

Letter from the CEO



At Apache, we are a team of dedicated individuals who responsibly produce energy that elevates the lives of people across the globe. We are committed to the health and safety of our coworkers, minimizing our environmental impacts, supporting our communities and building a culture of integrity, accountability and transparency.

In this year's report, we share our perspective and progress on sustainability with summarized 2019 performance data and additional developments from 2020, a year in which we have all faced a number of significant challenges. We have taken proactive steps to protect our employees, our communities and our company from the global pandemic, a crisis that has served as a stark reminder of the essential things we need to keep life going and to help people grow and thrive in better times.

We've all had a role to play in response to the COVID-19 outbreak. Our industry — made up of the hardworking women and men producing and delivering natural gas and oil — has continued to safely and reliably supply the energy people need to get through this crisis. Manufacturers have ramped up production of critical equipment¹, and our industry has increased the supply of raw materials needed to make that equipment² — from masks to face shields to respirators. People have found new ways to work and stay connected, farmers and grocers continue to harvest and deliver food, medical personnel are there to provide care, and truckers move goods to keep the economy going — and our industry has stood behind them all, supplying energy

needed for electricity and the vast majority of transportation fuels globally.³ These historic times emphasize the need for global energy supplies that are available 24 hours a day, 365 days a year.

Our response at Apache has been driven by our commitment to protecting the health, safety and wellbeing of our employees, contractors and communities while ensuring business continuity. Our teams have worked tirelessly to ensure our assets and equipment are functioning properly, our personnel remain connected, risks are identified and minimized, and the business keeps running effectively. I am tremendously proud of our team. They have demonstrated resiliency, talent, determination and a true commitment to our core values as we have all adjusted to new ways of getting the job done.

The past year also saw significant organizational changes at Apache. We challenged ourselves to design and implement a leaner, more centralized organization that's quick to adapt to business and market needs. The new organization ensures that the right people with the right skills are in the right positions working on the right projects, and we are already realizing the benefits. We responded to the unprecedented 2020

market dynamics quickly and confidently, and we are seeing excellent alignment and progress across the organization with regard to environmental, social and governance (ESG) strategy, management and performance.

We have spent considerable time talking about ESG issues — listening to stakeholders discuss what’s important to them, keeping up with best practices and identifying areas where we can have the biggest impact. Through that process, we see an opportunity to focus our primary efforts on air, water and communities.

We view these as core issues, that, if properly addressed, can ensure a long-term, sustainable business for Apache and our stakeholders. For example, since 2015, we have increased our use of recycled produced water for hydraulic fracturing by 284%. We also continue to make progress reducing our emissions and saw an 8% reduction in global methane emissions intensity from 2018 to 2019.

In addition to our ongoing work in our communities, we’ve sought to address the most critical needs brought on by the pandemic. In Midland, Cairo, Paramaribo, Aberdeen and Houston, we’ve assisted those on the front lines through donations of personal protective equipment,

supported foodbanks and women’s shelters, and provided reliable internet services for students.

Safety underpins our organization, and we will continue to work tirelessly to ensure every member of our team returns home safely at the end of each day. Over the last two years, we focused our efforts on two particular areas where improvements were needed: road safety and contractor safety. Our team’s relentless efforts led to a 39% decrease in the vehicle incident rate from 2018 to 2019 and decreases in both our contractor total recordable incident rate and days away, restricted or transferred rate.

This year has brought increased discussion of the issues of diversity and racial justice. It is essential for our workforce to be representative of the global community in which we operate, and I believe that diversity is vital to our long-term success. There is more to be done, and, as I have shared with all of our employees, the path forward will require more listening, understanding and courageous conversations.

We prioritize hiring locally in the places where we operate. In 2019, approximately 99% of our workforce in the U.K. was local. In Egypt, our workforce was comprised of 77% local talent, and we continue to

recruit skill-ready Egyptian petroleum engineers and geologists to fill key roles. More than 30% of employees on Apache’s U.S. payroll also self-identified as a member of an ethnic minority group, up from 25% at the end of 2015.

We also continue to invest in our workforce and are taking a holistic approach to career development by identifying and building specific core competencies, which will enhance career mobility within the new organization. We also stress the importance of continuous improvement at all career stages; our employees completed over 30,000 hours of training in 2019 through Apache Academy, our online learning and development program.

I invite you to read more in the pages ahead. Our industry must, and will, continue to bring people across the world reliable energy to help them reach new heights and embrace new opportunities. As we work to meet global energy needs, we look forward to continuously developing innovative and more sustainable ways to operate while delivering value to all our stakeholders.

John J. Christmann IV
Chief Executive Officer and President

¹ <https://www.nam.org/two-manufacturers-make-personal-boxes-of-ppe-10094/?stream=business-operations>, <https://www.nam.org/protolabs-is-working-quickly-to-produce-medical-supplies-8909/?stream=business-operations>, and <https://corporate.ford.com/articles/products/ford-producing-respirators-and-masks-for-covid-19-protection.html>.

² <https://www.api.org/news-policy-and-issues/pandemic-information/industry-response#medical-supplies>.

³ <https://afdc.energy.gov/data/10661>.