

Lamar McKay

ADDENDUM: Additional Contextual Points for 17 June CEO Climate Dialogue in Detroit

Following additional input from JCM, we have prepared this brief addendum to convey some further contextual points to supplement the pre-read materials provided on 13 June.

Other CEO/Company Participants vs. BP

- As large integrated oil & gas companies, climate policy generally poses greater risk and less opportunity for BP and Shell than most if not all of the other companies participating.
- While we have not analyzed the portfolios of the other companies in any detail, they appear broadly to fall into the following categories as to their core business and the risks/opportunities of climate policy for each:

1. Clean Electricity Generation (Calpine, DTE, Exelon, PG&E and Xcel): These companies tend to be better positioned than some other generators or need a price on carbon to sustain certain operations (e.g., Exelon and its nuclear portfolio).
2. Manufacturing (Bridgestone and GM)
3. Agribusiness/Materials Science/Biofuels (Dow, DuPont, Cargill): these companies all have some form of biofuels research and sales.
4. Retail Food (General Mills): as a retailer with very high profile brands, they may be more sensitive than some other attendees to public sentiment on sustainability. In addition, they may have less at risk.

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Commented [JN1]: Really not sure what to say about these 2.

A few comments about DuPont are warranted given that the publicly available information in our prior brief was dated. First, as you know, DuPont and Dow are in the process of a "merger of equals" that would create agriculture, material sciences and specialty products company with market capitalization of \$130B. This follows the 2015 spin-off by DuPont of Chemours, a performance chemicals company. Second, though BP has refocused its biofuels efforts, DuPont and BP still participate in the Butamax joint venture focused on biobutanol. Third, in

its 2015 Sustainability Report, DuPont noted that they reduced GHG emissions by 5% between 2013 and 2014 and they intend to reduce further carbon intensity by 7% by 2020. It is not clear how these goals will be impacted by the merger.

- [Comment on Dupont specifically]

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Bob Stout

14 June 2016

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