



August 3, 2016

BY E-MAIL

The Chemours Company  
1007 Market Street  
P.O. Box 2047  
Wilmington, Delaware 19899  
Attn: Board of Directors

Re: *Chemours Shareholder Disclosures*

To the Board of Directors of The Chemours Company:

I write on behalf of Keep Your Promises DuPont, a community-based organization dedicated to holding DuPont to the promises made to mid-Ohio Valley communities in connection to contamination with the chemical C-8, also known as PFOA, with respect to a number of inadequate or misleading disclosures in the shareholder filings (the "Filings") of The Chemours Company ("Chemours" or the "Company"), in the hopes that by bringing to Chemours' attention these deficiencies, Chemours will remedy – without the need for shareholders to seek judicial intervention – the disclosure violations in the Filings and ensure that shareholders of Chemours are provided the requisite disclosures in advance of the Chemours' August 9, 2016 quarterly earnings call.

As you are no doubt aware, under Delaware law, directors have fiduciary duties to shareholders, which includes a duty to disclose all facts that are material to the stockholders' consideration of a transaction or a matter. It is critical that all of those material liabilities be disclosed; to date, they have not been.

In particular, and without limitation, in May 2016, the Environmental Protection Agency published a report entitled "Drinking Water Health Advisory for Perfluorooctanoic Acid (PFOA)," in which it issued a lifetime drinking water health advisory for PFOA of 0.07 parts per billion, significantly lowering the prior standard from 0.4 parts per billion. Given the lower standards, there is now an increased and significant possibility that classes from new communities where DuPont operated may assert claims similar to those made by the plaintiffs in the *Leach* litigation. The number of such cases that are brought could be significant, and if the claimants prevail in a substantial number of cases, could lead to a material increase in DuPont PFOA liability exposure. As Chemours has indemnified DuPont for PFOA liabilities, an increase in these liabilities directly impacts Chemours' shareholders.

In addition, as of December 31, 2015, DuPont reported that it had been notified of potential liability under CERCLA or similar state laws at 174 sites around the U.S. We further understand that DuPont is aware of potential liability under CERCLA or similar state laws at an additional 19 landfill sites. While Chemours has agreed to indemnify DuPont for the costs associated with remediation activities at these sites, as Chemours has stated in its public filings, we are concerned that considerable uncertainty exists with respect to environmental remediation costs and, under adverse changes in circumstances, the potential liability may range up to, or even exceed, approximately \$900 million (for the 174 sites identified as of December 31, 2015 alone). While Chemours management has stated that it does not believe that any loss, in excess of amounts accrued, related to remediation activities at any individual site will have a material impact on the financial position, liquidity or results of operations of Chemours, there is a material risk that, when aggregated, these remediation expenses will have such a material impact on Chemours and render it unable to meet its indemnification obligations to DuPont. Under such a scenario, Chemours may be forced into bankruptcy.

Furthermore, since at least March 2016, we understand that regulatory authorities in the Netherlands have been investigating claims that PFOA has leached into drinking water in the region surrounding Chemours' Dordrecht, Netherlands plant. Testing of residents and workers in the Dordrecht region have revealed individuals with blood levels as high as several thousand parts per billion of PFOA, substantially above the national average in the United States. On July 11, the Dutch Inspectorate for Social Affairs and Employment announced that the Public Prosecutor is officially investigating the use of hazardous chemicals C-8 and DMAc at Chemours' facility in Dordrecht, Netherlands. While the prosecutor has not offered substantive details on the investigation, a spokesperson stated that DuPont and Chemours are suspected of committing '*strafbare feiten*' or criminal offenses.<sup>1</sup> Similarly, contamination issues have been reported in workers at Chemours' plant in Shimizu, Japan and in local residents surrounding the company's plants in Fayetteville, NC and Chambers Works, NJ.

In Dordrecht, over a thousand residents have requested testing. It is possible that if these individuals are tested, and the results reveal contamination at the dangerous levels seen in other area residents, there could be substantial liability and exposure for DuPont and Chemours in any litigation brought based on such testing results. The outcome of any such litigation may be uncertain, but if decided adversely, it could be material to DuPont and Chemours.

Recent developments in the Netherlands concerning Chemours' Dordrecht plant threaten to jeopardize the plant's Teflon manufacturing operations and call into question the viability of the company's Teflon business as it currently operates in Europe and the United States. In July, top toxicologists in the Netherlands including Professor Jacob de Boer of Vrije Universiteit and Professor Martin van den Berg of the University of Utrecht

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<sup>1</sup> <http://www.nu.nl/binnenland/4291583/onderzoekt-gebruik-chemische-stof-c8-bij-dupont.html?redirect=1>

criticized Chemours' use of GenX, a chemical used in the Teflon manufacturing process as a replacement for PFOA, which was previously phased out of use in the Company's Dordrecht and Parkersburg plants.<sup>2</sup> While Chemours has stated that GenX is a safer alternative to PFOA, Professor Van den Berg states that GenX has "exactly the same properties as PFOA." Professor De Boer, in reference to GenX, adds, "You can't just release this kind of poison on residential areas."<sup>3</sup> Similar scrutiny of GenX has been applied in the United States, where Professor Philippe Grandjean of the Harvard School of Public Health has advised that regulatory officials and companies treat GenX "as if [it] has similar toxic properties as C-8." As of June, the U.S. Environmental Protection Agency is still reviewing the replacement chemicals and considers them capable of producing reproductive, developmental, and systemic effects in laboratory tests.<sup>4</sup> The mounting scientific evidence regarding GenX calls into question Chemours' statements regarding the safety and long-term viability of the chemical in the Teflon manufacturing process. If regulatory authorities in the U.S. and Europe act in accordance with leading scientific opinion on GenX, it is foreseeable that Chemours may be forced to cease production of Teflon barring the development of a safe alternative to PFOA and GenX, which, given that GenX is such a fundamental component of the significant Teflon business line, could in turn have a material and adverse impact on Chemours' financial condition.

Further, a Columbus jury found DuPont liable for compensatory and punitive damages totaling \$5.6M in verdicts on July 6 and July 8, respectively, representing the largest award for a plaintiff in the 3,500 member *Leach* class to date. This award alone substantially increases estimates for the final cost of resolving liabilities related to the *Leach* class. One estimate following the punitive damages verdict on July 8 states that the final cost for resolving the approximately 600 cases classified as most serious amongst the 3,500 could range from \$1.2 billion to \$1.9 billion.<sup>5</sup> While Chemours has indemnified DuPont for these costs, in an 8-K filing shortly after the compensatory verdict on July 6, Chemours states, "In the event DuPont claims that it is entitled to indemnification from Chemours as to some or all of the judgment, Chemours retains its defenses to such claims."<sup>6</sup> Chemours has intimated that it has a basis to challenge indemnification demands made by DuPont, but it has failed to disclose to the investing public the nature of such defense, effectively withholding material information to existing and potential investors that they would need to assess the potential extent of Chemours' indemnification obligations.

What all of these undisclosed items have in common is that they are substantial, material liabilities that Chemours faces as a result of its decades-long

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<sup>2</sup> <http://www.volkskrant.nl/binnenland/dordtse-fabriek-stoot-kankerverwekkende-stof-uit~a4342745/>

<sup>3</sup> <http://www.nltimes.nl/2016/07/20/dupont-plant-accused-releasing-toxins-residential-area/>

<sup>4</sup> <http://www.wbur.org/morningedition/2016/06/15/water-chemical-contamination>

<sup>5</sup> <http://www.bloomberg.com/news/articles/2016-07-08/dupont-must-pay-500-000-in-punitive-damages-for-man-s-cancer>

<sup>6</sup> <http://d1lge852tjjqow.cloudfront.net/CIK-0001627223/86205171-49e7-4238-be9e-79aa926a35ee.pdf?noexit=true>

August 3, 2016

contamination caused by PFOA. Yet none of those liabilities has been disclosed in Company's Filings, in clear derogation of the directors' fiduciary duties to their shareholders.

We expect that by bringing this matter to the attention to the Chemours board of directors, the Company can remedy its defective disclosures immediately, in advance of the Company's quarterly earnings call, and without need for further shareholder action. Given that the earnings call is currently scheduled to take place on August 9, 2016, we ask that the Company supplement the Filings to address the deficiencies enumerated above – as well as any and all additional disclosures consistent with the directors' fiduciary duties.

Please feel free to contact us if you would like to discuss this matter further.

Sincerely,

A handwritten signature in black ink, appearing to be 'M. Fleischman', with a horizontal line extending to the right.

Mark Fleischman  
President  
Action Network Fund