



## **Despite U.S. Retreat from Paris Agreement, Shareholders Require Climate Change Assessments**

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Blackrock Inc., the world's largest asset manager, voted for the stockholder resolution, noting its concern about the pace of industry climate disclosures to date. Similarly, a representative for the California Public Employees' Retirement System stated that the "vote shows that investors are serious about understanding climate risk." Indeed, oil and gas companies have long faced shareholder criticisms for being slow to respond to climate concerns, though some have taken steps to address those criticisms such as ExxonMobil's decision earlier this year to name an environmental expert to its board.

Supporters of the shareholder resolution pointed to Occidental's security disclosures, which identified the significant risks of climate change policies on the business. Asserting that they were entitled to a more robust assessment of the climate change risks, the resolution provides that Occidental produce an annual "assessment of long-term portfolio impacts," explaining, among other things, how "capital planning and business strategies incorporate analyses of the short- and long-term financial risks of a lower carbon economy."

Thus, while the Trump Administration has questioned the risks associated with climate change, and it is uncertain when or if the Securities and Exchange Commission will update its climate disclosure requirements, it appears that investor activism could spur companies to take greater steps to investigate and disclose climate change risks. Indeed, last month, shareholders of Pennsylvania utility PPL Corp. approved a resolution calling for the company to publicly report how climate change policies and technologies could affect the company's

bottom line, and, this week, ExxonMobil's shareholders (including BlackRock) voted in favor of a similar resolution.

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