategy to nurture career growth at all levels of the organization.

AGE, BY REGION, WITH COMPARISON TO 2012 (% OF EMPLOYEES)

Regions	Age group											
	Under 20		20-29		30-39		40-49		50-59		60+	
Asia	2%	▲2%	37%	▼3%	39%	▼1%	17%	▲2%	4%	N/C	1%	▲0.9%
Europe & Black Sea	1%	▲1%	17%	▼11%	26%	▲1%	24%	▼1%	26%	▲6%	6%	▲3%
Middle East & Africa	3%	▲3%	18%	N/C	39%	▼2%	27%	▼1%	11%	▼1%	2%	N/C
North America	0%	▼0.5%	15%	N/C	21%	N/C	25%	▼1%	29%	▲1%	10%	N/C
North Latin America	2%	▼1%	32%	▲2%	33%	N/C	20%	▼1%	11%	N/C	2%	▼1%
South & West Latin America	0%	N/C	24%	▼8%	43%	▲4%	23%	▲2%	8%	▲1%	2%	▲1%
Global 2013 YE	2%	N/C	27%	▼3%	32%	▲2%	22%	N/C	14%	▲1%	3%	N/C

GENDER, BY REGION, WITH COMPARISON TO 2012 (% OF EMPLOYEES)

Gender	Regions													
	Asia		Europe & Black Sea		Middle East & Africa		North America		North Latin America		South & West Latin America		Global 2013 YE	
Female	30%	▼3%	38%	N/C	25%	▼4%	29%	N/C	26%	▼5%	16%	▼14%	27%	▼5%
Male	70%	▲3%	62%	N/C	75%	▲4%	71%	N/C	74%	▲5%	84%	▲14%	73%	▲5%

ENVIRONMENT



Sao Simao, Brazil

The past year has focused our drive for greater resource efficiency on standardizing data gathering across our asset portfolio to create the best possible foundation for setting reduction targets in 2015. With 2012 being the first year of measurements using a single, company-wide scheme, methodological harmonization has now been accomplished with new reporting criteria added in 2013. We can now obtain a more complete and consistent view of the environmental impact of our operations.

EXISTING TARGETS

2012 Collect data across relevant metrics to establish baseline	2013 Harmonize data collection across all business divisions	2014 Fold individual 5-year plant optimization plans into a single, global plan	2015 Set global time-bound targets for reducing resource usage and emissions
STATUS Achieved	STATUS Achieved	STATUS In progress	STATUS In progress

NEW TARGETS

2014 Segment data collection by asset type
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We are working towards the longer-term goal of becoming one of the sector leaders in usage and waste generation across the four key metrics of energy consumption, greenhouse gas (GHG) emissions, water consumption and waste. We are on course to reach that goal and remain fully committed to taking the necessary steps to build a robust program over the coming years.

Prior to 2012 we operated a site-by-site, division-by-division approach to delivering efficiency in these areas. Since then we have:

- Harmonized data collection across all business divisions
- Collected two years' worth of data on our key metrics
- Begun the process of creating a single global optimization plan
- Begun analyzing the available data to start identifying targets for reductions

By 2015 we will have collected sufficient data to complete the analysis so that, during 2015, we will be able to use that information to set targets for making significant improvements.

We present here the totals across our business and ratios showing relative efficiency across our four key metrics, both for 2013 and by comparison with 2012. We also explain the rises and falls across the 6 regions into which our business is organized.

ENVIRONMENTAL KPIs 2012 VS 2013 – REGIONAL COMPARISON

2013 YE	Energy Consumption Index (GJ/MT)	GHG Emissions Index (kg CO2e/MT)	Water Consumption Index (m3/MT)	Waste Index (MT/MT)
Asia	0.6400	51.1235	0.2660	0.1549
Europe & Black Sea	0.0858	4.4368	0.2234	0.1641
Middle East & Africa	0.0282	1.9681	0.0052	0.0024
North America	0.6045	32.7528	0.4150	0.2900
North Latin America	4.2314	302.0271	0.3571	0.1593
South & West Latin America	0.6597	40.3107	0.2586	0.0423
Global 2013 YE	1.7452	119.6844	0.3544	0.1919

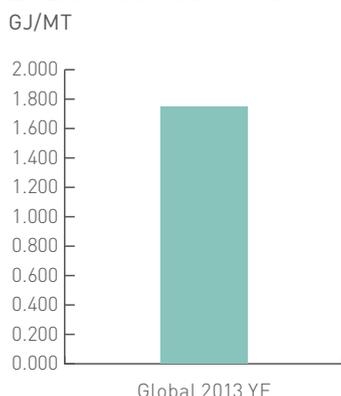
ENVIRONMENT continued

We have expanded the range of our data collection and presentation since last year's report. The process has been improved, with better collection and review of information to ensure greater accuracy.

The way we compile the energy consumption data has expanded, with the addition of several energy-consuming processes that had not previously been captured and a new approach to waste and water. Other changes within the business that affect overall data include the commencement of operations for our Cotton, Juice and Sugar Platforms in Asia, and for our Metals Platform in South & West Latin America.

The improvements to our methodology since last year's report make only indirect comparison with last year's performance possible, but strengthen our approach as we build our assessment and reduction program. The increases from 2012 are therefore reported, for completeness, but do not necessarily reflect any increase, in real terms, in our environmental footprint.

ENERGY CONSUMPTION



Explaining the data

This index shows the ratio of fossil fuel energy consumed by the facility industrial processes per unit of feedstock processed in each business region. Depending on the facilities in that region, 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).

The North Latin America ratio is high because fossil fuels are the primary source of power in aging facilities, which we have identified as requiring energy efficiency improvements in future. Further, biomass usage, as a fuel, was not reported in 2012 and its inclusion in 2013 has resulted in an increase in that Region.

Comparing the data

In 2012 we reported energy consumption of 0.594 GJ/MT. However, direct comparison of the data at this stage in the development of our reporting program is difficult. The apparent overall increase results primarily from a more complete approach to reporting our use of transportation fuels, with the inclusion of energy used by vehicles that support production, and the introduction of energy consumed in the use of renewable fuels into the index.

The impact of these changes was particularly marked in our Asia, North Latin America and Europe & Black Sea regions. Asia also acquired several new assets to support the Cotton, Juice and Sugar platforms, the performance of which we will closely monitor over the coming year.

CASE STUDY: ENERGY

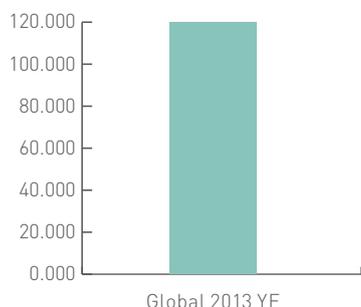
In collaboration with the local authorities a project was undertaken to identify potential energy saving measures at our port terminal in Ghent, Belgium. Implementation of many measures is still in progress, but the high-potential improvements identified include:

- A complete thermographic audit to discover any areas of heat loss from equipment
- Insulation of floor heating pipes and any heat loss points found by the audit
- Installation of energy-saving lighting
- Improvements to the compressed air system and shutting it down when work is not ongoing
- Starting a program to monitor energy usage across all equipment

We estimate that, with successful implementation completed, energy savings could reach 10% of total annual usage.

GREENHOUSE GAS EMISSIONS

Kg CO₂e/MT



Explaining the data

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

The same points made above in relation to changes affecting our measurement of energy consumption apply here.

Comparing the data

Our GHG emissions for 2012 were 32.626kg CO₂e/MT but, as with the overall increase in the energy consumption index, comparison with 2013 is difficult due to the same alterations to our methodology. The overall increase results from the same combination of factors set out in relation to energy consumption.



CASE STUDY: GHG EMISSIONS

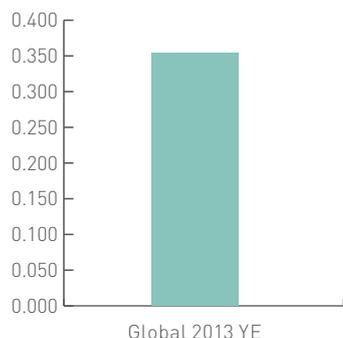
In May 2013 our production facility in Wittenberg, Germany set up its ISO-certified energy management system. In that process, we found a potential GHG saving in the operation of the glycerin storage tank.

Glycerin is a by-product of biodiesel production which, through further

evaporation and distillation, can produce pharmaceutical glycerin. The by-product glycerin comes off the biodiesel production process at 65°C, is stored and then re-heated to evaporation. By insulating the storage tank to prevent heat loss, we significantly reduced the need to re-heat – with a consequent estimated annual indirect GHG emission saving of 59 000 kg.

WATER CONSUMPTION

m³/MT



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).

Water consumption in our Middle East & Africa division is low because the assets involved are mostly logistical and therefore have comparatively few water needs.

Comparing the data

We reported 2012 water consumption of 0.208m³/MT. To provide a more complete picture of the impact of our business, from 2013 we now include

water consumed in on-site non-production activities and irrigation. Again, this substantially alters the basis for any comparison with 2012 but enables more informative comparisons in future by furnishing us with an improved baseline of data.

The new assets acquired in Asia, referred to above, increased consumption in that Region. In North America the increase is partly explained by our Port Wentworth sugar processing facility presenting its first full year of consumption information, having only had 6 months' worth to contribute to the 2012 report.

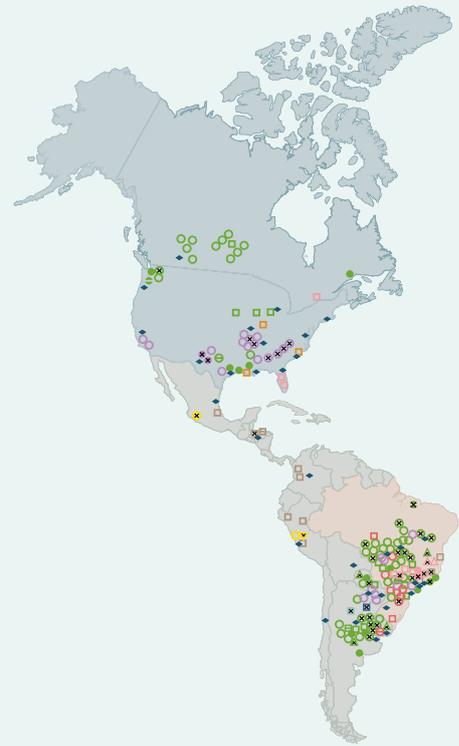
CASE STUDY: WATER

At our oilseed crushing and biodiesel facility in Claypool, Indiana, US we received the suggestion that we use wastewater from grain processing to clean work areas. In response, we installed a system to pump the wastewater to 3 hose stations from which cleaning takes place.

By implementing this change, we now have to treat less water in our wastewater treatment plant and also save 165 000 gallons of water annually.



ENVIRONMENT continued



PLATFORMS

- Grains & Oilseeds
- Rice
- Feed
- Coffee
- Cotton
- Sugar
- Juice
- Dairy
- Fertilizers & Inputs
- Metals

OTHER

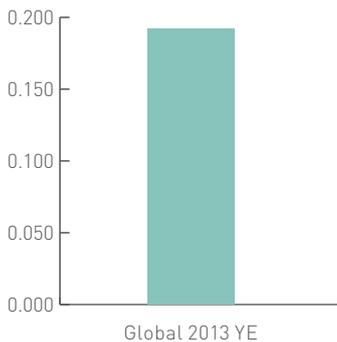
- ◆ Office

ASSETS

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

WASTE

MT/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).

By the nature of our business, our facilities tend to produce little solid waste since we are able to use secondary components of commodities to produce useful by-products.

Comparing the data

In 2012 we reported that we produced 0.041MT/MT of waste. However,

for completeness of reporting and analysis, from 2013 we include wastewater in the waste index. This has resulted in the apparent increases in the waste index on a region-by-region basis and overall. Excluding wastewater, waste was reduced by 71% year-on-year.

In future we will report wastewater separately from solid waste to give a clearer picture of our performance. More accurate reporting also resulted in increases coming from facilities in North Latin America, Asia and the Middle East & Africa.



CASE STUDY: WASTE

A review of waste handling at our sugar packaging facility in Gramercy, Louisiana, US recognized a need for more recycling to reduce waste sent to landfill. Cardboard was discovered to be the main area for focus and a cardboard baler was installed to bale paper and cardboard for sale to the local recycling company.

This has resulted in a 77% reduction in waste sent to landfill, as well as savings in waste disposal costs.



80+ 
Processing Assets

180+ 
Logistic Assets

BIODIVERSITY

With an ambitious plan to expand our asset base, we are acutely aware of the need to proceed with all due attention to local biodiversity. We always carefully consider both environmental and social impact assessments before moving forward with projects in any area of potential sensitivity. This is particularly of concern in the context of palm oil, and we devote a section to this on page 22.

We also support a number of existing, standalone biodiversity projects in various locations across the world, especially in Asia and Africa. The Kou Forest project is an excellent example of the kind of work we are proud to support.



CASE STUDY: KOU FOREST

The Kou Forest is an important ecosystem and protected area in Burkina Faso. The forest is home to over 200 different species of tree, several of which cannot be found anywhere else in the world, and a large range of other flora and fauna. One of the major sources of drinking water for the nearby city, Bobo Dioulasso, also lies within the forest. Unfortunately, the future of the forest had been threatened by activities such as excessive logging and poaching.

A government-backed partnership was established back in 2010 and a management plan for 2012-23 was set up. This scheme involves local people in the management of the site

in order to protect the trees, plants, animals and water supply. It includes developing eco-tourism as part of the plan to ensure that protecting the environment brings extra benefits to the local community.

2013 marks the second year in our 12-year commitment to funding and supporting the program. As well as providing financial support to boost the scheme's annual budget, we are partners on the board advising on management of the site. Our contribution helps purchase equipment, maintain infrastructure and train the Kou Forest staff, with the majority directed towards supporting the development of their eco-tourism capabilities to ensure long-term sustainability.

PARTNERS

Timbués, Argentina

The scale and reach of our business – operating in over 100 countries, with 13 Platforms covering a wide range of commodities – enables us to make measurable differences to people’s lives, globally and locally.

EXISTING TARGETS

<p>COFFEE – 2013 Increase volume of certified coffee we purchase to 12.5% of our total volume</p>	<p>SUGAR – 2014 Complete production mapping and benchmarking to be in a position to set a target date for Bonsucro-certifying all the Group’s sugar mills</p>	<p>RICE – 2014 Assist the Sustainable Rice Platform to establish effective scientific assessment and outreach mechanisms</p>
<p>STATUS Amended</p>	<p>STATUS On hold</p>	<p>STATUS In progress</p>
<p>COFFEE – 2015 Increase volume of certified coffee we purchase to 22.3% of our total volume</p>	<p>SUGAR – 2014 Set a plan with Bonsucro for how we promote their activities with growers whose sugar we buy</p>	<p>PALM – 2014 Complete production mapping and benchmarking to be in a position to create a time-bound plan for RSPO-certifying palm oil production</p>
<p>STATUS Amended</p>	<p>STATUS In progress</p>	<p>STATUS In progress</p>



Our CEO's View

Our Distinctive Profile

Tackling Global Problems

NEW TARGETS

Our Approach

Learning from
Zambian Cotton

Vision for the Future

COTTON – 2014
Promote knowledge and use of Better Cotton Initiative standards among brands, retailers and producers

STATUS
In progress

COTTON
All cotton merchandized by Louis Dreyfus Commodities companies to be Better Cotton

STATUS
In progress

GRAIN – 2014
Actively engage in process of setting up a new grain roundtable

STATUS
In progress

PALM – 2014
Continue to develop and improve internal policy and standards on palm oil

COFFEE – 2014
Increase volume of certified coffee we purchase to 11.3% of our total volume

COFFEE – 2016
Increase volume of certified coffee we purchase to 19.0% of our total volume

PARTNERS continued

Our 163-year history of business conducted with integrity is carried forward by an open, multi-stakeholder approach in the firm belief that solutions to many of the key questions facing the commodities sector can only be reached collaboratively.

We focus on engaging with every roundtable that is relevant to the commodities we handle. More such multilateral forums would be welcome additions to the sustainability landscape, and we look to help build them when we can. Here is a summary of our activity in key commodities and linked to specific roundtables over the last year.

PALM

2014: Complete production mapping and benchmarking to be in a position to create a time-bound plan for RSPO-certifying palm oil production – **In progress**

2014: Continue to develop and improve internal policy and standards on palm oil

We recognize that palm is both a critical part of food consumption worldwide and a source of significant sustainability concerns. Acknowledging that complying with all relevant laws, though complex, is not sufficient, last year's report explained that we are working on an internal policy to address these concerns and on setting time-bound targets for certification by the **Roundtable on Sustainable Palm Oil (RSPO)**. We received one comment from an external stakeholder that our reporting should include more on palm and we have taken that on board.

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 2014.



RICE

2014: Assist the Sustainable Rice Platform to establish effective scientific assessment and outreach mechanisms – **In progress**

We are one of the largest international merchandizers of rice – the staple food for more than half the world's population. This includes playing a key role in bringing surplus rice from South East Asia to Africa, where it is an essential part of many people's diet. With population growth and changing demand, the challenge of ensuring that enough rice is produced and reaches all who rely on it becomes greater each year.

Sustainable Rice Platform (SRP)

This is a relatively new roundtable focused on the crucial task of improving yields. During 2013 we used our position on the inaugural steering committee to assist the SRP in developing its scientific assessment tools, setting standards for sustainable rice production and building its network of stakeholders. We have rotated off that committee, in line with SRP policy, but will continue to support these efforts as members.

We hope that our work with the SRP will help it to develop a definitive sustainability production standard in the next few years and to determine the best means to raise awareness of that standard and other SRP initiatives to the millions of rice farmers globally.



SUGAR

2014: Complete production mapping and benchmarking to be in a position to set a target date for Bonsucro-certifying all the Group's sugar mills – **On hold**

2014: Set a plan with Bonsucro for how we promote their activities with growers whose sugar we buy – **In progress**

We take our role as one of the world's largest sugar merchandizers very seriously. Our reach, extended by the integration of the US refiner, Imperial Sugar, means we are in a strong position to promote sustainable sugar.

Bonsucro

Bonsucro unites a range of stakeholders from across the sugarcane industry and sets a certification standard for both producers and processors. Certification has multiple requirements relating to labor and human rights laws, tracking and improving emissions and consumption of inputs, actively managing biodiversity and reducing impacts on local ecosystems. Those certified must have systems in place to ensure continuous improvement in each such area.



In last year's report we explained that we were working towards setting a target for obtaining certification for all the Group's sugar mills. Louis Dreyfus Commodities now reports on all matters, including sustainability, separately from our sister company Biosev¹ and so this goal now relates only to our own facilities. Louis Dreyfus Commodities therefore presently has no mills for which to seek certification.

Good progress has been made towards our target of working with **Bonsucro** to engage other stakeholders. Since we seek to merchandize **Bonsucro**-certified sugar, we can use our network in order to promote certification among producers. We are currently working with **Bonsucro** to help encourage producers in US quota holder nations to adopt Bonsucro's principles. This is partly driven by our need to respond to the concerns expressed by customers of our Imperial Sugar refinery in the US about the sustainability profile of the refined sugar they purchase from us. Given the comparatively low proportion of certified sustainable sugar available in countries holding quota access to the US market, we are looking to encourage producers in those countries to adopt the **Bonsucro** standard. Once producers are selling **Bonsucro**-certified sugar to process we will certify the Imperial Sugar refinery.



¹ As explained on page 10 above.

PARTNERS continued



COTTON

2014: Promote knowledge and use of Better Cotton Initiative standards among brands, retailers and producers – In progress

All cotton merchandized by Louis Dreyfus Commodities companies to be Better Cotton – In progress

Cotton is a vitally important natural fibre. Approximately 2.5% of all arable land is dedicated to cultivating it¹ and that cultivation requires substantial use of water. In human terms, it is estimated that some 300 million people depend on cotton for their livelihoods.

As one of the world's largest merchandizers of raw cotton by volume, with a presence from farm gate to destination port, we are in a position to contribute a great deal to improve both efficiency in the value chain and the lives of many who work in it.

Roundtables and initiatives

We support a number of projects to bring about a range of different positive impacts in the value chain. Our efforts to improve working conditions around cotton harvests are detailed in the case study below.

We participate in the multi-stakeholder **Better Cotton Initiative (BCI)** which, like the Sustainable Rice Platform, is a relatively new project. The BCI seeks to help farmers increase efficiency and bring greater financial and environmental sustainability to their operations by encouraging them to produce cotton in line with its principles.



We have also been working hard to promote knowledge and use of Better Cotton standards among brands, retailers and producers based on the target we set in last year's report. That has included buying and handling more Better Cotton as we try to increase the volume and proportion of sustainable cotton in our portfolio.

Looking at the cotton we merchandize, our ultimate goal is to ensure that all such cotton is verified by the BCI or an equivalent program. Reaching that point will be a long and complex process relying a great deal on other operators in the value chain. We will continue to contribute with efforts such as promoting the BCI.

¹ Source: International Year of Natural Fibres



CASE STUDY: UZBEKISTAN

In last year's report we referred to global unease about reports of poor labor practices associated with cotton harvests in Uzbekistan. The policy of engagement with the Uzbek government that we pursued, in concert with other cotton merchants and the International Labor Organization (ILO), has led to encouraging progress since that report. Here is how an open, engaged, multilateral approach has made a difference so far.

The European Centre for Constitutional and Human Rights (ECCHR) complained about several cotton merchants merchandizing cotton from Uzbekistan in light of issues concerning the use of child labor during cotton harvests. ECCHR sought a boycott. We joined with other operators through the Association of Cotton Merchants in Europe (ACME) to decide how best to deal with the issue. After meeting the ECCHR, the ACME group chose the path of continuing engagement in cooperation with the ILO rather than boycott.

COFFEE

2014: Increase volume of certified coffee we purchase to 11.3% of our total volume

2016: Increase volume of certified coffee we purchase to 19.0% of our total volume

Key sustainability concerns in the coffee value chain relate to improving quality and productivity among smallholder coffee growers around the world. Ensuring these farmers receive a fair price for sustainably produced coffee is also a growing concern. As one of the largest merchandizers of green coffee in the world we want to direct our influence toward the most sustainable outcomes possible.

Certified sustainable coffee

Awareness of these issues among consumers is rapidly rising, which feeds demand from the roasters we sell to and therefore helps encourage the farmers we buy from. We use various verification and certification schemes to support farmers while meeting the demands of the market.

Working with the signals from customers and consumers, we are focusing on increasing the amount of certified sustainable coffee we handle and have set targets in an effort to get ahead of the market.

We have improved the way we internally monitor and report on our sustainable coffee volumes since last year's report. Instead of reporting the total sales made in one year, we now record the amounts sold and delivered. This introduces greater clarity to our reporting, but requires a revision to the figures presented in the 2012 report. The total for 2012 is 482 880 60kg bags, rather than the 715 000 60kg bags reported last year, and is presented in the graph (left).

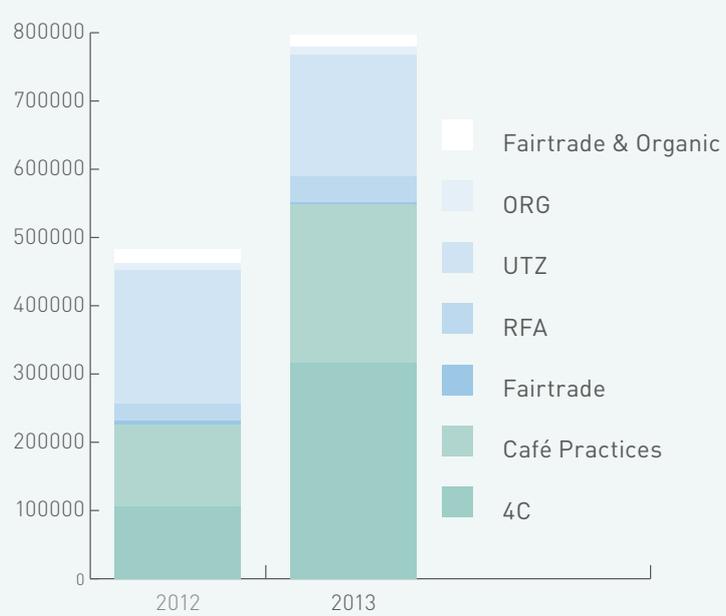
The change in approach also leads to a corresponding alteration to our targets for growing sustainable coffee volumes. We have accordingly updated our targets for next year and to 2016 to reflect the revised figures.

GRAINS

Grains are integral to the diets of a huge proportion of the world's population. However, there is not currently a roundtable, either generally or for specific grains. We therefore set ourselves the target of helping to form a new roundtable for this sector.

The process of setting up a roundtable that encompasses a diverse range of different products, with its consequently large and diverse range of stakeholders, is proving highly complex. We will continue to work towards this goal and will report on any progress.

TOTAL SALES OF CERTIFIED COFFEE



Throughout 2012 the ILO negotiated with the Uzbek government, with the support of ACME members, to permit an ILO mission to monitor the cotton harvest. Members shared unofficial data on the 2012 cotton harvest with the government to encourage them to promote adult labor and allow the ILO to proceed.

In mid-2013 the Uzbek government gave permission for the ILO to monitor that year's harvest, for the first time. In October 2013 the ILO monitoring mission visited Uzbekistan and received unfettered access to all cotton-growing areas. Several ACME members,

including representatives from Louis Dreyfus Commodities, continued to raise concerns about labor practices with suppliers in the country while the mission was ongoing.

The ILO mission found and reported on instances of poor labor practices. Since then the work has continued, with ongoing dialogue between the ILO and the Uzbek government and our sustained participation in the ILO's work. We continue to work with both ACME and the ILO to bring about sustained improvements in labor practices.

PARTNERS continued

The contributions from stakeholders to our inaugural Sustainability Report taught us a great deal and prompted us to further widen our engagement by seeking testimony from a different range of people for this year's report. We therefore sought perspectives from the private sector, third sector and an employee representative on (i) their experience of Louis Dreyfus Commodities as regards our commitment to sustainability, and (ii) what they might expect from us in that sphere. Here are their views.



Christoph Kaut and Tina Stridde, Managing Directors, Aid by Trade Foundation

THIRD SECTOR: AID BY TRADE FOUNDATION

Agriculture is the most important pillar of many Sub-Saharan African economies. It lies almost entirely in the hands of smallholder farmers. Cotton sales in Sub-Saharan Africa account for 50% of up to 15.4 million people's cash income, from which families in rural regions earn their livelihood.

However, many of them have not been able to fully tap the potential of cotton growing to improve their living conditions. This is an issue CmiA is dedicated to. CmiA improves the living conditions of African smallholder farmers by activating market forces. It was the first initiative that made it possible to introduce sustainable cotton to the mass market and re-invest the income generated to finance its undertakings in projects in Africa, for example in verification,

training in sustainable cultivation and capacity building. The farmers can thereby strengthen their resilience towards external effects like volatile cotton prices and increasingly adverse climatic conditions, while preserving their own health and the environment.

In Zambia, Louis Dreyfus Commodities has joined forces with the Aid by Trade Foundation (AbTF) and its Cotton made in Africa (CmiA) initiative to proactively help smallholder cotton farmers and their families to improve their living conditions and promote environmentally friendly cotton production.

Together with partnering entities such as Louis Dreyfus Commodities, CmiA has become a major player in the cotton sector across Sub-Saharan Africa. Starting with 150 000 smallholders in three African countries in 2007, the initiative has now expanded its work to

more than 415 000 farmers across seven Sub-Saharan African countries.

For a nominal license fee, retailers procure cotton produced under socially and environmentally improved conditions at world market prices without premiums or upcharges. This makes CmiA cotton an attractive partner for mass-market retailers that work in a price sensitive environment and allows the initiative to expand its outreach continuously. Growing income from licencing fees increasingly ensures CmiA's long-term ability to improve the living conditions of thousands of farmers in rural Africa.

Louis Dreyfus Commodities is a close partner and sponsor of the foundation and its activities. Their position as global cotton trader allows them to build the bridge between the African cotton producing countries and global textile companies. By integrating the sustainably produced CmiA cotton into the supply chains of global retailers who market CmiA labelled products, Louis Dreyfus Commodities enables CmiA cotton to access global textile value chains. This collaboration makes a valuable contribution to Africa's long-term future and to a sustainable cotton production in Sub-Saharan Africa.

BANKING SECTOR: ABN AMRO

ABN AMRO has a clear strategy to address the sustainability issues that our clients and the bank face in today's world. The management of environmental, social and ethical risks is a key part of that strategy, with industry-specific tools to assess such risks lying at the heart of the client acceptance and credit process.

The application of these tools promotes a meaningful dialogue with entities such as Louis Dreyfus

Commodities on sustainability issues including the suitability of an investment, or the consequences of producing specific commodities.

We believe that our impact is greatest if we use this dialogue to assist our clients in their transition towards building more sustainable practices, and we welcome Louis Dreyfus Commodities' commitment to such discourse.

Like Louis Dreyfus Commodities, ABN AMRO is part of various

multi-stakeholder initiatives. In the commodities sphere, the bank participates in such programs as the Round Table for Sustainable Palm Oil and the Sustainable Shipping Initiative.

ABN AMRO looks forward to continue jointly contributing, with Louis Dreyfus Commodities and other industry players, to sustainable development in the commodities sector.



BANKING SECTOR: RABOBANK

The challenges to feed the world sustainably are huge. Rabobank, as a leading global food & agribusiness bank, engages with clients and supports them in their sustainability goals.

The key to success is a focus on innovation and creating pre-competitive partnerships. Louis Dreyfus Commodities has created partnerships with various actors in its value chains, and joined in different multi-stakeholder roundtable initiatives. This kind of collaborative, proactive approach is important to stimulate sustainable production and market transformation.

As ever more companies make commitments to sustainability and transparency, they require opportunities to trace products back to their origin to prove sustainability. Commodity traders are no longer simply the link between supply and demand, but must add value by meeting the information needs of sustainable production.

Louis Dreyfus Commodities is implementing solutions to help enable traceability. The key challenges it faces are to scale up these solutions, and to clearly define its own role in making sustainable production the norm for all markets in which it operates. It must be transparent about its minimum

sustainability criteria, irrespective of market demand, and its efforts to pro-actively promote sustainable products in markets where awareness is limited.



Emmanuelle Loiseau,
Compliance Monitoring Manager,
Louis Dreyfus Commodities, France

EMPLOYEE REPRESENTATION: LOUIS DREYFUS COMMODITIES, FRANCE

France has a legally mandated system to ensure that employer-employee discussions take place. Employee representatives engage with the employer on behalf of all employees and inform the employer of every individual or collective claim or complaint related to the application of work regulations. This covers a great deal – from labor law and collective bargaining agreements to salaries and health and safety at work.

The employer also informs the employee representatives on decisions and actions involved in the general running of the company. This is an opportunity to consult employees on such matters.

In 2012, Louis Dreyfus Commodities' employees in France elected their representatives. A total of 5, including me, were appointed with a mandate of 4 years. Both managers and other employees are represented.

In 2013, 7 meetings were organized by the HR department on different topics, including a social report & gender equality report, a health insurance financial report, the new finance department organization, employee profit sharing, changes in French law and employee transfers. On each occasion, we can give our opinion and make recommendations.

As employee representatives, we are members of the Committee for health and safety at work. We are informed and consulted for each modification in work conditions. Yearly, the company presents a program for preventing occupational hazards and improving working conditions to the employee representative committee.

In addition, representatives take responsibility for several social and cultural programs. For example, we assume a significant portion of the cost related to employee lunch vouchers and some sport, leisure and cultural activities. We are therefore able to have a positive impact beyond our consultative role.

COMMUNITY



Yendi, Ghana

This pillar of our sustainability strategy has provided some challenging areas for development over the course of the last year. Successes, such as an excellent first year collaborating with the Louis Dreyfus Foundation, have been tempered by setbacks: even with a great deal of good will and significant effort, obstacles have arisen in our plan to build a model for community engagement based on the Best Practice Case we had identified in last year's report.

EXISTING TARGETS

<p>2013 Complete scoping of our current activities to enable us to set targets for increasing our participation in community projects</p>	<p>2013 Create model program based on Best Practice Case</p>	<p>2013 Identify first group of farming communities for roll-out of Best Practice Case program</p>
<p>STATUS In progress</p>	<p>STATUS Delayed</p>	<p>STATUS Delayed</p>

NEW TARGETS

<p>2014 Establish group-wide methodology for monitoring volunteer hours on community projects</p>	<p>2014 Gather data for volunteer hours across all regions</p>	<p>2014 Design a community program capable of being applied to a range of our Platforms</p>
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COLLABORATING WITH THE LOUIS DREYFUS FOUNDATION

This year saw the establishment of the Louis Dreyfus Foundation under the guidance of Margarita Louis-Dreyfus. The Foundation aims to support projects in the areas of sustainable agriculture, food security and self-sufficiency. Its focus is on education and direct support to small-scale farmers, particularly in developing countries in Africa, Asia and Latin America. The Foundation is independent from the Group and has its own governance.

The Louis Dreyfus Foundation includes projects submitted by Louis Dreyfus Commodities' employees among the range of initiatives it promotes and funds. Under a cooperation agreement, the Foundation coordinates and funds the projects selected. The employees who brought each successful proposal then help manage the projects, using their knowledge, expertise and access to local infrastructure, to ensure adherence to the Foundation's principles. In this first year of the Foundation's work, we are proud that several projects were accepted based on proposals by Louis Dreyfus Commodities employees. Some examples are given in the case studies overleaf.

The Group remains committed to providing a steady flow of proposals for the Foundation to consider and to enabling employees to assist those projects as they become operational.

A MODEL PROGRAM

In last year's inaugural sustainability report we singled out a project in Zambia as the model on which we would like to build our community strategy. Targets were set to focus and incentivize our progress.

Due to serious difficulties in the last year, which are detailed later in this report, we are not currently in a position to set up a program based on the Zambian model, and this has impacted progress on two of our main targets from last year. We hope that it is still possible to create a model program along similar lines, and so we have re-set a target to design one, based on the learning from Zambia (see pages 32-33 below).

LEVERAGING OUR GLOBAL REACH

Louis Dreyfus Commodities operates in over 100 countries worldwide, bringing both the responsibility to ensure our business benefits the communities around us and the capability to live up to that responsibility. However, we do not dictate projects centrally for all assets and regions to implement. Rather, we believe that each region is best placed to identify and meet local need.

Linked to this approach is our group-wide effort to encourage volunteerism. Many ideas for community projects originate with a wide range of employees from across the world. The case studies overleaf demonstrate the kinds of success we have had this year.

We acknowledge that, despite having success with many excellent individual projects and real enthusiasm from our employees, we now need to leverage this approach. We are therefore aiming to develop a unified means to drive forward our regional efforts and work with the Louis Dreyfus Foundation.

To that end, we have already set guidelines for the type of projects our employees are encouraged to bring forward and we abide by the principles provided by the Foundation. The next step is to be able to quantify exactly how much resource is being applied to these efforts so that we can set targets and measure progress.

COMMUNITY continued

The Group remains committed to providing a steady flow of proposals for the Foundation to consider and to enabling employees to assist those projects as they become operational. Here is a small sample of work we have done with the Foundation and independently.

LOUIS DREYFUS FOUNDATION CASE STUDY: PROGRAM TO SUPPORT VULNERABLE WOMEN FARMERS

The Foundation launched a project in Ghana to empower vulnerable women farmers who have been driven from their homes and left to fend for themselves and their families, often with little or no agricultural knowledge or training.

The project brings both aid and education to a group of these women. With potential scalability, it currently has established 250 acres of plantations, which have seen harvests with huge yield improvements, 100 chicken coops (with chickens and feed), and continuous training programs in farming techniques for the women themselves. The aim is to empower them not only to feed their families but also to improve their quality of life. In 2013, yields improved so much that the women donated surplus food to a nearby school.

Lambert Fiadu (Louis Dreyfus Commodities, Ghana), who submitted the project to the Foundation, says:

“The Foundation provided me with the opportunity not only to help alleviate the sufferings of these women and men, but also to ensure they have established sustainable self-sufficiency. The farming projects have exceeded all expectations, especially given that yields have increased by over 200% in some instances through the best practices we have helped implement. One beneficiary even told me ‘we have kissed hunger goodbye.’ Working with these men and women, I have been touched by how kind, industrious and highly motivated they are. It is fulfilling to see how the Foundation’s support and the power brought by new knowledge have transformed the lives of these marginalized people.”



LOUIS DREYFUS FOUNDATION CASE STUDY: SELF-SUFFICIENCY THROUGH SUSTAINABLE ENERGY PROGRAM

The Flexi Biogas Program aims to provide smallholder farmers with a self-sufficient, sustainable energy source by installing a simple biogas micro-generator and solar kit on their

property. Launched in Kenya in 2013, this scalable project has been highly successful and the Foundation has committed to extend its reach – both within Kenya and beyond.

The first phase of the program has brought free energy and fertilizer to 400 farmers. The other improvements they experience include:

- Reducing health risks and environmental impact by replacing wood as a fuel for cooking
- Lighting in their home at night powered by the solar kit
- Eliminating the laborious daily search for and manual transportation of firewood

Judith Sasse (Louis Dreyfus Commodities, Paris), who proposed the project to the Foundation, says:

“By supporting a simple, innovative idea, the Foundation has allowed us to change the lives of many people and make a long-term, positive environmental impact. It was hard work to develop an idea into a successful project, but to see the smile of a farmer looking at her small harvest on land previously not cultivated, a mother’s joy at knowing that her children are no longer exposed to the hazards of cooking on an open fire, and a child able to read in the evening for the first time using electric light produced self-sufficiently, is wonderful, inspiring and worth every effort.”



**LOUIS DREYFUS COMMODITIES
CASE STUDY: HEALTH HARVEST
IN CANADA**

Volunteers from our facility in Yorkton, Saskatchewan brought together a number of operators from across the agricultural sector to donate the canola crop from one part of the state to raise funds for the Health Foundation of East Central Saskatchewan.

The Health Foundation raises funds to invest in medical equipment and facilities to improve local healthcare. They approached us at the start of the project to help gather the support of other operators using our network of contacts. We coordinated a wide range of businesses, suppliers and industry experts to donate everything required for the harvest – from seeds,

to equipment, to other supplies and services.

We purchased the final crop, raising US\$331,000 for the Health Foundation at virtually no cost to them in running the project. In doing so, partners and competitors came together with a strong community spirit to support an excellent cause.



**LOUIS DREYFUS COMMODITIES
CASE STUDY: BUILDING HOUSING**

A team of 20 employees from our Buenos Aires office dedicated 2 days to build 2 new wooden houses for underprivileged families in the city's Barrio San Atilio area. The work forms part of our partnership with a regional South American NGO called **Techo** (meaning "Roof"), which strives to help people living in slums to generate

solutions to the problems they face by bringing them together to work with groups of young volunteers.

The 2 houses add to another built by Louis Dreyfus Commodities employees in Rosario, Argentina earlier in the year, 3 houses built by other **Techo** volunteers using funds provided by the Group and 6 houses built by employees of our local logistics company in Paraguay.

**LOUIS DREYFUS COMMODITIES
CASE STUDY: LE CARÉ**

Our Geneva office has long supported the crucial work of this homeless shelter project. In 2013, 20 Louis Dreyfus Commodities volunteers dedicated 4 weekends to prepare and serve food at a shelter, and spent a day supporting beneficiaries of the shelter. The Group met the cost of food provided on these occasions. Additional funds were also raised across the office and donated to Le Caré for other needs.



LEARNING FROM ZAMBIAN COTTON

In last year's Sustainability Report we featured the operations of a cotton project in Zambia as we considered it an excellent example on which we might base part of our future community engagement strategy.

2012 HIGHLIGHTS

1 700 
DISTRIBUTORS

164 000 
FARMERS

INCREASED REVENUE FOR

68 000  **+34%**
FARMERS Over 3 cropping seasons



There were several elements of the project we highlighted as potential best practice to be followed, including:

- Using a large, established cotton operation's commercial connections
- Working with approximately 164 000 farmers to help them improve yields in a sustainable manner
- Setting up a credit initiative for all farmers
- Strengthening operational links between all the farmers and ginners, traders and retailers who bought their cotton
- Generating reciprocal benefits for a merchandizing business and for smallholder farmers, by aiming to produce more and better cotton for onward sale
- Setting up various health and education initiatives to improve the livelihoods of those in the communities linked to the cotton operations



The basis for the initiative was that farmers received support in return for selling cotton to the Zambian operation running the initiative. As we show below, that fundamental basis has been threatened by the events of last growing season as farmers did not produce cotton for sale to the operation.

Those events have cast doubt on whether the project is indeed a best practice case to be followed. However, we remain optimistic and hope to learn from this experience, both to salvage the initiative itself and to design future community projects.

DROUGHT

The first event contributing to the initiative's predicament was the continued dry weather in southern Africa. Rain came 2-3 weeks late and ended several weeks early, shortening the growing season. The result was a stunted cotton crop: 34 477 MT for all of Zambia compared to 104 281 MT the year before.

ALTERNATIVE CROPS

That farmers decided to grow other crops in place of cotton also impacted the initiative. Market prices for cotton have been more volatile in recent years than for maize – the most extensively grown crop in Zambia. In addition, prices in both 2011-12 and 2012-13 were lower than they had been in 2010-11. The attraction of cotton had therefore diminished compared to other crops. One positive outcome we can take from this is that the farmers have applied the good agricultural practices they had acquired from participating in the cotton initiative to farming their alternative crops.

NEW GINNING CAPACITY

All cotton ginning in Zambia is conducted under licence from the government. Despite having no apparent shortage of ginning capacity, the government decided to issue a large number of new licences for new gins during the last season. Therefore, the combination of excess capacity and low cotton volumes heavily impacted many established operators in the country – including the initiative with which we are associated. In addition, the new gins do not carry the extra costs associated with running such community programs, allowing them to pay more for cotton and lure business away from the operation.

NEXT STEPS

The operation is discussing what should be done with a range of stakeholders. We are lending assistance and reviewing what this means for our own community work. Our plans to base our strategy on this program have been set back and we are re-formulating those plans to get back on track.

However, two steps have already been taken to help the farmers become more resilient to adverse conditions. First, a pilot scheme to provide farmers with insurance against the impact of poor weather, partly at the cotton operation's cost, is being extended to cover all farmers participating in the initiative. Secondly, mechanization is being rolled out to an initial group of 100 farmers. This should enable each farmer to harvest 20 hectares of cotton rather than the usual 2, and is also expected to help increase yields fourfold.

We hope to be able to report on improvement in next year's report.

VISION FOR THE FUTURE

Since last year's inaugural Sustainability Report, we have bolstered our ability to map the path we should take on our part of the global journey to feed a growing population and to move forward on that journey. With help from other stakeholders, we are taking new steps and improving our existing responses.

There are several strands to analyzing our performance, understanding where we can progress and building for the future with confidence. First, we have our own research and risk management capabilities, in which we continually invest since this is fundamental to every aspect of our business. Secondly, we can supplement that with technological advances and investment to improve efficiency in the supply chain. However, greater cooperation among stakeholders is also necessary to overcome some of the enormous challenges the world faces.

COMMODITIES LANDSCAPE

We are always considering how to direct our daily business to produce the best outcomes across our four sustainability pillars of People, Environment, Partners and Community. There are many factors affecting the ability to deliver commodities to meet global demand and the landscape is constantly shifting. Understanding market trends, anticipating them and transmitting price signals across the value chain all significantly help improve efficiency and bring sustainable agricultural products to market. A five-year view from three of our platforms can illustrate how. The markets they cover are highly diverse, with Oilseeds dealing in large volume staple foodstuffs, Coffee representing more of a luxury item and Freight the crucial link from farm to fork.

Oilseeds

We expect a surge in demand for many products over the next five years:

- Demand for soybeans expected to grow by 30% in China alone
- Soybean meal likely to experience 4% average annual growth
- Vegetable oil consumption in India is expected to grow by 4% p.a.
- Rapeseed demand is forecast to exceed available supply
- Palm oil demand likely to outstrip supply within five years

Much of this growth is due to increased demand for protein, particularly for animal protein, and this is driving demand for oilseeds for animal feed. Other shifts, such as in rapeseeds, are due to increased demand for biodiesel.

Coffee

Coffee is also experiencing surging demand. This is especially the case in developing countries, driven by increased consumer awareness and disposable income.

However, even in that context, efficiency and cost-related issues are a serious competitive constraint for producers:

- Coffee Leaf Rust is a disease blighting cultivation in Central and South America
- Low farming costs in Africa are often cancelled out by supply chain inefficiency
- Drought recently hit Brazilian coffee growing regions



Kahlotus WA, US

Demand for premium, traceable, sustainable coffee is on the rise but may exacerbate some of these problems by introducing price increases when supply falls short. Making more of the world's coffee sustainable could alleviate such price rises. Improving efficiency is a basic concern – from trying to mechanize the harvesting of Robusta beans to creating better logistic solutions.

Freight

Our Freight Platform's five-year view indicates that some progress is promised in supply chain efficiency. After 2 years of sub-optimal returns, the bulk shipping market has fundamentally improved:

- Lower returns forced operators to significantly reduce fuel consumption, for example by steaming at lower speeds
- Older vessels have been phased out, with only 11% globally over 20 years old compared to 29% in 2008
- Pollution reduction policies in China are expected to reduce demand for industrial commodities, which is likely to free up bulk shipping for agricultural commodities and, in turn, lead to food commodities playing a bigger role in driving freight prices

STEERING A COURSE TOGETHER

We will continue our efforts to channel this knowhow, which is core to our business. One challenge we can play a direct role in is improvement in logistics. We have been investing and will continue to invest in that area as our commercial strategy involves strengthening our capabilities along the value chain.

However, that is not the only area requiring work and even that single area is unlikely to see solutions through the efforts of one operator. To solve problems like those faced getting African-grown coffee beans from farm gate to ship's rail needs infrastructural investment on a large scale.

How is it that a group like Louis Dreyfus Commodities can put momentum behind finding solutions to those bigger problems? As our Interim CEO has indicated, we feel that we can contribute by working more closely together with a full range of other stakeholders from across the food value chain. The genetically modified food issue has already been highlighted. Another challenge is food waste. Together we will be better at tackling issues such as how stakeholders can eliminate waste in the supply chain. Together we can also find ways to reach consumers, helping them reduce post-purchase waste.

We will be exploring new possibilities for engagement over the coming year and hope to be able to report on how we might expand our multi-stakeholder approach to these major issues.

COMMENTS AND AN INVITATION

The purpose of the openness with which we approach this report is that we want stakeholders to comment so that we can improve. For example, feedback helped prompt us to set out our approach to palm in this report. Once again we would be grateful for any and all feedback.

Please send any feedback to:

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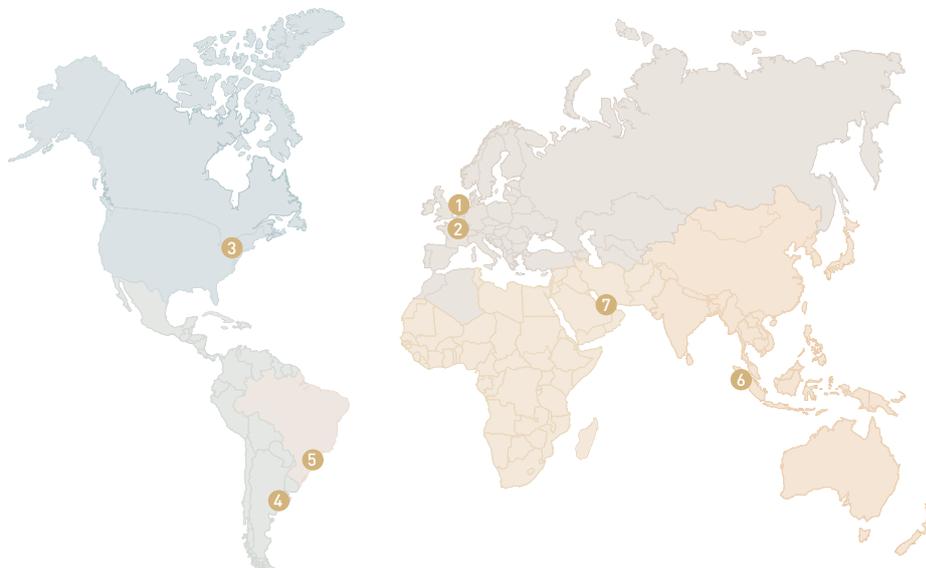
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