WHEREAS: Investors require information on how Anadarko Petroleum is preparing for the likelihood that demand for oil and gas may be significantly reduced due to regulation or other climate-associated drivers, increasing risk for stranding some portion of its reserves.

Recognizing the severe risks associated with a warming climate, global governments have agreed that increases in global temperature should be held below 2 degrees Celsius. (Cancun). To achieve this goal, the International Energy Agency states that "No more than one-third of proven reserves of fossil fuels can be consumed prior to 2050 …." (2012). HSBC notes that the equity valuation of oil producers could drop by 40 to 60 percent under such a low carbon consumption scenario. (2013). The Bank of England's Governor has also recognized carbon asset risk and the potential for 2 degree climate regulation to "render the vast majority of reserves 'stranded.'" (2015).

In addition to the increasing likelihood of global carbon agreements or treaties, demand for oil is being effected by carbon-related fuel economy standards, air quality policies, competition from renewables, and technology substitution as highlighted, for instance, by China's electric vehicle policy.

Further, global oil demand growth is projected to slow in 2016. (IEA Oil Market Report 2015). The International Energy Agency also forecasts global oil demand will peak by 2020 under a 2 degree scenario. (November, 2014).

Anadarko's investments in high cost projects, including a range of deep and ultra-deepwater projects, make its reserves increasingly less competitive and at higher risk of stranding in a carbon-constrained market. Of note, BlackRock warns that fossil fuel reserves are at risk of being devalued through climate risks and that it is "cautious on companies with high-cost reserves." (*Price of Climate Change*, 2015).

Given the likelihood of increased carbon regulation and associated demand reduction, Anadarko's investments in high cost projects are increasingly at risk of stranding, especially in an over-supplied world market. Investors are concerned that Anadarko is not adequately accounting for these risks, while competitors such as BHP Billiton have begun acknowledging the potential for stranded assets. Investors require additional information on whether and how the company is preparing for these changing market conditions.

THEREFORE BE IT RESOLVED: Shareholders request Anadarko to prepare and publish a scenario analysis report by September 2016, omitting proprietary information, describing how the Company will address the risk of stranded assets presented by global climate change and associated demand reductions for oil and gas, including analysis of long and short term financial and operational risks to the company.

SUPPORTING STATEMENT: We recommend the report:

- Evaluate a range of low-carbon, low-demand scenarios, including a scenario where two thirds of current reserves cannot be monetized before 2050;
- Provide a range of capital allocation strategies for such low-demand scenarios, including diversifying capital investment or returning capital to shareholders;
- Provide information on carbon price and crude oil price assumptions used in each scenario.