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ICGN-CII Boston Conference, 2015

Afternoon Keynote: Ellen J Kullman, Chair and Chief Executive Officer, DuPont:

Last week, I was participating in a global event. This one was a US, China business roundtable of sorts in Seattle, where there were 30 CEOs that were asked, 15 from the United States and 15 from China, to come together and to speak with President Xi Jinping and discuss the state of Chinese, US business relationships. So, he always, of course, as the President of China, starts out and gave his comments to us and it was one of the most straightforward and direct conversations I've heard and dealing at that level with the Chinese, in my seven years as CEO. He assured us the doors to the Chinese market would remain open, encouraged us to come in even greater numbers, with research and development, with headquarters, as he saw things changing in China for the positive, and spoke openly about the tensions in cyber security and IP Rights, about protectionism. You know, he talked about the deepening China and US business relationship as being vitally important for both countries, as well as for the prosperity of the world. And then he listened and the 30 of us spoke individually and gave feedback, around what was working, about what wasn't working, our US Secretary of Commerce was very direct in her remarks as well. But as I sat there and listened, and thought about the exchange, I think it really hit me as saying something very deep about leadership today. And that is, leaders of all types must actively engage with all stakeholders. It's an interconnected, transparent world, where isolation, diplomatic, economic or cultural, is not an option.

So, it gets at the definition, I think, of good governance today. Management teams and boards must have a broad worldview, a clear strategy, a mission, a purpose and most importantly, a willingness to embrace change. We must clearly define our long-term strategy, which now requires a commitment to not only the business results, but to sustainable practices throughout our value chains. Our ability, as leaders, to deal with such issues as energy conservation, waste reduction, resource scarcity, will be vital to measuring our success.

We must also thoughtfully engage with all of our stakeholders, shareholders, customers, government officials, regulators, employees. And we need to see the world through their eyes, and we need to look objectively at ourselves, our management teams, at our performance, at our boards, and the impact we have, not only on business, but on the environment and on the communities in which we operate. We need to truly understand the expectations of our stakeholders, and then we need to meet them consistently, over time. And this will allow us to build relationships based on credibility and trust, which is foundational for building growth and value. This philosophy of open engagement applies to board members specifically. I'm a big believer in the importance of direct board engagement with shareholders. Not only does it result in improved transparency, but like the US, China roundtable, it promotes mutual understanding. There's great value in Director, shareholder conversations on such topics as board composition, leadership, strategic direction, compensation, capital allocation, management performance and environment and social issues, and that's just naming a few. Just like management boards should have a clear understanding of shareholder expectation.



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We also encourage our board members to pierce through the layers of our operations. In today's world, it isn't enough for any Director to show up at a board meeting and read a few documents. Such passive oversight has no role in modern commerce. Board members must go beyond the soundbites and grapple with the facts and the details of our business. Senior management of public companies must foster this dynamic by being open, transparent and willing to facilitate this kind of collaboration.

The guidance of the DuPont Board has been vital to me. I want our Directors to poke and to prod, to ask the tough questions. Most importantly, to provide their ideas and their insights. It's the role of management to set the company strategy and present it to the board, where we rely on our Directors to challenge it, to test it and leverage their expertise and experiences to analyse and help us shape it. Finally, the board holds us accountable for execution and for delivering on those results. Critical engagement not only makes it possible to fully tap into their expertise, but it also prepares them to represent our strategy for value creation externally. We think this mind set and level of engagement reflects the next generation of board governance, and I know you do too. We think this trend will continue to grow.

While we must consider the views of all of our stakeholders to be prepared to make real changes, as leaders we must also ensure that those changes are consistent with our values and our mission. At DuPont, our approach to doing business is guided by our core values of safety and health, environmental stewardship, respect for people and highest ethical standards. At the pace of business transformation and technology accelerates, these core values do not change. In today's environment, business models are fundamentally dynamic. Our philosophy of open and objective engagement is the only way for our leaders to stay ahead of change and disruption. Tomorrow's winners will be the companies that conduct continuous evaluation and fundamentally embrace reinvention. DuPont's 200 and plus year history of continuous change fits this model. We don't just respond to industry trends, we look ahead to anticipate future needs and in turn, use our science and our engineering capabilities to develop products that have created entirely new growth markets. We have never hesitated to pursue new commercially promising area of science, or acquire companies that strengthen our position in faster growth, higher margin businesses, nor have we hesitated to exit a business, no matter how firmly it's been associated with the company's identity. Black powder in the first 100 years, textile fibres and coatings, and most recently, performance chemicals, and these are just a few examples of the businesses that we've exited, after determining that they no longer fit strategically with our model of long-term value creation.

Over the past six years, we've transformed DuPont to ensure our core science and engineering capabilities are focused on commercial opportunities, where we can provide our customers with sustainable, renewable solutions, to some of the world's biggest challenges. Between now and 2050 the world's population is said to climb to nine billion, while the middleclass will expand dramatically, creating a new age of resource scarcity. DuPont's science and focus on creating solutions that address real challenges, helping provide plentiful healthier food, renewably sourced materials, ample energy and better infrastructure



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and transportation. The world's leading positions that we're building, are leveraging in three strategic focus areas: agriculture and nutrition, bio based industrials and advanced materials, and this makes us uniquely positioned to address market needs that address the challenges and create value for our shareholders.

Within our focus portfolio, we're applying DuPont's science to find solutions for needs as diverse as creating more nutritious food that can be grown on less land, under a range of environmental conditions, developing renewable energy sources and creating advanced materials for an increasingly urban world. Think of cars that are half the weight, but twice as strong, and run on fuels made from plant material left behind after harvest. As both Governments in a rising middle class and developing markets demand innovative products at an accelerating pace, we're expanding our global innovation delivery system, connecting our science and innovation with the intimate knowledge of local markets and a deep understanding of customers' needs and expectations.

For example, you need to understand the requirements of a farmer in Africa, in order to produce seeds designed for their unique agronomic conditions. And as a result of our deep engagement with local customers, we've developed a maize hybrid that's helped farmers in Malawi overcome such challenges as draught and pests. That foothold with farmers and our knowledge of the entire food value chain can then lead to additional opportunities to serve other local markets with innovative products. At the same time, we know that our environmental ecosystem, they're precious and we understand our responsibility to protect them.

Our goal is to drive sustainable growth, creating shareholder and societal value, while reducing the environmental impact of our value chains. As we operate our 200 plus DuPont production facilities around the world, we've significantly reduced our environmental footprint. Since 2004 we've reduced greenhouse gas emissions by 19% and cut total water consumption by 8.4%, and in an August report, CDP cited DuPont as the comfortable leader in the chemical industry, as best positioned for the future in developing green products, enhancing efficiency and addressing regulatory change across sectors specific to environmental metrics.

We have set first in industry sustainability goals for sales from products made with renewable resources, products that help customers reduce their own greenhouse gas emissions and for a percentage of our R&D spend, dedicated to developing more sustainable products. In 2014 products that created energy efficiency, or significantly reduced greenhouse gas emissions, generated \$2.5 billion in revenue. We're also helping customers succeed, by developing innovative products lines that reduced end use environmental impacts, and we've commercialised a new version of our Tyvek Housewrap, which improves the energy efficiency of the buildings as well. We've partnered with Procter & Gamble to build a new enzyme technology that provides superior cleaning power when washing clothes at energy saving cold temperatures, and we're continuing to help our agricultural customers apply crop protection products, in a way that's smarter and safer. We know that a successful approach to sustainability requires us also to embed our values into our supply chain, and an important tool to help us accomplish this is our Supplier Code



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of Conduct, which sets out our expectations that our partners will embrace and share DuPont's commitment to sustainability. This commitment to environmental sustainability is not new for DuPont. We've been a thought leader on sustainability for more than 20 years. We were among the first companies to appoint a Chief Sustainability Officer, and that's a role that reports directly to our Environmental Policy Committee of the Board of Directors. And I think it's been since 1993 that we've had a past Administrator of the US Environmental Protection Agency as a member of our board. Our most recent member is Lee Thomas, a former Administrator, who's been a director with us since 2011. So sustainability has clearly become part of the DNA of DuPont, and it's also a topic of keen interest across our key stakeholders. We're engaged more often and more directly with customers, investors, suppliers, employees and other thought leaders about the progress of our work in sustainability, and how sustainability can provide a competitive advantage in the marketplace, while we drive value for our shareholders.

Our successful execution of the priorities and goals I've described, along with our commitment to a 360 degree engagement with all of our stakeholders, will make us even stronger, better enable us to withstand the, macro industry challenges that the world currently faces. Like all large global companies, we're operating in a volatile environment. Local markets are even more competitive, world economies are even more connected, concerns about China's economy are fuelling uncertainty, while Brazil and Russia are experiencing economic distress. And as we navigate this volatility, we've been listening to our shareholders and factoring their diverse views into our approach, and as we go forward, our management and our board members will continue to meet with investors to understand their concerns and explain how we're addressing these challenges.

The support and guidance of our world class board members has been vital to navigating this complex, fast moving global environment. In times of market and economic turbulence, their involvement and engagement is critical. I believe it's never been more important to surround myself with people who will guide me, who will challenge me and who'll make me better, and I believe that all CEOs can leverage their boards in this way.

All boards must include a clear set of skills and experience that are of value to the company they serve and, for DuPont, that means a balance of significant experience in global strategy, portfolio transformation, commercially focussed research and development, cost control and efficient operations, as well as regulatory and financial experience. We're constantly managing the composition of our board to ensure that we have a proper diversity in the broadest sense, and of course, I'm talking about gender diversity, but I'm also talking about diversity of competency. Given our global footprint, with more than 60% of our revenues coming from outside the US, another kind of diversity, and what we call passport diversity, is also essential. We need global management experience and global cultural perspectives. As our strategy and portfolio have evolved, so has our board and we've added six new members since 2011.

I know that shareholders I've visited, over the past several months, place a high value on the strategy of renewal. They understand the value of bringing in fresh perspectives, and the importance of entering the boardroom with an open mind. In keeping with the leadership



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principles I've outlined at the beginning of the remarks, we'll continue to communicate regularly with our investors and to make sure that our board and management team are aware of our shareholders expectations. And as I look to the future, I couldn't be more excited about the next generation DuPont. I believe we have the right strategy, the right board and the right commitment to building a sustainable value for all of our stakeholders. We know our stakeholders have high expectations for us, and we're ready to meet these expectations by driving continued productivity and leveraging a robust pipeline to address global trends. And while I know we all have more work to do, our work is never ending, our progress to date gives me confidence that we're up to the challenge and that we fully intend to deliver. So I thank you today for your attention. It's been a pleasure to address you, and now I'll join Anne for some Q&A [applause].

Anne Simpson:

Thank you. The first thing I'd like to ask you, all of us were following both sides of this recent proxy fight, you knew where CalPERS was and knew where other funds were, and you won, and this was an issue of great importance to say "Okay, well, if you're clear in your long-term and you have a great board, and you communicate, you can actually win the support of the majority of the owners," but then we saw the share price fall. So what's going on there? Is it that the long-term is in conflict with the short-term, or how do you get through short-term volatility with a long-term plan?

Ellen J Kullman:

Of course it's a concern. Of course we're now 50% in agriculture. Agriculture is in the middle of a downturn with very low commodity prices and the shocks that we're seeing around corn and soy, based on decisions made by whether it's China, or Brazil, and the instability that are in those countries. I believe that you have to have and maintain a long-term view, but it has to make sense in the short-term as well, it's an 'and' equation, not an 'or' equation.

When we were going through the global financial crisis, we understood there were decisions we had to make, we needed to be very productive and we needed to make sure that we were managing our cash well and managing our costs very well in these turbulent times, but we kept our focus on the research and development, that would continue to deliver for our customers. At the end of the day, when the markets are volatile, what I keep telling my teams is you've got to focus on beating the competition, you've got to focus on winning in the marketplace, and in the end, if we're successful and we communicate that well with shareholders, that's a very positive thing. So, we are in the middle of turbulent times and currency volatility this year certainly has not benefitted any US based manufacturer, from that standpoint, but that's where transparency and engagement come in to continue to tell our story. Because I think, from the long-term, our pipelines are very strong, but in the short-term, we're going to have to be more productive because the times are volatile.

Anne Simpson:



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So, do you think shareholders are part of the problem for companies, in being long-term?

Ellen J Kullman:

I think there's a lot of pressures on companies today, in a lot of different directions, whether it's government or regulatory is certainly increasing. Whether it's returns and funds looking for returns, I think we just have to take that all in and listen to it, and chart the best course we can.

Anne Simpson:

So, the other notable feature, is this whole theme of diversity, and certainly, for CalPERS, we say, a high quality board is independent, it's competent and it's diverse, and we see so little movement – we all know this phrase, it comes from the UK's Sir Derek Higgs, he said, "There's nothing wrong with the British boardroom, other than it being male, pale and stale." So, the tenure's increasing, we're not seeing diversity, we're just not getting the traction we expected, so what are your thoughts about this? You're on another board, United Technologies, you're a scientist, an engineer by training. What do we need to do and where do shareholders fit in with that, what's next?

Ellen J Kullman:

This is the debate I think that we've all been having for a while, I mean 25% of our board is women, and obviously I'm one of them. So, that's obviously a step up for us, because we had a woman CEO. But I'm a member of the 30% club and believe that the US has to get there and we talk about things, we have an age limit that is 72, as part of our governance. Should there be term limits? I think that's what we have to get into; a well-functioning board and a board that's very engaged. It's hard to tap somebody on the shoulder and say "You've been a great board member, you've been here X number of years, we need to renew," that's a very difficult thing to have. I think that that's what makes it hard for boards, is because we'd like to be principle based and if we have a principle that says you age out at a certain age, we want to maintain that principle. But I do think that we need to be more supportive and I'm on the Catalyst Board of Directors and I work with several of my senior women in getting them on boards, and I think that we have to be more supportive of our own people, women, taking on a board. They're going to be working full-time, but taking on a board, and I know some companies struggle with that, and I think that we have to be part of the solution, and that's something that we can all work on together.

Anne Simpson:

I think this issue about tenure and retirement ages is really important, because there are companies like you which have a retirement age and J P Morgan's just an example that comes to mind where each year the anniversary and the farewell party's organised, but then it's "Oh, we'll put it off for another year, and another year, and another year." So, what we're all thinking about on the shareholder side is, what do we need to do, to back up the Directors – there needs to be change?



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Ellen J Kullman:

To date, we have not deviated from our policy, so we've held a line and we've had those conversations and sometimes they're uncomfortable, but I do think that that's something that we just have to do more. And for instance, when I became the CEO, almost seven years ago, and we looked out, we saw that there were going to be at least four retirements in the next five to six years, and that's a lot for a board and so we started the process. My lead director and I, started the process and started looking at what skills we needed and all of that. And then, so we've run a continuous process of looking for board members, understanding and creating that and then with the additional change with spinning the chemicals business, that two of our board members wanted to go with the new company, and that gave us the total of six new board members since 2011. And so, we've had that opportunity. That's unusual, as I look forward to the next six years: how do we think about that going forward, and what are the skills and the mix that we need to have?

Anne Simpson:

So, what does DuPont think about proxy access? What do you think about the idea of the Independent Chair? You have a combined role, you have a lead Independent Director, where is the board in thinking about the governance agenda? How does that help or hinder what you're trying to get done for the company?

Ellen J Kullman:

Proxy access is an active discussion that we're having. Certainly there's been some more definition on that, and a lot more activity on it in the last year. There's still some questions that we have and want to see how they play out - what defines ownership?

There's a couple of more questions like that, but I think that's part of the Governance Committee and their active engagement about that. We've actually had separated Chair and CEO and combined Chair and CEO, it depends what's going on in the company, and our board has used that very flexibly, and believe it's one of the options they want to have, because there are times, in their estimation, where it's made sense to have it separate and there are times when it makes sense to have it together. And so, they believe that should be part of their process in looking at it and they have done it differently. I was not the Chairman when I started and I took on that role later, and so I do think that's part of the active discussion we're having, and that's informed a lot by what's happening, what's been written, and we're all reading the same papers that are out there, and I think the world's changing. And I think transparency and engagement is a good thing.

Anne Simpson:

So, the company, 200 years old and this all rings true for CalPERS, board members are here, our liabilities run to the best part of a century, so we hope we're still investing in DuPont in a century, but what in the 200 years ahead is the most important thing for the



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board to focus on, and where do shareholders fit into that? What do we need to be doing better?

Ellen J Kullman:

We'd look at it two ways; what needs to stay the same and what needs to change? What needs to stay the same is our core values, our ethics, our respect for people, safety in the environment and we need – people, companies need to have something they can count on, no matter where they are in the world, no matter what the environment is, we don't deviate from those core values. But then, what does deviate? The opportunity deviates. Science creates interesting opportunities that we couldn't even imagine ten years ago now, and so how forward thinking are we going to be on those investments? I think we've learned, over 212 years, that if you hang onto something too long, you can destroy value, not create value, and that you have to be able to redefine yourself and to create a relevant company for the environment, and it's a continuous process that includes the board, includes our shareholders, and the dialogue we have with shareholders about portfolio and what belongs together? How do we create value with it being together or not? Is a very active part of our process and I think that's why we've continued to renew and that's created a very exciting future for us in areas of agriculture, nutrition, bio based industrials and advanced materials.