



WHEREAS: Climate change, and actions to mitigate and adapt to it, will meaningfully affect the demand for, and costs associated with, carbon-based fuels.

Global action on climate change is accelerating. In November 2016, the Paris Agreement entered into force. Its goal of keeping global temperature rise well below 2 degrees Celsius is already shaping national and global policy decisions.

According to the International Energy Agency (IEA), transportation accounts for more than one fifth of global carbon dioxide emissions, requiring rapid adoption of new technologies to keep temperatures within limits.

The IEA forecasts that electrification of transport will play a critical role in achieving required greenhouse gas reductions. In October 2016, Fitch Ratings described electric cars as a “resoundingly negative” threat to the oil industry and urged energy companies to plan for “radical change.” The CEOs of Statoil and Shell recently predicted that peak demand for oil may occur as early as the 2020s due to electric vehicle adoption. This is consistent with the IEA’s “450 Scenario” which projects global oil demand peaking in 2020.

In June 2016, Moody’s credit rating agency indicated it would begin to analyze carbon transition risk based on scenarios consistent with the Paris Agreement, noting the high carbon risk exposure of the energy sector. The Financial Stability Board’s Task Force on Climate Related Financial Disclosures has indicated that it favors such analysis.

The recent prolonged downturn in oil prices, where oil supplies outpaced demand, underscores the risks associated with investing in complex, high-cost projects such as deep water drilling. This was highlighted in a 2016 report “Unconventional Risks: the Growing Uncertainty of Oil Investments.” (As You Sow). Uncertainty around future demand growth in light of climate change has led competitors like ConocoPhillips to test capital planning decisions against multiple carbon-constrained scenarios to avoid the risk of stranded assets.

The increasing likelihood of public policy action, and the speed of technological advancements to address climate change, make it vital that Anadarko provide investors with more detailed analyses of the potential risks to its business under a range of climate scenarios. While Anadarko’s website notes that “regulatory changes could significantly increase our capital expenditures and operating costs or could result in delays to or limitations on our exploration and production activities,” it has not presented analysis allowing investors to assess the resilience of our company’s portfolios under various carbon-constrained scenarios.

RESOLVED: Shareholders request that by 2018 Anadarko publish an analysis, at reasonable cost and omitting proprietary information, of long term impacts to the Company’s oil and gas reserves and resources under a scenario in which oil and gas demand reduction results from carbon restrictions or related rules or commitments adopted by governments consistent with the Paris Agreement’s 2 degree C global warming target. The reporting should assess the resilience of the company’s portfolio of assets through 2040 and the financial risks associated with such a scenario.