



Company: Occidental Petroleum Corporation, United States

Meeting date: May 12, 2017

Proposal 5: Climate Change Assessment Report

Board recommendation: AGAINST

Supporting a shareholder proposal following lack of response to prior engagement

In our recently published engagement priorities for 2017-18, BlackRock Investment Stewardship explained that, as a long-term investor, we are willing to be patient with companies when our engagement affirms they are working to address our concerns. However, our patience is not infinite - when we do not see progress despite ongoing engagement, or companies are insufficiently responsive to our efforts to protect the long-term economic interests of our clients, we will not hesitate to exercise our right to vote against management recommendations. Climate-related risks and opportunities are issues we have become increasingly focused on at BlackRock as our understanding of the related investment implications evolves. One of our five engagement priorities is encouraging disclosure on climate risk policies and practices, in line with the Task Force on Climate-related Financial Disclosures (TCFD).

We have engaged over the past several years with management and independent board members at Occidental Petroleum Corporation (Oxy), covering a range of governance matters.

Oxy is a global oil and gas exploration and production company listed on the New York Stock Exchange (NYSE). For the second year in a row, Oxy has received a shareholder proposal requesting a report on the long-term portfolio impacts of potential climate change scenarios. We engaged in advance of the 2016 annual general meeting (AGM) and determined to support management to allow the company time to address the issues raised in the proposal in a manner that made sense for its business model. Notably, the proposal received nearly majority support of shareholders.

Going into the 2017 AGM, we noted a positive evolution in tone and content of the board's response to this year's shareholder proposal on climate risk and scenario planning. We welcome the board's position that the company is evaluating enhancements to its disclosure in line with the TCFD framework. Generally, BlackRock expects companies to identify and report on material, business-specific social and environmental risks and opportunities, and to explain how these are managed. In this instance, we would have expected the company to provide shareholders with enhanced information about its views on managing climate-related risks and opportunities, in line with incremental improvements made by other similarly situated oil and gas companies in the US and Europe, including those by peer companies included in Oxy's proxy statement.



Notwithstanding the improved board response in the proxy, we remain concerned about the lack of discernable improvements to the company's reporting practices.

On balance, following our engagement on this topic over the past two years and the lack of observed change in reporting practices, we voted in favor of the shareholder proposal at the 2017 AGM. Our vote is meant to encourage the company to undertake enhanced reporting on climate-related risks and opportunities, in line with the TCFD recommendations, once finalized, and as relevant to the company's business model. We look forward to continued engagement with the company on this and other topics related to long-term economic value.