

Shareholders Successfully Push for Broader Climate Change Disclosures

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On December 11, 2017, Exxon Mobil (Exxon) announced it would disclose more information regarding the potential impact of climate change on its business. The announcement marked a shift in policy, as Exxon had previously declined to broaden such disclosures in its SEC filings. The company likely shifted its position due to a shareholder vote in May, when a 62% vote favored broader disclosure. Exxon suggested its additional disclosures would consider three items (1) energy demand sensitivities, (2) implications of government actions designed to keep global warming below a 2 degrees Celsius increase, and (3) how to respond to a lower-carbon future.

On December 12, 2017, Occidental Petroleum Corp. (Occidental) announced it would follow suit and publish a report on risks to its business related to climate change. A shareholder vote may have similarly pushed Occidental toward broader disclosure. In a quarterly earnings presentation in August 2017, Occidental suggested it would provide broader disclosures in the future, though no time frame was provided. Last week, Occidental confirmed it planned to publish its report in early 2018.

Occidental and Exxon join PPL Corporation (PPL) as public companies planning to disclose more information (PPL actually already released its report) related to climate change after their shareholders voted for broader disclosures. Given the success of these votes during 2017, we may see shareholders of other corporations bringing forward the same kind of proposals in 2018. Additionally, as broader disclosures become more commonplace, companies may act on their own in this regard.

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Authors

[Sam Falcon Trimbach](#)

[Eleni Kouimelis](#)

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Sam Falcon Trimbach



Eleni Kouimelis

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