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## *Our Strategy for Sustainability*

*Apache*

2015 SUMMARY  
SUSTAINABILITY REPORT

## OUR MISSION

To grow a profitable global exploration and production company in an innovative, safe and environmentally responsible manner for the long-term benefit of our shareholders.

## CORE VALUES

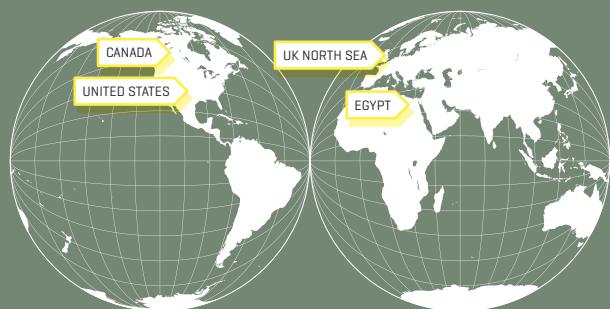
Since 1954, Apache has built a team of dedicated professionals across many disciplines, unified by common principles and a commitment to building shareholder value. Our unique culture empowers every employee to pursue the company's goals with a sense of ownership and the knowledge that the best answers win.

Our core values are:

- Expect top performance and innovation;
- Seek relentless improvement in all facets;
- Drive to succeed with a sense of urgency;
- Safety is not negotiable and will not be compromised;
- Invest in our greatest asset: our people;
- Foster a contrarian spirit;
- Treat our stakeholders with respect and dignity;
- We derive benefit from the Earth and take our environmental responsibility seriously; and
- Conduct our business with honesty and integrity.

## OPERATIONS

Based in Houston, Texas, Apache Corporation has grown to become one of the world's top independent oil and gas exploration and production companies. Our asset portfolio includes operations in the United States, Canada, Egypt's Western Desert and the United Kingdom's North Sea.



## PRODUCTION SPOTLIGHT 2014

1,554

NATURAL GAS PRODUCTION [MMCF/D]

387

OIL & NGL PRODUCTION [MBOE/D]

2,396

PROVED RESERVES [MMBOE]

2014 production data includes contributions from the Australia Region, Wheatstone and Kitimat LNG assets, certain Canada Region assets, certain Central Region assets, and certain Gulf Coast assets which have since been sold.

## THE 2015 SUMMARY SUSTAINABILITY REPORT

Welcome to Apache's 2015 Summary Sustainability Report. To see the full 2015 Sustainability Report online, please visit the Apache website at [www.apachecorp.com/Sustainability](http://www.apachecorp.com/Sustainability), or scan the QR code with your mobile device. The online report offers additional information and data.



## MEDIA OR OTHER STAKEHOLDER INQUIRIES

Members of the media and other external stakeholders are welcome to contact Apache's Public Affairs office for inquiries or other information about the company. These requests may be directed via email to [media@apachecorp.com](mailto:media@apachecorp.com).

## APACHE WEBSITE

[www.apachecorp.com](http://www.apachecorp.com)



# *Letter from the CEO*



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**“Apache’s commitment to operate as a good neighbor while employing sustainable practices in environmental, safety and governance areas is a cornerstone of our philosophy and culture.”**

**John J. Christmann, IV**

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**2014 marked Apache Corporation’s 60-year anniversary. Throughout our history, we have remained committed to our core values while consistently demonstrating our ability to adapt quickly and decisively to changes in market conditions.**

Recent changes in the commodity markets have proven challenging for the oil and natural gas industry. In response to the current downturn, Apache has had to make several adjustments to ensure it is well positioned to weather the storm. Portfolio refinements, an intense focus on lowering overall costs and strengthening our balance sheet have reinforced our position.

As we have adjusted to a changing commodity landscape, Apache’s dedication to being an innovative, safe and environmentally responsible operator has not wavered. Throughout the years, we have remained committed to financial discipline, a low-cost structure, diversity of assets, and safe and environmentally responsible operations. Apache’s time-tested commitment to these principles underpins our ability to deliver long-term growth and profitability.

Apache’s operations are characterized by a responsibility to seek out and establish progressively more sustainable practices in the areas of governance, the environment, professionalism in the workplace and outreach in the communities where we operate for the benefit of our employees, stakeholders and neighbors.

Over the past several years, Apache has made significant improvements in corporate governance. The company has active engagement programs with its shareholders to facilitate dialogue and feedback on topics related to environmental, social and governance (ESG) issues.

Apache is at the leading edge when it comes to water management and impact-mitigation technologies and practices. Beyond our efforts to reduce freshwater use throughout our operations, we are also an industry leader in striving to utilize safer chemicals. Apache believes that advances in chemistry, technical processes and sustainable chemical use are possible with competitive cost performance.

We believe our greatest asset is our people. We offer competitive wages and a commitment to hiring locally whenever possible. We value our employees and see their safety and that of our communities as our top priority. In local communities, we recognize our important role and remain focused on being a good neighbor. We actively seek to engage with local communities and solicit feedback. Apache is also committed to community outreach through efforts such as employee volunteering and corporate donations. We have adopted a “give where we live” approach to outreach and have made notable contributions to deserving organizations in every area where we are active.

Apache’s commitment to operate as a good neighbor while employing sustainable practices in environmental, safety and governance areas is a cornerstone of our philosophy and culture. While the industry is in the midst of a challenging downturn, these principles remain a primary focus. Apache plans to emerge from the slowdown as a stronger company with our principles and commitments firmly intact.

We’re proud of the progress we continue to make and invite you to learn more in the pages that follow. We look forward to continuing the dialogue with our stakeholders and welcome your feedback.

**John J. Christmann, IV**

Chief Executive Officer and President

# *Our Strategy for Sustainability*

The relentless pursuit of operational excellence has been an Apache hallmark since the company's founding in 1954. Our commitment to the environment, good governance, health and safety, and the communities where we live and work is no less imperative.

While Apache's portfolio has evolved over time, we have retained a strong commitment to sustainability. With an eye to the future, we remain dedicated to operating responsibly and building lasting relationships through an emphasis on safety, the environment, community outreach and rewarding careers.

## **ABOUT THIS REPORT**

In Apache's 2015 Sustainability Report, we have reported on our performance in governance, economics, environmental stewardship, health and safety in the workplace and community involvement.

This report was prepared using the Global Reporting Initiative [GRI] Sustainability Reporting Guidelines. GRI is a non-profit organization that promotes economic, environmental and social sustainability. Its comprehensive sustainability reporting framework is widely used around the world.

We also used as a reference the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting by the International Petroleum Industry Environmental Conservation Association [IPIECA], the American Petroleum Institute [API] and the International Association of Oil & Gas Producers [OGP].

Another reference used was *Disclosing the Facts: An Investor Guide to Disclosing Risks from Hydraulic Fracturing Operations* published by the Investor Environmental Health Network and the Interfaith Center on Corporate Responsibility.

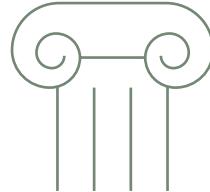
The 2015 Sustainability Report is available on the company website at [www.apachecorp.com/Sustainability](http://www.apachecorp.com/Sustainability). The website offers an expanded version of the printed report with additional information and data.

## **QR Codes**

QR codes are placed in this report to provide our readers with access to additional information that could not fit here. Once scanned with a smartphone or tablet camera, the codes prompt your device to open a Web page or play a video that will provide additional disclosure on our sustainability efforts.



# Governance



## Over the past five years, Apache's board of directors has steadily updated its governance profile.

Apache hosts numerous meetings every year for shareholders focused on environmental, social or governance (ESG) issues. We also invite peer companies to increase the in-person engagement.

Apache's CEO meets every year in person with our active shareholders in a multi-hour, unrestricted discussion on ESG issues. A number of our board members have been speakers at major ESG conferences, enabling further in-person discussion.

### BOARD OF DIRECTORS

All of Apache's non-employee directors, including the board chair, are independent under each of the three relevant standards: those of the New York Stock Exchange, the NASDAQ National Market, and the Securities and Exchange Commission. Only Apache's CEO — who does not serve as board chair — is deemed to be non-independent under these standards.

#### Board Engagement

To further encourage director-shareholder communication, each year Apache organizes the Women in Governance round table. This brings together women who sit on the boards of major public companies and the women from global institutional investors who elect them. The event is designed to enhance in-person, nonconfrontational director-shareholder conversations.

#### Board Committees

Apache's board has three standing committees, each devoted to a separate aspect of risk oversight.

The Audit Committee members include individuals with the key types of financial expertise important for our company: that of a former energy company CEO, that of a former energy company CFO and that of leading energy investors and bankers.

The Management Development and Compensation committee has overseen a major overhaul of our compensation practices, as well as substantial management refreshment that includes our new CEO, CFO and other key officers.

The Corporate Governance and Nominating Committee has overseen robust board refreshment and undertaken annual board evaluations. Eight members were appointed in the past five years, and the board's diversity encompasses — among other elements — race, gender, age and experience. All board members

are subject to a mandatory retirement age of 75, and all take part in thorough annual evaluations.

### SHAREHOLDER ENGAGEMENT

Apache's board members are accessible to shareholders at a variety of events. Additionally, the board chair and his colleagues, who chair the compensation and governance committees, engage with shareholders individually in nearly 100 meetings per year. They can also be contacted through the corporate secretary, who forwards communications to the independent directors as appropriate.

#### CEO Engagement

In addition to the engagement undertaken by non-executive directors, Apache's CEO maintains an active schedule of meetings and communications with shareholders. Annually, he holds a one-on-one meeting with our "lead active shareholder," who is designated by a group of our more involved shareholders to discuss issues, progress on previous targets and goals for the coming year. That meeting is followed by a larger one of all active shareholders, who can get direct answers to questions on any subject.

#### Management Engagement

Apache also employs a senior corporate policy and governance officer, who meets individually and in person with the majority of the company's 200 largest shareholders and speaks to many more individually by telephone or at meetings. Apache technical experts meet periodically throughout the year with shareholders and ESG nongovernmental groups to discuss topics of interest.

#### Political Contribution Disclosures

To further improve disclosures, we post political contributions and expenditures online. Our political expenditures and lobbying policy prohibits corporate contributions to political candidates and 527s. The disclosure includes corporate payments to U.S. Political Action Committees, political parties, contributions in connection with state or local ballot measures and payments of \$50,000 or more to U.S.-based 501(c)(4) and 501(c)(6) groups. In addition, the company provides a listing of political contributions made by the Apache Corporation Political Action Committee, the employee-funded PAC, as well as a link to the company's federal lobbying expenditures filings.



Scan the QR code for  
more on Governance



# Economic Performance

## TAKING A STAKE IN OUR COMMUNITIES

**Meaningful investment in the communities where we operate has always been a part of the Apache legacy.**

We look for a variety of ways to positively contribute on the local level. Community investment may include service purchases and infrastructure support. For example, Apache funded the replacement of individual safety kits and waterproof gear for the local Peterhead Lifeboat Station crews along the northeast coast of Scotland. In Texas, we provided a matching donation to the Missions on Wheels organization, which maintains mobile emergency-support equipment that can respond quickly to disasters in the region. Their bunkhouse trailer was deployed to Bastrop County following devastating floods over the 2015 Memorial Day weekend. We also have supported many local volunteer fire departments by assisting them with the purchase of equipment and supplies.

Apache has a long legacy of providing aid in response to disasters. In Sand Springs, Oklahoma, we made a financial donation to a local community services organization to meet critical needs for food, water and housing in the wake of a tornado and heavy storms that impacted the area in March 2015.



## LOCAL HIRING

Apache focuses on hiring qualified individuals residing in the areas where we operate, including the United States, Canada, Egypt and the United Kingdom. Not only is it beneficial for the communities, but it also makes economic sense for us.

We offer competitive wages and benefits, and our hiring practices in all operating regions provide for proper notification of open positions and selection based on criteria specific to the job requirements. Regularly participating in region-specific salary surveys ensures that we provide competitive wages and attract and retain top talent. In all locations, Apache complies with local labor laws and makes adjustments to compensation enhancements based upon the surveys.

Apache's philosophy for maintaining a driven and conscientious workplace starts with hiring qualified and motivated employees. We tailor our hiring policies and procedures to the needs of local markets, which allows us to attract the right people for the right jobs while also training individuals to fill open positions.

To keep employees energized and engaged, Apache promotes personal development through relationship building between coworkers; implementation of individual growth plans, including education, personal growth and work-life balance; providing the tools necessary for employees to excel at their jobs; ensuring a safe work environment; and offering competitive compensation programs.

## LOCAL SPENDING

Apache makes a point to develop strong relationships with local suppliers and contractors to source goods and services locally when possible. Our operating regions spend on average approximately 27 percent of their budgets with suppliers and vendors who are geographically local. For example, Apache supports the local and First Nation business communities in Alberta, Canada.

While many products and services for the oil and gas industry are commonly provided by large suppliers — such as offshore rigs, turbines, wellhead equipment and steel pipe — much of what Apache buys comes from local businesses. Welding services, water hauling, roustabout crews, construction crews and civil project installation crews are a few of the categories in which the company procures goods and services from local suppliers.

We embed supply-chain personnel in each region, to further our efforts to involve the local community and suppliers in our business. Potential suppliers and their capabilities are assessed primarily using a cost approach. In addition to price, environmental health and safety requirements, technical capabilities, product quality, service quality and financial qualifications are part of the vendor-selection decision. Supplier selection takes into account regulatory and company policies regarding local hiring, support of indigenous peoples and the local economy. Apache complies with specific supplier-related requirements in each country where we operate.

Contracts for goods and services typically include requirements for supplier compliance with applicable local laws and regulations in areas such as safety, health, human rights, environment, process safety, drug and alcohol use, business ethics, conflicts of interest, the Foreign Corrupt Practices Act, the U.K. Bribery Act and other applicable anti-corruption laws.

Company contracts include language to ensure compliance with the U.S. Office of Foreign Assets Control and the U.S. Patriot Act regulations since the passage of those laws.

#### LOCAL HIRING 2014

Region	Employees	National Employees in Other Locations	Expatriate Employees	% of National Employees
Australia*	378	10	5	98.67%
Canada	686	39	15	97.81%
Egypt	4,071**	1	109	97.32%
North Sea	697	7	18	97.41%
United States	2,738	103	13	99.52%
<b>TOTAL</b>	<b>8,570</b>	<b>160</b>	<b>160</b>	

This chart does not include contract staff in each region that are typically nationals.

\* Australia assets were sold in June 2015.

\*\* Includes joint-venture employees.

#### LOCAL VENDOR SPENDING 2014

Region	Total Spending	Local Spending	% Local
Australia*	\$ 1,088,499,193	\$ 239,460,120	22%
Canada	\$ 1,327,217,999	\$ 777,181,914	58%
Central	\$ 1,608,843,719	\$ 326,143,524	20%
Corporate	\$ 277,142,076	\$ 102,973,169	37%
Egypt	\$ 1,114,699,413	\$ 297,055,714	27%
Gulf of Mexico	\$ 1,348,427,486	\$ 297,034,550	22%
North American Unconventional Resources	\$ 19,684,259	\$ 3,366,179	17%
New Ventures	\$ 51,261,750	\$ 6,825,258	13%
North Sea	\$ 457,912,422	\$ 105,820,335	23%
Permian	\$ 3,630,149,669	\$ 895,786,242	25%
<b>TOTAL</b>	<b>\$ 10,923,837,985</b>	<b>\$ 3,051,647,003</b>	<b>28%</b>

Local vendors are defined as vendors local to the geography.

\*Australia assets were sold in June 2015.



Scan the QR code for more on Economic Performance



# Environment



**Apache's commitment to environmental stewardship is a core value that guides our operations and interactions in the communities where we operate.**

## ENERGY

### Walking the Walk

Apache recognizes the significant environmental benefits achieved by increasing the use of natural gas as a transportation fuel, which is why we see converting engines to run on CNG (compressed natural gas) as a priority. With company-managed CNG stations in cities where we operate in Texas, Oklahoma, New Mexico and Louisiana, a significant portion of our fleet and even some employees' vehicles have been converted to use cleaner-burning natural gas. Apache has converted approximately half of its U.S. fleet. Additionally, we have donated funding to charitable organizations and local municipalities to allow them to convert their vehicles and save on fuel costs while also reducing emissions.

In the field, Apache has taken steps to increase the use of natural gas in our operations. Some of our rigs in Texas have been fitted with blending kits enabling them to operate on a mix of natural gas and diesel fuel. We are also using locally produced natural gas to power production equipment in rural New Mexico, where access to the electrical grid isn't an option. Not only are we significantly lowering our fuel costs, we're also reducing our emissions.

## BIODIVERSITY

### The Intersection of Art & Nature

Established by Apache co-founder Raymond Plank in 1981, the Ucross Foundation in Ucross, Wyoming, is a 20,000-acre working cattle ranch where artists, writers and composers are provided free residency and space to work. Part of the attraction for these visitors are the birds that fill the landscape, such as bald eagles, great blue herons, bobolinks, owls, the greater sage grouse and the Swainson's hawk. Either on a full-time basis or only as visitors themselves during their migratory journeys, these birds call Ucross home.

Through collaboration between Apache, the ranch and the foundation, a local bird expert was successful in getting Ucross listed as an Important Bird Area (IBA). An IBA distinction, administered by the National Audubon Society, is an effort to identify and conserve areas that are vital to birds and other biodiversity. Habitat loss and fragmentation have threatened bird populations,

but having the opportunity to identify and implement conservation strategies can help minimize the impact.

Data collection and research of the birds and habitats on these ranchlands can help lead to the establishment of science-based priorities for habitat conservation and promote positive action to safeguard critical habitats. Carefully documenting and conserving an element of the creative inspiration at Ucross is an important collaboration that can help provide species protection for years to come.

## Protecting Against Harm

Gathering and analyzing seismic survey data plays a vital role in our industry. Where Apache's exploration efforts are offshore, we are extremely cognizant of the fact that we share the environment with marine life. Apache is steadfast in its commitment to protecting habitats wherever we explore, and incorporates this commitment through assessment and mitigation in the planning and execution of our seismic activities.

Consistent with best practices for wildlife protection, initial volumes from the sound emitters used in the process are gradually increased from the softest possible signal to the operating volume. This alerts the marine animals and allows time to relocate before the process begins.

While we have never observed any evidence of harm to marine mammals from our seismic acquisition, we mobilize experienced, certified marine-mammal observers on the ship during operations to look for signs of mammals in the area. When exclusion zones are so large that it's impossible to observe the entire zone



from the surface — such as in offshore Alaska — observers may also use fixed-wing aircraft or helicopters. Sighting of marine mammals coming within the exclusion zone automatically triggers an immediate shutdown of seismic operations. The information gleaned from these observations can lead to a much better understanding of animal behavior and location.

During work in Suriname, Apache also incorporated passive acoustic monitoring in seismic data gathering to detect and classify marine mammals vocalizing underwater, even when they were not seen on the surface. In addition to marine mammals, the work included a stop provision for a sea turtle species that inhabited the region. Incorporating the latest technology and tools into our seismic operations helps protect vital marine ecosystems.

#### **Restoring Habitat**

Apache is sensitive to the need to restore habitat after its operations have concluded in an area. For example, a platform at Ship Shoal 26 in the Gulf of Mexico had reached the end of its life and was required by law to be removed. Exploration and production coexists with sport fishing so well in certain places, particularly in south Louisiana, that this area, known as the Pickets, has long been a popular fishing destination. For decades, anglers leaving out of Terrebonne Parish ports came to depend on the Pickets for speckled trout. With the success of artificial reefs in other parts of the Gulf of Mexico, the platform's decommissioning was an opportunity to install a new reef through effective collaboration.

Apache joined with the Coastal Conservation Association, the State of Louisiana and Fieldwood Energy — which had acquired certain assets from Apache, including Ship Shoal 26, in 2013. After the structures and pilings from Ship Shoal 26 were removed, concrete was used to create three artificial reefs, essentially replacing the habitat that was removed. As a result, the thriving aquatic ecosystem, which is a hot spot for saltwater anglers, was preserved.

#### **EMISSIONS**

##### **Research is the Key**

Important work is going on at Houston's Rice University to enhance carbon capture. Supported by Apache, Rice University scientists have discovered a method to capture carbon from natural-gas production streams and other sources with an environmentally friendly material. Buckyballs, the soccer-ball-shaped Carbon-60 molecules discovered at Rice, play an integral role when combined with amine-rich compounds.

#### **DECLINING FIELD EMISSIONS INTENSITY 2010–2014**

10	10,900,000	28
11	13,100,000	26
12	10,200,000	24.8
13	9,900,000	23.8
14	8,500,000	22.8

- Total Field CO<sub>2</sub> Emissions [in metric tonnes]
- Emissions Intensity Tonnes of CO<sub>2</sub> per 1,000 barrels of oil equivalent (MBOE)

#### **CUTTING EMISSIONS**

35% ↓

Apache's greenhouse gas [GHG] emissions worldwide have decreased 35 percent since 2011, while company oil and gas production has decreased 7.8 percent.

12.3% ↓

Global emissions intensity [tonnes CO<sub>2</sub>/MBOE produced] has decreased 12.3 percent since 2011.

300K

In 2014, Apache completed 796 individual projects to reduce venting or increase operational efficiency, accounting for an annual reduction of 300,000 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e).

52% ↓

Venting emissions have decreased 52 percent since 2011.

# Environment

The Rice lab was able to produce a compound that may be suitable for capturing carbon dioxide at wellheads because it absorbs one-fifth of its weight in carbon dioxide, but does not absorb any methane. Research is continuing into how the compound's capacity and rate of absorption can be improved.

Efforts at Rice University may ultimately lead to lower costs and reduced emissions in the atmosphere. Others in the scientific and academic communities and industry are also working to find low-cost options through new technology for carbon-dioxide separation.

## **The Methane Detectors Challenge: Solutions Taking Shape**

Competitors have come a long way in the Methane Detectors Challenge, an industry contest promoted by Apache, industry peers, the Environmental Defense Fund and other nonprofit, university and government agencies. Designed to bring about new detection systems that can be commercially deployed to help the industry quickly find and repair methane leaks, five promising entries among 20 received from across the globe were selected for initial testing at the Southwest Research Institute in San Antonio, Texas. The first round of lab testing produced results showing that the technologies generally performed well in detecting concentrations of methane, and led to a selection of four of the technologies to advance to a second round of testing.

The next phase of testing will include more intensive evaluation and could lead to industry pilot purchases and deployment in the field. The partners are hopeful that the competition will eventually result in new, inexpensive technologies for monitoring.

## **WATER**

### **Protecting a Precious Resource**

Producing natural resources like oil and natural gas should not result in an unsustainable demand on another vital resource – water. Apache is striving to reduce its demand for freshwater, an effort that was recognized by the Brazos Valley Groundwater Conservation District, which named Apache its Industrial Groundwater Conservationist of the Year in 2014.

While water is necessary to our operations, Apache strives to find alternatives that are innovative and support the quality of life in local communities. For example, Apache worked with the City of College Station and the Texas Commission on Environmental Quality to purchase effluent, or highly treated wastewater, from

the city's treatment plants. As a result, we have the potential to avoid using up to approximately 1.2 billion gallons of groundwater per year, leaving it available for other beneficial uses.

In addition to decreasing the demand for water from local aquifers, we've also implemented several of the water-recycling techniques we developed in water-sensitive West Texas. By utilizing these techniques, we'll be able to collect, store and treat produced and flowback water — as well as the treatment-plant effluent — and then transport it all by pipe to company drilling sites, further alleviating the need for trucks normally used for transportation.

## **WATER RECYCLED AND REUSED 2010–2014**

10	92,589	64%
11	134,045	75%
12	92,400	45%
13	98,640	52%
14	87,025	45%

- Total volume recycled/reused [ML/YR]
- Total volume recycled/reused as a percentage of withdrawals [%]



Scan the QR code for more on Environment



## **CHEMICALS**

### **Continuous Review**

Evolving practices in the field, along with Apache's commitment to continuous improvement, are helping the company reformulate the chemicals that are used in the fracturing process. Apache remains focused on creating new, greener chemical combinations. With chemical innovations, we can boost production, cut costs and reduce the risk of environmental impacts.

The company has dedicated expert staff who promote the use of best technologies for sustainable cost performance while auditing systems used by service companies.

One of the steps the company has taken is to develop and employ a continuous-improvement review process concerning the chemicals used in hydraulic fracturing, including reviewing internal sources and FracFocus, an industry chemical-disclosure registry. The company has developed a line of sustainable hydraulic-fracturing components and suggested formulas that can be adopted by vendors in appropriate operations.

### **Risk-Reduction Strategies**

As Apache strives to lower chemical volumes and reduce the risk of environmental impact, we incorporate a number of risk-reduction strategies including:

- Reducing overall chemical volume;
- Reducing volatile organic compound [VOC] emissions;
- Reducing the use of certain chemical components, such as diesel (the usage of which has been eliminated in the U.S.), BTEX (a group of toxic chemicals including benzene and toluene) and EPA-listed endocrine disruptors and carcinogens;
- Lowering the chemical volumes hauled by trucks;
- Improving usage strategies, including the use of chemical components that pose less risk of bioaccumulation and are more biodegradable.

Water and sand typically make up 98 percent or more of the hydraulic fracturing fluid, with the exact formulation varying somewhat from well to well.

A few noteworthy developments in reducing chemical risks have resulted from new technologies for friction reducers and scale inhibitors. Apache is experimenting with replacing liquid friction reducers and scale inhibitors with powdered materials. These



powdered materials will reduce the required friction reducers and scale inhibitors volume by two-thirds and one-sixth, respectively, by eliminating carrier solvents and additional chemicals.

Powdered materials also will reduce emissions of volatile organic compounds caused by friction reducer and scale inhibitor use. Plus, the lower volume of chemicals will result in fewer trucks on the road, meaning fewer traffic accidents and less carbon emissions. An added benefit of using powdered materials is their ease of handling and containment, further reducing the risk of environmental impacts.

Apache is developing new technology to reduce risk, such as producing certain chemicals on-site, thereby eliminating the need to transport them.

These initiatives have resulted in reducing chemical volume and environmental risk relating to friction reducers, scale inhibitors, biocides, surfactants and acid corrosion inhibitors.

From 2012 through 2014, Apache's North American regions achieved a 30 to 40 percent reduction in chemical volumes used in hydraulic fracturing.

To further the use of greener chemistry in oil and gas operations, Apache is promoting industry collaborations. Company personnel have taken a leadership role in a Society of Petroleum Engineers working group on safer chemicals and are active in one of the American Chemistry Society's Green Chemistry Institute forums on greener chemicals in hydraulic fracturing. It is our hope that our work in these forums will lead to further risk reductions.

# Our Workplace



## EMPLOYMENT

### Our People, Our Culture, Our Success

**People are our most vital resource. Our growth and success over the years are the result of a talented pool of employees who have challenged themselves, taken risks and found opportunities. Our employee base represents a dynamic diversity of races, religions and cultures reflecting the communities in which we operate.**

Apache employees across the globe possess a common set of core values that pervades our entire corporate structure. Our culture is one of our greatest advantages, and it has been fostered in all of our regions by a workforce that reflects the company's emphasis on top performance and conducting business with honesty and integrity.

Hiring local people, including indigenous individuals, helps ensure that our operations are conducted in alignment with local values. Training and ongoing development provide preparation for one of our most basic principles: change is the only constant. The values and success of our employees are the foundation of Apache's strong position in the energy industry.

## OCCUPATIONAL SAFETY AND HEALTH

### Safety First

Being positioned for success requires putting safety at the forefront of all that we do. Apache continues to make strong progress toward its goal of zero incidents and injuries across the workforce. Rates in 2014 were down across the board for Total Recordable Incidents, Days Away Restricted or Transferred and Vehicle Incidents.

Policies, procedures, guidelines and systems are rigorously maintained and regularly reviewed to enhance Apache's worldwide Health, Safety, Security and Environmental Standards [HSSE]. One example of HSSE awareness is the emphasis we put on hazard identification. Employees receive training to identify various potential hazards at the worksite and techniques to eliminate or control them.

Another example is the heightened focus Apache has placed on driver safety across our U.S. fleet of vehicles. Apache deployed a fleet-management solution with enhanced communication technology to monitor vehicle operations and help reduce at-risk driving behaviors. Our "connected fleet" is helping the company experience fewer incidents, while also reducing our emissions through new technology that identifies opportunities to decrease excessive idling.

At Apache, our commitment to safety extends to our contractors. Contractor safety performance has continued to improve in comparison to the five-year average.

Apache uses various third-party databases and company protocols across the organization to evaluate potential contractors before hiring. All contractors working for Apache are required to have written safety and environmental programs and procedures in place. Apache also has developed specific environmental, health and safety training requirements for all contractors.



## SAFETY IS NOT NEGOTIABLE

Apache is committed to HSSE operational excellence, the framework which provides the basis for a safe workplace, asset integrity and environmental responsibility. It is comprised of three components:

- AIM for ZERO empowers the workforce to influence the workplace and continuously improve by providing ideas and suggestions to prevent harmful incidents and encourage the reporting of hazards and near misses. We empower our workforce to make the right decisions every time.

- Apache's Cultural Behaviors model details behavioral expectations of employees on every level. We know that it's what we do that matters, so understanding and following certain behaviors ensures safely completing work activities while protecting the environment.
- Work Rules define the expectations of the workforce. We are constantly focused on working safer and smarter and the Work Rules are a condition of employment that apply to both employees and contractors.

Apache's strategic focus remains the same: To build a global, diversified portfolio of oil and gas properties with a focus on high-value, high rate-of-return activities balanced by strong commitments to the environment, health and safety and community. We utilize a variety of tools to track our progress, including the utilization of third-party independent auditing of operations in Canada, Egypt, the Gulf of Mexico and the North Sea. Buy-in at every level of the company is critical and is modeled by Apache's leadership team. In fact, Apache links the achievement of certain HSSE goals to the executive incentive program, which is publicly reported in our proxy statement.

#### **HEALTHY IS HAPPY**

We have a responsibility toward our employees that goes beyond the workplace. The company's global wellness programs offer health services and resources to encourage employees to adopt healthy lifestyles for themselves and their families.

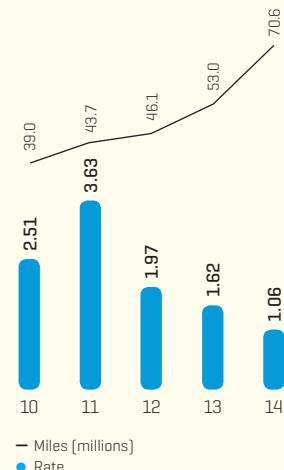
Enhanced technology and a company-wellness platform provide an easy way for employees to connect and track their own health data while also integrating social-fitness applications. In regional offices, Apache shapes fitness and wellness programs to fit the employee base and takes into consideration those employees working in the field.

#### **2014 PERFORMANCE VS. 5-YEAR AVERAGE**

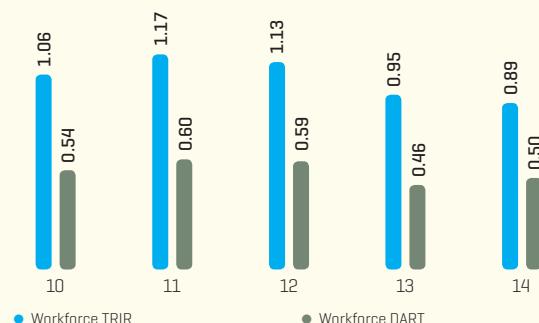


#### **VEHICLE INCIDENT RATE**

Incidents per million miles driven

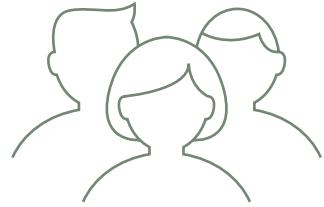


#### **WORKFORCE SAFETY PERFORMANCE**



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# Society



## STAKEHOLDER ENGAGEMENT

### Engagement Process

**Apache understands that, while our operations are relatively short-lived, they can create sporadic and temporary inconveniences. We appreciate the people who live, work and play in the communities where we operate, and we treat them with the dignity and respect that a neighbor deserves.**

Because the communities and regions in which we operate vary across the globe, Apache doesn't maintain a single, rigid policy for handling community interaction. We address every situation in each region where we operate in the same way: on a case-by-case basis, factoring all unique circumstances and sensitivities into our decision making.

The overall guiding principle is to minimize impacts from the outset. We thoughtfully work out the logistics so as to avoid or minimize issues such as traffic congestion. During the pad-siting process, we take multiple factors into consideration, including accessibility and road condition. We will often test-drive a proposed route in the region to get a ground-level view of the situation and any potential concerns, such as vulnerable roads, residential density and other factors.

### Grievance Mechanism

We maintain a variety of outlets through which we receive stakeholder feedback, including a toll-free phone number, email, community meetings and personal interaction. That feedback is funneled to the correct company representative in the region. All inquiries are treated uniquely and receive a thorough, individualized investigation to determine the underlying details, along with appropriate resolutions. The company representatives then work to solve the situation internally, if possible, or address it externally, if necessary, to provide a timely response to the inquiry.

While we value receiving feedback directly from community members through our various outlets and address them individually, we also maintain regular and open communication with regional officials. This creates a friendly and proactive dialogue that promotes informal feedback and questions.

We are in the process of developing a more comprehensive stakeholder-tracking system to manage all aspects of our external engagement. All engagement is input into a software system that sets out a comprehensive follow-up matrix. The system allows for an organized and appropriate response to all engagements.

### Community Impacts: Traffic and Roads

After we commit to a pad location, we develop approved routes for heavy trucking that are as direct as possible to reduce the potential for widespread disturbance and traffic congestion. We then require all heavy trucks servicing the location to utilize that route in the most efficient ways possible.

# AIM CENTER

Apache Incident Management

### HOW TO CONTACT US

**1-855-296-6400**

[http://www.apachecorp.com/contact\\_us](http://www.apachecorp.com/contact_us)



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When objections arise concerning our operations, such as road tidiness or damage, we look into them and propose suitable responses. When appropriate, we'll offer to clean or repair roads. In 2014, we partnered with industry peers and local officials to provide rock for road maintenance in several rural Oklahoma counties.

### **CORPORATE OUTREACH**

Apache's community outreach programs support many charitable and civic organizations around the world. Apache's approach to giving back in the communities where we operate centers on a simple philosophy to "give where we live." We take pride in a corporate outreach program that is employee-driven, enabling and empowering employees to direct where their volunteer hours and corporate dollars go within local communities.

One of the more popular charity events sponsored by Apache is the Tour de Houston fundraising bike ride that benefits the nonprofit Houston Parks Board and its efforts to reforest the city. In Midland, Texas, Apache is the lead sponsor of the Bike MS: Cactus & Crude, a 150-mile ride that raises about \$300,000 annually to combat muscular dystrophy.

Another charitable program popular among Apache employees is Habitat for Humanity. Each year, volunteers gather to build a home for a family in need of affordable housing. During 2015, Apache is working on its seventh sponsored home for Habitat.

One of the company's most successful and widely known community outreach programs is our tree giveaway program. Since donating our first seedling in 2005, Apache has provided more than 4 million trees to nonprofit organizations in 16 U.S. states to help improve wildlife habitats, restore storm and fire damage and enhance communities where we operate. In 2014, the company established Trees for Tots in Houston's Memorial Park where employees can plant trees to celebrate the birth or adoption of a child.

### **Regional Outreach**

Apache's "give where we live" philosophy extends to its international operations as well.

In Suriname, for example, Apache actively supports educational and residential facilities for disadvantaged youth. Over the past three years, Apache has committed \$300,000 to a variety of care institutions there.



### **Promoting Quality Education**

Two of its most notable education endeavors, Fund for Teachers (FFT) and Springboard, annually impact thousands of teachers and their students, both locally and abroad.

Founded by Apache in 2001 as a local program to encourage teachers, FFT is now a national nonprofit that invests in teacher training by awarding grants for personalized, professional development. More than 6,500 teachers have used \$23.5 million in FFT grants to participate in travel-based learning that will benefit their students when they return.

Another initiative Apache founded in response to an educational need is Springboard, which was established to provide educational opportunities to underserved populations. It solicits private contributions to build schools to support the Girls' Education Initiative of Egypt's National Council for Childhood and Motherhood. Through Springboard, Apache has built 201 one-room schools attended by about 7,000 girls in remote and rural areas of the country where educational opportunities for girls are scarce.

### **Financial Commitment**

In addition to donating their time, Apache employees also donate financially to various charitable causes. Under the company's matching-gifts program, employees can have their contributions matched by the company. In 2014 employees donated more than 2,100 gifts totaling \$1.1 million in personal funds that were matched dollar for dollar by Apache for an overall total of \$2.2 million donated worldwide through the program.

# Performance Summary

## ENVIRONMENTAL HIGHLIGHTS

	2014	2013	2012
Greenhouse Gas Emissions [metric tons CO <sub>2</sub> equivalent]	8,500,000	9,900,000	10,200,000
Emissions Intensity [CO <sub>2</sub> equivalent/MBOE]	22.8	23.8	24.8
Flared and Vented Gas [metric tons CO <sub>2</sub> equivalent]	2,340,000	2,640,000	3,580,000
Energy Use [Mwh]	5,400,000	10,740,000	10,852,600
Water Use [ML/YR]	194,234	188,587	204,715
Hydrocarbon Spills to Environment [>1 barrel]	432	418	446

## SAFETY HIGHLIGHTS

	2014	2013	2012
Work-restricting Incident Rate			
Employees	0.20	0.10	0.15
Contractors [lost-time and restricted-duty injuries per 200,000 work hours]	0.61	0.58	0.75
Recordable Incident Rate			
Employees	0.38	0.35	0.38
Contractors [incidents requiring medical treatment per 200,000 work hours]	1.08	1.15	1.39

## FINANCIAL HIGHLIGHTS

[Dollars in millions, except per share data]

	2014	2013	2012
Revenues	\$ 13,851	\$ 15,560	\$ 16,564
Income from Continuing Operations Attributable to Common Stock	(4,886)	2,380	1,911
Diluted Net Income from Continuing Operations per Common Share	(12.72)	5.97	4.89
Adjusted Earnings*	3,170	3,767	4,651
Adjusted Earnings per Diluted Common Share*	7.92	9.48	11.83
Net Cash Provided by Operating Activities	8,379	9,603	8,281
Changes in Operating Assets and Liabilities	218	[67]	1,692
Cash from Operations Before Changes in Operating Assets and Liabilities*	\$ 8,597	\$ 9,536	\$ 9,973
Total Assets	\$ 55,952	\$ 61,637	\$ 60,737
Long-term Debt	11,245	9,672	11,355
Total Equity	28,137	35,393	31,331
Cash Dividends Paid per Common Share	1.00	0.80	0.68

## OPERATIONAL HIGHLIGHTS

[Dollars in millions]

	2014	2013	2012
Total Capital Expenditures	\$ 12,984	\$ 12,047	\$ 14,608
Natural Gas Production [MMcf/d]	1,554	1,910	2,080
Oil and NGL Production [Mbbls/d]	387	400	384
Proved Reserves [MMboe]	2,396	2,646	2,852

## EMPLOYMENT

[full-time; discontinued operations have been removed]

	2014	2013	2012
United States	2,685	2,724	3,265
Canada	678	782	976
United Kingdom	688	674	619
Egypt	415	402	291
Argentina	384	391	412
Total	4,850	4,973	5,563

\* For footnote explanation regarding non-GAAP financial measure and other information, please see our website at [www.apachecorp.com/Sustainability](http://www.apachecorp.com/Sustainability).

# GRI / IPIECA Index\*

REPORT SECTIONS	GRI / IPIECA
<b>VISION</b>	
Overview/Vision Statement	G4-6, G4-9, G4-31
Letter from the CEO	G4-1, G4-2, G4-3, G4-13, <a href="#">SE1</a> , <a href="#">E1</a> , <a href="#">E3</a> , <a href="#">E6</a> , <a href="#">HS3</a> , <a href="#">SE8</a>
Annual Report	G4-7, G4-8, G4-17
About the Report	G4-28, G4-29, G4-30
<b>GOVERNANCE</b>	
Governance Structure	G4-33, G4-34, G4-35, G4-36
Board of Directors	G4-39, G4-40
Committees	G4-38, G4-42, G4-46
Shareholder Engagement	G4-37, G4-53
External Checklists	G4-15, G4-16, G4-24, G4-47
<b>ECONOMIC PERFORMANCE</b>	
Economic Performance Highlights	G4-PR6
Local Hiring	<a href="#">SE6</a>
Local Wages	<a href="#">SE5</a>
Local Spending	G4-EC9, G4-HR10, <a href="#">SE5</a> , <a href="#">SE7</a> , <a href="#">SE9</a> , <a href="#">SE11</a> , <a href="#">SE12</a> , <a href="#">SE13</a>
<b>ENVIRONMENT</b>	
Energy	<a href="#">E8</a> , <a href="#">E9</a>
Biodiversity	G4-EN13, <a href="#">E5</a>
Emissions	G4-EN4, G4-EN6, G4-EN15, G4-EN18, G4-EN19, G4-EN21, <a href="#">E1</a> , <a href="#">E4</a> , <a href="#">E7</a>
Water	G4-EN8, G4-EN10, G4-EN22, G4-EN24, G4-EN26, <a href="#">E6</a> , <a href="#">E9</a> , <a href="#">E10</a>
Hydraulic Fracturing	<a href="#">E6</a> , <a href="#">E9</a> , <a href="#">E10</a>
Chemicals	G4-PR1, <a href="#">E9</a>
Reporting	G4-EC2
<b>WORKPLACE</b>	
Employment	<a href="#">SE6</a> , <a href="#">SE16</a>
Diversity	<a href="#">SE15</a>
Discrimination	G4-37, G4-58
Occupational Safety and Health	G4-EN32, G4-LA6, G4-LA14, <a href="#">HS1</a> , <a href="#">HS2</a> , <a href="#">HS3</a> , <a href="#">HS5</a> , <a href="#">E8</a> , <a href="#">SE18</a>
Training and Education	G4-LA10, <a href="#">SE17</a>
<b>SOCIETY</b>	
Stakeholder Engagement/Communities	G4-26, G4-27, G4-43, G4-45, G4-S01, G4-S02, <a href="#">SE1</a> , <a href="#">SE2</a> , <a href="#">SE4</a>
Community Involvement	G4-EC8, <a href="#">SE1</a> , <a href="#">SE4</a>
Human Rights	G4-56, G4-HR9, G4-S010, <a href="#">SE8</a> , <a href="#">SE10</a>
Indigenous Peoples	G4-HR8, <a href="#">SE2</a>
Public Policy	<a href="#">SE14</a>
Anti-corruption	G4-49, G4-S03, G4-S04, G4-S09, <a href="#">SE11</a> , <a href="#">SE12</a> , <a href="#">SE13</a>

\* Index reflects data in print and website sustainability reports.

- GRI Indicators
- IPIECA Indicators



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