

OCCIDENTAL'S POSITIONS ON CLIMATE-RELATED POLICIES





At Occidental (“Oxy”), we recognize the scientific consensus on climate change and the need to lower both greenhouse gas (GHG) emissions and atmospheric concentrations of carbon dioxide (CO₂). Oxy was the first U.S. oil and gas company to establish goals for net-zero emissions that align with the Paris Agreement and to endorse the World Bank’s initiative for [Zero Routine Flaring](#) by 2030. Our 2020 Climate Report: “[Pathway to Net-Zero](#)” underscores our commitment to being part of the solution to climate change. It is our core net-zero strategy to develop and commercialize technologies that both lower GHG emissions and atmospheric concentrations of CO₂. We believe effective public policies are a key catalyst to early implementation of our net-zero pathway.

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In 2020, we announced our target to reach net-zero emissions associated with our operations (Scope 1 and 2 emissions) before 2040 and ambition to achieve net-zero emissions associated with the use of our products (Scope 1, 2, and 3 emissions) before 2050. Our [pathway](#) to achieve these milestones is focused upon the rapid deployment of carbon capture, utilization, and storage (CCUS) and Direct Air Capture (DAC) technologies at scale to reduce emissions and remove CO₂ from the atmosphere. Our pathway includes:

- **Scope 1:** efficiency and process optimization to reduce or eliminate direct emissions from our operations and advancing revolutionary carbon dioxide removal (CDR) technologies like DAC, which serve to balance the emissions that we are unable to eliminate;
- **Scope 2:** transitioning to zero-emission power sources, such as renewables, emissions-free natural gas, advanced small modular reactors and geothermal; and
- **Scope 3:** continuing to lower the carbon intensity of our existing products, developing innovative products that use CO₂ as a feedstock, and expanding construction of carbon capture and DAC facilities, which will serve to balance the emissions on a net basis from the global use of our products that we and our customers are unable to directly reduce or eliminate.

We are also developing products and services to support other industries, emitters and governments in their efforts to reduce and eliminate GHG emissions.

We are a recognized world leader in the capture, transportation, and storage of CO₂ with over four decades of experience. Our Oxy Low Carbon Ventures ([OLCV](#)) business was established in 2018 to build upon our carbon management experience to develop and utilize CCUS and DAC to achieve net-zero.



To advance our vision from a policy perspective, we advocate and engage on climate issues individually and through trade associations, coalitions and other organizations of which we are members. We support policies that incentivize investment in, and development of, these carbon capture technologies, including carbon sequestration tax credits, such as the federal Section 45Q tax credit; the direct payment of these credits; grants and loans for early CCUS and DAC technologies and CO₂ infrastructure; and public investments in research, development, and deployment of these technologies.

We focus on key enabling features of policy to help efficiently meet society's climate goals rather than narrowing to one proposed solution. A range of policy

OXY WORKED WITH A BIPARTISAN COALITION THAT SUCCESSFULLY



SOUGHT U.S. ENACTMENT OF THE FUTURE ACT, WHICH EXTENDED THE FEDERAL TAX CREDIT FOR CCUS AND EXPANDED IT TO INCLUDE DIRECT AIR CAPTURE AND UTILIZATION. WE CONTINUE TO WORK TO STRENGTHEN THE FUTURE ACT.



WE ARE AN ACTIVE MEMBER OF THE CARBON CAPTURE COALITION (CCC), COMPRISED OF OVER 80

DIVERSE STAKEHOLDER MEMBERS FROM INDUSTRIES, UNIONS AND NGOS WORKING TO SUPPORT FEDERAL LEGISLATION, REGULATIONS AND POLICIES TO INCENTIVIZE CCUS. THROUGH OUR MEMBERSHIP, WE HELPED DEVELOP CCC'S [FEDERAL POLICY BLUEPRINT](#) FOR CARBON CAPTURE TECHNOLOGIES FOR THE 117TH CONGRESS.

alternatives can be implemented effectively to support the aims of the Paris Agreement. We also recognize the growing consensus of international organizations and scientists

regarding the need for significant removal of atmospheric CO₂ over the next 10 years in order to meet the Paris Agreement's goal of holding temperature increases to well below 2 degrees Celsius and pursuing efforts to limit it to 1.5 degrees Celsius. We focus our efforts on the design of proposed policies seeking to advance technological solutions that can deliver significant rapid reductions in current CO₂ emissions and atmospheric CO₂ concentrations by leveraging existing infrastructure while

continuing to supply consumers with affordable, reliable energy sources and essential products. We believe both CCUS and DAC can, with incentives necessary for their commercial development and deployment, provide essential CO₂ reductions in the medium term, while governments evaluate proposals to comprehensively update electric grids and transportation systems and restructure economies over the long term.

Paris Agreement

We have publicly endorsed the goals of the Paris Agreement – including its aim to substantially reduce global GHG emissions in an effort to limit the global temperature increase in this century to 2 degrees Celsius above preindustrial levels, while pursuing the means to limit the increase to 1.5 degrees – and have developed our net-zero [pathway](#) to align with those goals. Putting our [pathway](#) into action, we are actively pursuing initiatives to reduce emissions associated with our operations, and OLCV is working to commercialize technologies to eliminate or reduce third-party GHG emissions and also developing DAC projects to remove CO₂ from the atmosphere to ultimately achieve net negative CO₂ emissions.

Net-Zero Emissions

In Chapter 4 of their Sixth Synthesis Report released in September 2021, the United Nations Inter-Governmental Panel on Climate Change (IPCC) notes that “to compensate for greenhouse gas emissions from sectors that cannot completely decarbonize or which may take a long time to do so” the deployment of carbon dioxide removal (CDR) technologies, such



as DAC, is necessary to achieve the aggregate emission reductions called for in the Paris Agreement. Oxy believes that the quickest and most efficient path to net-zero will utilize incentives for emission reduction or elimination and allow the use of negative emission credits.

Technology and Innovation Incentives

We believe that public policy incentives and investments are critical for enabling the early deployment and scale-up of CCUS and DAC technologies and supporting infrastructure. This is true even where broader emission reduction policies exist. Therefore, we support incentives for CCUS and DAC technologies that reduce and eliminate CO₂ emissions, create negative emissions, and help multiple industry sectors to achieve net-zero.

- **Carbon Capture, Utilization and Storage (CCUS)**: We strongly support CCUS, which is a proven solution for reducing CO₂ emissions from point sources. We advocate for policies that incentivize its widespread deployment.
- **Direct Air Capture (DAC)**: DAC is a vital technology necessary to remove CO₂ directly from the atmosphere and will play a key role in Oxy's net-zero [pathway](#). We strongly support policy incentives to make the technology more economic and to accelerate its widespread deployment.

Emission Reduction Policies

We support proposals that, reduce Greenhouse Gases (GHG) emissions, invest in CCUS and DAC technology, and help develop the infrastructure needed for more widespread CCUS deployment. We also continue to support regulations that improve environmental quality and promote the health and wellbeing of communities and the environment.

- **Carbon Pricing and Implementation**: We believe that while a variety of policies can enable emission reductions, a market-based mechanism with a baseline regulatory framework is the optimal way to achieve reductions. We also believe that any approach for establishing a carbon price should be developed in collaboration with interested stakeholders and the majority of the revenue raised should be invested in technologies to eliminate and reduce emissions.
 - **Carbon Tax**: We believe that revenues raised from a carbon tax should primarily be invested in the development of CCUS and DAC technologies and infrastructure to optimize their rapid development of these technologies, particularly in energy-producing communities to promote a just transition. We expect that investment in these technologies will lead to net GHG emission reductions that may render the tax as no longer necessary. We also believe that any tax should not limit the availability of reliable, affordable energy to those who need it most, particularly to farmers, businesses producing essential goods and disadvantaged communities.
 - **Carbon Border Adjustment Mechanism**: We believe that international trade and climate policies should reward less carbon intensive products as determined by transparent lifecycle analyses. We also believe that these policies should be aligned around the common goals of the Paris Agreement and must be carefully developed to prevent carbon leakage to non-participating nations while ensuring that U.S manufacturers and exporters are not disadvantaged and remain competitive.



- Cap and Trade System: We believe that a trading system for GHG emissions must account for emissions avoided through CCUS and for negative emissions created by technologies like DAC and nature-based solutions.
- **Clean Energy Standard (CES)**: We believe that a CES which incorporates CCUS and DAC can be an effective policy for reducing CO₂ emissions within the power sector. Our investments in solar power and NET Power, a zero-emissions technology for generating electricity from natural gas, strongly align with a CES.
- **Low Carbon Fuel Standard (LCFS)**: We believe a LCFS regulatory approach should include CCUS and DAC technologies. We believe LCFS programs like that of the state of California are a very effective way to incentivize CCUS and DAC technologies, which are necessary for these programs to successfully achieve their emission reduction goals.

Energy Transition

Oxy was the only U.S.-based energy producer to join a group of multi-national energy companies who jointly developed and agreed upon six Energy Transition Principles and who support incentives that encourage the net-zero transition. We believe this transition will occur more quickly by deploying CCUS and DAC technologies at scale.

The six energy transition principles are:

- **Public Support for the Goals of the Paris Agreement**: publicly support the goals of the Paris Agreement, including international cooperation as a vehicle to ensure these goals can be achieved at the lowest overall cost to the economy.
- **Industry Decarbonization**: In line with each company's individual strategy, ambitions and aims, work to reduce emissions from their own operations and strive to reduce emissions from use of energy, together with customers and society. Companies may measure their contributions using carbon intensity and/or absolute metrics at different points in the value chain as determined by their approach.
- **Energy System Collaboration**: collaborate with interested stakeholders, including energy users, investors and governments, to develop and promote approaches to reduce emissions from use of energy, in support of countries delivering their Nationally Determined Contributions (NDCs) towards achieving the goals of the Paris Agreement.
- **Development of Carbon Sinks**: continue to support and promote development of emissions sinks such as carbon capture, utilization and storage technology (CCUS) and natural sinks.
- **Transparency**: provide disclosure related to climate change risks and opportunities consistent with the aims of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).
- **Industry and Trade Associations**: report information about their memberships of main industry and trade associations and their alignment with the companies' key climate advocacy and policy positions.

Targeted Policies

Flaring: We believe that the routine flaring of natural gas represents a gap in the value chain that must be filled through targeted infrastructure to convey natural gas from field locations to transmission pipelines or gas processing plants or expanded beneficial use of field gas for operational purposes such as reinjection for gas lift or pressure maintenance, compression into a compressed natural gas fuel, or on-site power generation. We were the first U.S. company to join the

World Bank's pledge to achieve [Zero Routine Flaring](#) by 2030. We also support regulations, like those in Colorado and New Mexico, that encourage infrastructure design and development that eliminate or reduce the need for flaring of natural gas.

Methane Regulation: Methane is a greenhouse gas that should be regulated. While we believe that voluntary efforts, including the EPA's Natural Gas STAR program, the Global Methane Initiative and The Environmental Partnership (TEP), help achieve significant reductions in methane emissions by sharing best management practices, regulations create a baseline to consistently control emissions. Our industry can help regulators by sharing data and operating information so that effective regulations are promulgated that ensure producers and their customers, such as utilities, refineries and industrial facilities, use the vast majority of methane for beneficial uses and reduce unnecessary emissions. We supported the efforts by the U.S. Congress in 2021 to restore federal methane regulations under the Congressional Review Act.

Collective Climate Advocacy

From time to time, Oxy joins with other companies to advocate for climate policies aimed at achieving the goals of the Paris Agreement. In addition to the energy transition principles that Oxy endorsed with other leading energy companies (see above), Oxy is a member of the Carbon Capture Coalition and Carbon Utilization Research Council, organizations focused on policies that support the development and deployment of CCUS and DAC technologies, as well as other organizations that support broader climate policies consistent with our climate positions. Where the positions held by the associations, coalitions and other organizations with which we participate differ from our own, we offer our views and engage in constructive conversations to encourage those organizations to incorporate or reflect our views.

For further detail on the associations, coalitions and other organizations with which we participate, and related positions or public statements on climate change, please refer to our website.

Transparency

Transparent approaches to emissions accounting, lifecycle analysis, reporting, and third-party certification are critical to maintaining public trust, as are the transparency of all GHG accounting systems, and the implementation of Article 6 of the Paris Agreement.

Since 2018, Oxy has published a climate-related risks and opportunities report informed by the recommendations of the TCFD and supports TCFD-aligned reporting.

Governance

The policies and guidelines above have been established by Oxy's management and are overseen by the Sustainability and Shareholder Engagement Committee of Oxy's Board of Directors. They are intended to help ensure alignment with Oxy's corporate strategy and core values.



Cautionary Note

THIS POSITION PAPER CONTAINS “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE “SAFE HARBOR” PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, INCLUDING BUT NOT LIMITED TO STATEMENTS ABOUT OXY’S EXPECTATIONS, BELIEFS, PLANS, OR FORECASTS. ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACT ARE “FORWARD-LOOKING STATEMENTS” FOR PURPOSES OF FEDERAL AND STATE SECURITIES LAWS, AND THEY INCLUDE, BUT ARE NOT LIMITED TO: ANY STATEMENTS OF THE PLANS, STRATEGIES AND OBJECTIVES OF OXY FOR FUTURE OPERATIONS OR BUSINESS STRATEGY; ANY STATEMENTS OF BELIEF; AND ANY STATEMENTS OF ASSUMPTIONS UNDERLYING ANY OF THE FOREGOING. WORDS SUCH AS “ESTIMATE,” “WILL,” “SHOULD,” “COULD,” “MAY,” “ANTICIPATE,” “PLAN,” “INTEND,” “BELIEVE,” “EXPECT,” “AIM,” “GOAL,” “TARGET,” “OBJECTIVE,” “COMMIT,” “ADVANCE,” OR SIMILAR EXPRESSIONS THAT CONVEY THE PROSPECTIVE NATURE OF EVENTS OR OUTCOMES ARE GENERALLY INDICATIVE OF FORWARD-LOOKING STATEMENTS. YOU SHOULD NOT PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE OF THIS POSITION PAPER. UNLESS LEGALLY REQUIRED, OXY DOES NOT UNDERTAKE ANY OBLIGATION TO UPDATE, MODIFY OR WITHDRAW ANY FORWARD-LOOKING STATEMENTS AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

ALTHOUGH OXY BELIEVES THAT THE EXPECTATIONS REFLECTED IN ANY OF ITS FORWARD-LOOKING STATEMENTS ARE REASONABLE, ACTUAL RESULTS MAY DIFFER FROM ANTICIPATED RESULTS, SOMETIMES MATERIALLY. FACTORS THAT COULD CAUSE RESULTS TO DIFFER FROM THOSE PROJECTED OR ASSUMED IN ANY FORWARD-LOOKING STATEMENT INCLUDE, BUT ARE NOT LIMITED TO: THE SCOPE AND DURATION OF THE COVID-19 PANDEMIC AND ACTIONS TAKEN BY GOVERNMENTAL AUTHORITIES AND OTHER THIRD PARTIES IN RESPONSE TO THE PANDEMIC; OXY’S INDEBTEDNESS AND OTHER PAYMENT OBLIGATIONS, INCLUDING THE NEED TO GENERATE SUFFICIENT CASH FLOWS TO FUND OPERATIONS; OXY’S ABILITY TO SUCCESSFULLY MONETIZE SELECT ASSETS, REPAY OR REFINANCE DEBT AND THE IMPACT OF CHANGES IN OXY’S CREDIT RATINGS; ASSUMPTIONS ABOUT ENERGY MARKETS; GLOBAL AND LOCAL COMMODITY AND COMMODITY-FUTURES PRICING FLUCTUATIONS; SUPPLY AND DEMAND CONSIDERATIONS FOR, AND THE PRICES OF, OXY’S PRODUCTS AND SERVICES; RESULTS FROM OPERATIONS AND COMPETITIVE CONDITIONS; UNEXPECTED CHANGES IN COSTS; AVAILABILITY OF CAPITAL RESOURCES, LEVELS OF CAPITAL EXPENDITURES AND CONTRACTUAL OBLIGATIONS; THE REGULATORY APPROVAL ENVIRONMENT, INCLUDING OXY’S ABILITY TO TIMELY OBTAIN OR MAINTAIN PERMITS OR OTHER GOVERNMENTAL APPROVALS; RISKS ASSOCIATED WITH ACQUISITIONS, MERGERS AND JOINT VENTURES, SUCH AS DIFFICULTIES INTEGRATING BUSINESSES, UNCERTAINTY ASSOCIATED WITH FINANCIAL PROJECTIONS, PROJECTED SYNERGIES, RESTRUCTURING, INCREASED COSTS AND ADVERSE TAX CONSEQUENCES; GENERAL ECONOMIC CONDITIONS, INCLUDING SLOWDOWNS, DOMESTICALLY OR INTERNATIONALLY, AND VOLATILITY IN THE SECURITIES, CAPITAL OR CREDIT MARKETS; INFLATION; GOVERNMENTAL ACTIONS AND POLITICAL CONDITIONS AND EVENTS; LEGISLATIVE OR REGULATORY CHANGES INCLUDING THOSE RELATING TO THE ENVIRONMENT OR CLIMATE CHANGE; OXY’S ABILITY TO RECOGNIZE INTENDED BENEFITS FROM ITS BUSINESS STRATEGIES AND INITIATIVES, SUCH AS OLCV OR ANNOUNCED GREENHOUSE GAS REDUCTION TARGETS AND NET-ZERO TARGETS; POTENTIAL LIABILITY RESULTING FROM PENDING OR FUTURE LITIGATION; DISRUPTION OR INTERRUPTION OF OPERATIONS OR DAMAGE DUE TO ACCIDENTS, CHEMICAL RELEASES, LABOR UNREST, WEATHER, POWER OUTAGES, NATURAL DISASTERS, CYBER-ATTACKS OR INSURGENT ACTIVITY; THE CREDITWORTHINESS AND PERFORMANCE OF OXY’S COUNTERPARTIES, INCLUDING FINANCIAL INSTITUTIONS, OPERATING PARTNERS AND OTHER PARTIES; FAILURE OF RISK MANAGEMENT; AND ACTIONS BY THIRD PARTIES THAT ARE BEYOND OXY’S CONTROL.

ADDITIONAL INFORMATION CONCERNING THESE AND OTHER FACTORS CAN BE FOUND IN OXY’S FILINGS WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION, INCLUDING OXY’S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2020, QUARTERLY REPORTS ON FORM 10-Q AND CURRENT REPORTS ON FORM 8-K.

Last updated: October 5, 2021