

Supply Chain Deforestation Impacts

DuPont is one of the world's largest chemical companies. Palm oil, soy, sugar and wood pulp are considered major commodities sourced for a variety of DuPont products and nearly half of Dupont's main properties are related to agriculture. Globally, demand for these commodities is fueling deforestation.

Only about 20% of the world's original forests remain undisturbed. The Intergovernmental Panel on Climate Change, the leading international network of climate scientists, has concluded that global warming is "unequivocal" and that land use, mainly deforestation, is the second major source of human-caused CO2 emissions. The U.S. Environmental Protection Agency has determined that greenhouse gases threaten Americans' health and welfare.

Climate change impacts from deforestation, poor forest management and human rights violations in the palm oil supply chain can be reduced through independent third party certification schemes, and monitoring of supply chains.

Key stakeholder groups now expect corporate action on forest conservation. CDP's forest disclosure program, backed by 298 financial institutions managing over \$19 trillion, asks corporations to report on how their activities and supply chains contribute to deforestation and how those impacts are being managed. Major companies, including Cargill, Wilmar International, Unilever, and over 30 others, have announced comprehensive "no deforestation" commitments.

Over thirty of the world's biggest companies, including S.C. Johnson, Barclays, Cargill, Deutsche Bank and Lloyd's, signed on to the New York Declaration on Forests, a declaration endorsing a global timeline to cut natural forest loss in half by 2020 and end deforestation by 2030.

DuPont discloses some information on its purchases of certified palm oil, but provides no information on the forest impact of its soy, wood pulp and sugar purchases. Even with its limited disclosure on palm oil, proponents believe that DuPont faces potential reputational and operational risks.

RESOLVED: Shareholders request the Board to prepare a public report, at reasonable cost and omitting proprietary information, by November 1, 2016, describing how DuPont is assessing the company's supply chain impact on deforestation and the company's plans to mitigate these risks.

SUPPORTING STATEMENT

Meaningful indicators of how DuPont is managing deforestation risks would include:

- A company-wide policy on deforestation,
- The percentage of purchases of palm oil, soy, sugar and wood pulp that are traceable to suppliers verified by credible third parties as not engaged in deforestation, expansion into peatlands or natural forests, with clear goals for each commodity,
- Results of audits to ensure raw materials in its supply chain are traceable and verified as not contributing to deforestation, and
- Identification of certification systems and programs that the company uses to ensure sustainable sourcing of each of these commodities.

DuPont's energy efficiency and greenhouse gas-reducing products boosted revenue from \$100 million in 2007 to \$2.5 billion in 2013. Heightened attention to the climate impacts of our company's commodities sourcing policies is warranted to ensure consistency with the positive climate impacts of these product lines, as well as the operational reductions of greenhouse gas emissions achieved by DuPont in the last decade.