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Responses to Questions for the Record
Following September 10, 2019, Hearing
Before the Committee on Oversight and Reform, Subcommittee on Environment

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Responses to Questions from Rep. Fred Keller (PA-12)

1. During your oral testimony, you described DuPont as a "specialty products company dedicated to solving some of the world's most pressing challenges, including those identified in the United Nations sustainable development goals." Please explain what you mean by "specialty products" and please elaborate on how DuPont is working to address the United Nations' sustainable development goals.

Specialty products, as distinct from commodity-type products, are customized, technology-based and value-added solutions that DuPont creates for its customers to address particular challenges or solve particular problems. Some examples are provided below. DuPont is particularly focused on developing specialty products that will help create a more sustainable world, and DuPont is using the United Nations Sustainable Development Goals as a guiding set of principles to understand what the world needs action on now, and to focus our scientists and engineers to work toward innovative solutions in those areas. In particular, DuPont has developed a sustainability framework with three strategic focus areas: Innovations to Thrive, Sustainable Operations, and People and Well-being.

Innovations to Thrive. DuPont's innovative specialty products support progress on several United Nations Sustainable Development Goals, including Zero Hunger, Climate Action, Clean Water and Sanitation, and Sustainable Cities and Communities. A few examples include:

- *Promoting Sustainable, Healthy, and Nutritious Food.* One in nine people in the world today is undernourished, while at the same time about one third of all food is wasted. DuPont develops technologies to increase the shelf life of food products and probiotics to reduce food waste and make food more nourishing.

- *Reducing Emissions in Transportation.* About a quarter of all greenhouse gas emissions come from the transportation sector. DuPont develops technologies to improve motors and batteries in electric vehicles and to replace heavy metal automotive parts with lightweight, high-performance transportation resins.

- *Transforming Wastewater Into Drinking Water.* By 2025 an estimated 1.8 billion people will live in areas plagued by water scarcity, with two-thirds of the world's population living in water-stressed regions. DuPont's FILMTEC™ reverse osmosis membranes are used to treat and transform wastewater into millions of gallons of clean drinking water each day.

- *Supporting Our First Responders.* First responders put their lives at risk each and every day to keep our communities safe—they deserve the best protective equipment. DuPont makes best-in-class performance fibers like Nomex® (used in flame-resistant materials for firefighters) and Kevlar® (used in body armor worn by police).

***Sustainable Operations*.** Operating our labs, offices and manufacturing sites sustainably is mandatory for doing business in our resource constrained world. DuPont is committed to reducing our environmental impacts, including by optimizing water and energy and by reducing waste. A few examples include:

- *Sourcing Sustainable Ingredients.* DuPont is one of the world's largest buyers of seaweed for hydrocolloids. We work with seaweed farmers and harvesters across the world to adopt sustainable practices in planting, growing, and harvesting seaweed, and we partner with established organizations to responsibly source carrageenan and alginate, which are used in many foods and pharmaceuticals.

- *Contributing to a Circular Economy.* DuPont's production process for its Nomex® fibers yields a secondary product that is not traditionally considered marketable. DuPont partnered with Gonvarri Steel Services to create a beneficial use of this byproduct, eliminating the byproduct waste.

People and Well-Being. Our employees, our communities, and people everywhere deserve to be healthy and safe. We work to make sure both our presence and our products create a positive impact in the lives of people everywhere. A few examples include:

- *Driving Impact in our Communities.* Through volunteer work, donations, and sponsorships, DuPont provides physical and emotional warmth, confidence, and hope to low-income children in Wilmington, Delaware. Employee volunteers helped 300 children "shop" for brand new winter coats and hats. We also donated hats produced with DuPont materials. A corporate grant supports year-round operations for Operation Warm.

- *Building Energy Efficient Homes.* DuPont partners with leading organizations to provide safe, affordable, and energy-efficient housing for people worldwide. Each year, hundreds of DuPont volunteers help build new houses and revitalize neighborhoods around the globe. DuPont also provides grant funding and donates energy-efficient building products.

- *Contributing to Workplace Health & Wellness.* DuPont's Integrated Health Services promotes the well-being of our employees from hire through retirement. Maintaining a healthy workforce maximizes productivity and minimizes medical treatment costs, unleashing our competitive potential while exemplifying our core value of Safety and Health and executing our duty of care.

2. During your oral testimony, you referenced various commitments that DuPont has made with respect to PFAS. Please provide additional detail about DuPont's PFAS-related commitments.

Safety and environmental stewardship are core values at DuPont, and we are committed to fulfilling our obligations and to being a responsible partner in addressing concerns about the health and environmental impacts of PFAS. Our use of PFAS, which is confined to some manufacturing operations, is extremely limited. And DuPont does not manufacture or sell firefighting foams containing PFOS, which are the primary source of PFAS contamination at sites across the country. Rather, like countless other companies, we purchase firefighting foams for protection at our facilities.

While DuPont's use of PFAS is extremely small, and although DuPont is similarly situated with much of the industry in that regard, we have made the following commitments with regard to PFAS:

- We will eliminate the use of long-chain PFAS in recently integrated operations, which is the only area where we use it today, by the end of 2019;

- We will eliminate the purchase and use of all firefighting foams made with PFAS at our sites by the end of 2021;

- We will continue to remediate our sites that have a PFAS footprint;

- We support U.S. EPA efforts to develop science-based guidelines for PFAS, and we commit to meeting these requirements in our operations;

- Beginning in 2020, we expect to provide free access to our product stewardship software, grant royalty-free licenses to others that want to pursue PFAS remediation using our PFAS water treatment resin technologies, and fund grants to universities and other research institutes for new, innovative PFAS remediation technologies; and

- Beginning in 2020, we expect to add external experts to supplement our existing review processes for the use and handling of substances of concern.

We will share our progress toward meeting these commitments. In addition to these commitments, as explained below, we have announced our support for particular legislative proposals that currently are before Congress.

3. During your oral testimony, you stated that DuPont endorses specific legislative proposals and congressional efforts to protect public health and the environment. Please describe the proposals DuPont supports.

The absence of science-based federal regulations creates uncertainty for the public, public water systems and wastewater facilities, customers, regulators, and industry. Science-based, federal standards should be developed to give clear, uniform guidance to everyone. As noted

above, DuPont supports U.S. EPA efforts to develop science-based guidelines for PFAS, and we commit to meeting these requirements in our operations. In addition, DuPont supports the following legislative proposals, and we encourage Congress to take swift action to enact them:

- Requiring EPA to set a National Primary Drinking Water Regulation for PFAS under the Safe Drinking Water Act within two years;

- Requiring Toxic Release Inventory reporting on certain PFAS, including PFOA and PFOS;

- Requiring EPA to set pretreatment and effluent standards for PFAS under the Clean Water Act by 2022; and

- Requiring EPA to list PFOA and PFOS as hazardous substances under CERCLA within one year.

4. During the hearing, Mr. Kirsch testified that the "maximum liability that DuPont estimated from North Carolina in the spinoff was $2.09 million" and "that cleanup effort in stopping the emissions in that facility will cost us well north of $200 million." Mr. Kirsch also testified that "DuPont designed the separation of Chemours to create a company where it can dump its liabilities to protect itself from environmental cleanup and related responsibilities." Please respond to Mr. Kirsch's testimony on this point.

We strongly disagree with Chemours' testimony, offered by Mr. Kirsch. Mr. Kirsch departed Chemours a few weeks after his testimony. He never worked for DuPont, and he did not start working for Chemours until June 2016, nearly a year after its separation from DuPont.

In 2015, historical DuPont's performance chemicals business became a separate and independent company called Chemours. As part of that transaction, Chemours took historical DuPont's fluoroproducts technologies, operations, sites, customers, technical expertise and executive leadership. In 2017, DuPont merged with Dow Chemical to form DowDuPont. Earlier this year, DowDuPont became three separate, independent companies: Dow, Inc., Corteva, and the new DuPont, which is a specialty products company.

Mr. Kirsch's characterizations of the design and purpose of the separation are contradicted by Chemours' own public statements. The separation, including the allocation of assets and liabilities, was conducted as a part of a standard separation practice. As Chemours' leadership team repeatedly told investors, lenders, and credit rating agencies, Chemours received, as a result of the separation, world class assets and businesses with market-leading positions and a blue chip customer base. These businesses, while cyclical, were expected to generate significant cash flow over time.

Contrary to Chemours' depiction at the hearing, the separation transaction was a huge success for Chemours. In the years following the separation, the reported value of the "world class" assets that Chemours acquired from DuPont increased by more than $1 billion and

Chemours' adjusted EBITDA nearly tripled, steadily increasing from $573 million in 2015 to $1.74 billion in 2018. This allowed Chemours, despite its obligations under the Separation Agreement, to pay more than $1 billion to its investors in the form of dividends and stock buy-backs. One billion dollars would cover a lot of environmental liabilities. Since Chemours did not put that money aside, and since it continues to pay dividends and buy back its stock, it must believe that its resources are sufficient to cover the cost of the environmental liabilities that were allocated to it under the Separation Agreement. In fact, as Chemours' CEO Mark Vergnano acknowledged in a January 2019 presentation, the company "in no way" had been set up to fail, and has instead thrived. Thus, Mr. Kirsch's testimony that Chemours was created so historical DuPont could "dump its liabilities" is demonstrably false.

Moreover, most of the environmental liabilities about which Chemours complains (like those in North Carolina) are liabilities of the businesses that became Chemours and relate to sites that Chemours acquired as a result of the separation and that it owns and operates. Contrary to what Mr. Kirsch implied in his testimony, Chemours has repeatedly told its investors, lenders, and credit rating agencies that its environmental liabilities under the Separation Agreement are well understood and well managed.

As to Chemours' particular testimony that maximum liability from North Carolina was $2.09 million and that the cleanup effort there has cost well north of $200 million, four points must be made. First, the individual who was responsible for estimating the environmental liabilities began working for Chemours prior to the separation as head of its environmental remediation program, and had in fact previously held that position at historical DuPont. She was quite familiar with environmental conditions at the locations that were transferred to Chemours.

Second, $2.09 million was not an estimate of "maximum liability" as Mr. Kirsch testified. Rather, Chemours' own employee estimated a range between $507,000 and $2.09 million related to contingent environmental remediation liabilities, for which reserves were established.

Third, Mr. Kirsch did not explain the basis of the $200 million figure that he referenced in his testimony; notably, he made no effort to relate it to the contingent remediation activities that were the basis of Chemours' own estimate at the time of the separation. Based on Chemours' other public statements, that $200 million figure appears to be an estimate of capital investments Chemours is voluntarily making in its North Carolina facility, much of which have nothing to do with PFAS remediation. In May 2018, Chemours announced that it had voluntarily committed "to spend over $100 million" at its North Carolina facility "to make it a best-in-class facility with respect to air and wastewater emission control and a model for other chemical manufacturing facilities around the globe." Their announcement emphasized that the plant's emissions did not pose a risk to human health and made no mention of any cleanup costs. In a recent interview, Chemours' CEO Mr. Vergnano made a similar point, stating that the amounts Chemours is spending at its North Carolina facility are not tied to any legal requirements that existed at the time of the separation, but are discretionary expenses related largely to product stewardship commitments and Chemours' efforts to re-brand itself as an environmentally conscious chemical company.

Fourth and finally, not only are Chemours' investments voluntary, they appear to concern events that occurred years after the separation. As of mid-2017, Chemours disclosed that it was voluntarily remediating GenX contamination that Chemours itself caused. As Mr. Vergnano confirmed in an earnings call in August 2017, Chemours' voluntary decision to "stop any of the effluent going out of that site" would have "a cost associated with that, and we built that cost in to the guidance for the rest of the year."

5. One of the "takeaways" listed on the Subcommittee's website for its March 6, 2019, hearing on "Examining PFAS Chemicals and their Risks" is that "PFAS chemicals used in firefighting foam are the main cause of drinking water contamination at military installations and surrounding communities." Do you agree with that assessment?

DuPont agrees with the Subcommittee's assessment that PFAS chemicals used in firefighting foams (particularly PFOS-based firefighting foams) are the main cause of drinking water contamination with PFAS at military installations and their surrounding communities. Reports state that the Department of Defense is tracking at least 401 sites with known or suspected PFAS contamination. This issue is so significant that the U.S. Department of Defense's Inspector General has indicated that they will review DOD's use of PFAS at military sites.

As noted above, DuPont does not manufacture or sell these firefighting foams; rather, like many other companies (and like military installations), we purchase firefighting foams for protection at our facilities. DuPont is committed to ending all use of PFAS firefighting foams at our facilities by the end of 2021.

Response to question during the hearing from Rep. Katie Hill (CA-25)

During the hearing, Representative Hill asked for information from DuPont explaining the differing cleanup cost estimates associated with a Chemours'-owned site in North Carolina discussed during the hearing.

As explained above in response to Representative Keller's fourth question and contrary to Chemours' depiction at the hearing, the separation of Chemours was a huge success for Chemours. In the years following the separation, the reported value of the "world class" assets that Chemours acquired from DuPont increased by more than $1 billion and Chemours' adjusted EBITDA nearly tripled, steadily increasing from $573 million in 2015 to $1.74 billion in 2018. This allowed Chemours, despite its obligations under the Separation Agreement, to pay more than $1 billion to its investors in the form of dividends and stock buy-backs. One billion dollars would cover a lot of environmental liabilities. Since Chemours did not put that money aside, and since it continues to pay dividends and buy back its stock, it must believe that its resources are sufficient to cover the cost of the environmental liabilities that were allocated to it under the Separation Agreement. In fact, as Chemours' CEO Mark Vergnano acknowledged in a January 2019 presentation, the company "in no way" had been set up to fail, and has instead thrived. Thus, Mr. Kirsch's testimony that Chemours was created so historical DuPont could "dump its liabilities" is demonstrably false.

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