

April 9, 2021

To: NRLN DuPont Chapter Members and other DuPont Retiree Groups

From: Paul Kende

Subject: Loss of Retiree Benefits

As Jim Odle and I indicated in our January note, we would contact Corteva Management to express our concerns about the benefit cuts and make some recommendations to mediate their impact. With inputs from a small group of retirees, I have done this, and had several very open and constructive conversations with Jim Collins, Corteva's CEO and Mark Durkovic, a senior manager, responsible for Corteva's global benefit strategy. As promised, a brief summary of these discussions follow.

Life Insurance – I suggested that Corteva should ensure full portability of the retirees current Group Term Life Insurance policies, even if participants have to assume all premium payments. The goal should be to port to a new policy, still administered by Corteva, without required medical examination, or age limit, fixed death benefit, and premiums at group rates, no higher than currently paid to the carrier. Based on Mac Cunningham's comprehensive survey discussions with about a dozen insurance carriers, Mac and I identified two likely candidates, in addition to Securian, our current carrier, for Corteva to evaluate. Management not only considered our inputs, but were already in discussion with Securian about portability and convertibility of our current coverage. Discussions are still underway, and I cannot be sure what, if anything, actually develops, but I believe that Corteva is seriously pursuing the options for each of us to replace our Corteva insurance coverage, effective January 1, 2022. Details of the options should be included in the next communication from Corteva expected in early June.

Health Reimbursement Arrangement (HRA) – I suggested offsetting the elimination of the \$200 dental allowance, by an appropriate increase in the medical allowance. Surprisingly, up to 30% of Corteva participants don't actually utilize all of their HRA allowance. Corteva has benchmarked its benefit coverage and determined that it is close to the median of the 500 other companies Via Benefit serves. Based on these factors, Corteva will likely not raise the HRA Medical allowance.

Other suggestions – involving 1) paying benefits from a trust account, rather than operating expenses, and 2) an increase in pension payments to offset losses: these were considered by Management, but currently these would not be their priority for the use of any excess available cash.

Communications – I have proposed establishing a "voice of the retirees", or a "sounding board" mechanism and a more regular, 2- way communications between management and retirees, to provide retiree perspectives, on issues and decisions concerning us.

Pension Plan Financial Status – Capital Markets have performed well in the first part of this year, and in combination with higher discount rates have likely improved the overall funded status. However, funding levels to be reported in the April Annual Funding Notice, will probably remain about the same as last year's, because the AFN does not cover the current calendar year.

The stimulus plan, just passed by Congress, specifies a "5% floor" for discount rate calculations, by Pension Plan sponsors, billing it as protection for pensioners. I believe this is misleading, because sponsors generally want higher discount rates, not lower, in order to be able to calculate lower present values for future obligations, showing smaller Asset-Obligation gap, resulting in lower required Plan contributions.

The Board of Directors, Management and the Pension Investment Committee monitor and manage Pension Plan investment, funding, and contributions closely. Currently, Corteva has external actuaries analyzing the impact of the new legal requirements on funding requirements for the Pension Plan.

Activist Investor – you are all probably aware of Starboard Value's pressure on Corteva's management to increase profitability, and to put some of their people on the BOD. The article referenced by the

link, <https://delawarebusinesstimes.com/news/corteva-starboard-appointments/> would provide an update on the current situation.

We have no information to suggest that the benefits cuts announced by Corteva have any direct connection to Starboard's actions or opinions. Jim Odle has informally surveyed other corporations and we need to recognize the general trend to reduce retiree benefits. Unfortunately, we may not be able to count on politicians, as they are not willing to deal with retiree issues, like underfunded Pension Plans, or the looming financial problems with Social Security and Medicare.

Feel free to email with questions or comments.

Regards to all.....Paul

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