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FCPA and Anti-Corruption Compliance Guide

APA CORPORATION

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I. Letter from the Office of the **Chief Executive**



DEAR EMPLOYEE:

As reflected in our Code of Business Conduct and Ethics, it is your responsibility to conduct business fairly, with the highest ethical standards and in a way that complies with all laws, regulations and government requirements. No one is authorized to use unfair techniques, such as misrepresentation of material facts or improper concealment of business information to gain a business advantage. Additionally, no one may offer or accept a bribe, kickback, or improper favor in order to secure a business advantage. Not only must you avoid such misconduct, but you must avoid anything that would give the appearance of misconduct.

We take these high ethical standards very seriously. You must take them seriously too.

The purpose of this Guide, which is a supplement to the Code of Business Conduct and Ethics, is to help you ensure compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended (“FCPA” or the “Act”), as well as other anticorruption laws. The FCPA prohibits bribery of non-U.S. officials (“foreign officials”), and it also sets forth certain requirements relating to recordkeeping and internal accounting controls.

To do your jobs properly, you need to understand these specific provisions, what they require, and what they prohibit. You also need to understand our expectations of strict compliance.

You will see in the following pages a thorough explanation of the FCPA, as well as our specific policies and procedures that are designed to maintain full compliance with the law. Read this Guide carefully, and if you have any questions, discuss them with your supervisor, the Director of Compliance or another member of management.

Remember that you are accountable for your actions, and you are also responsible for the actions of third parties who you have hired or retained to perform services on the Company’s behalf.

If you know of any violations of this Guide, you must report it immediately. Just like any Code of Business Conduct and Ethics violation, failure to comply with this Guide will subject you to disciplinary action, up to and including termination of employment.

Thank you for your continued compliance.

Sincerely,

A handwritten signature in black ink that reads "John J. Christmann IV". The signature is written in a cursive, professional style.

John J. Christmann IV
Chief Executive Officer
and President

II. FCPA Overview

The FCPA prohibits bribery of foreign officials, and it also sets forth certain requirements relating to recordkeeping and internal accounting controls.

The Act is applicable to APA Corporation (“APA”) and all majority-owned subsidiaries, or majority-owned joint ventures, both U.S. and non-U.S.

A brief explanation of the FCPA is provided below.

Section II.A covers the anti-bribery provisions, and Section II.B covers the recordkeeping and internal-accounting-controls provisions. Violations of the anti-bribery and accounting provisions are prosecuted by the U.S. Department of Justice and the U.S. Securities and Exchange Commission.

These violations can lead to substantial monetary penalties and disgorgement of profits (in several recent cases, these have reached into the hundreds of millions of dollars), extradition to the United States of persons located abroad, and imprisonment (with sentences reaching as high as 15 years in recent cases).

A. ANTI-BRIBERY PROVISIONS

1. Overview

The FCPA anti-bribery provisions prohibit the Company, its directors, officers, employees, representatives and agents from making payments to foreign officials in order to obtain or retain business or secure an improper advantage.

The FCPA specifically prohibits the following conduct:

- offering, promising, authorizing, or furthering payment of money or “anything of value” (e.g., reimbursement of expenses, promise of employment or personal favors, etc.)
- directly or indirectly (e.g., through a representative), to any foreign government official, political party or official of a political party, or candidate for political office
- with the intention of corruptly influencing such official in order to obtain or retain business or to otherwise secure any improper business advantage.

Notably, these prohibitions are broadly enforced, and they do not just apply to U.S. citizens and entities acting within the United States. For example, a non-U.S. citizen or company can be prosecuted for actions occurring in the United States, and U.S. citizens and entities can be prosecuted for actions occurring anywhere in the world. Non-U.S. citizens or companies also may be prosecuted in other circumstances as well. For APA’s purposes, the Act is applicable to APA and all majority-owned subsidiaries, or majority-owned joint ventures, both U.S. and non-U.S., and all of their employees whether or not they are U.S. citizens. The Act may also have certain applicability to joint ventures in which APA holds less than a majority position. For a fuller discussion on this topic, please refer to Section III.C. of this Guide.

It is also important to recognize that a **bribe** under the FCPA might not necessarily involve money; it might be **something of value** such as:

- Awards of business or contracts
- Gifts
- Entertainment
- Payment or reimbursement of travel expenses
- Charitable donation or social contributions
- Political contributions
- Discounts on products and services not readily available to the public
- Offer of employment for a foreign official or a relative of the foreign official
- Promise or assumption to pay or forgiveness of debt
- Personal favors
- Scholarship to a relative of foreign official
- Loans at favorable interest rates
- Enhancement of the foreign official’s reputation

A relative of any of the above foreign officials (for example, a customs official's husband) might not technically meet the FCPA's definition of a foreign official, but the provision of something of value to a foreign official's relative will be viewed by the U.S. enforcement authorities as something benefiting the foreign official.

The FCPA broadly defines the term “**non-U.S. official**” or “**foreign official**”, which under this Guide includes:

- Representatives of a government agency at any level, including customs and immigration workers
- Employees of state-owned enterprises, including national oil companies (owned or controlled in whole or in part by the government)
- Representatives of political parties
- Candidates for political office
- Representatives of public international organizations (e.g., the U.N., World Bank, IMF, other organizations)
- Certain uncompensated honorary officials
- Certain members of royal families
- Any person acting in an official capacity for or on behalf of a government agency, department, instrumentality, or public organization. This includes an official of an entity hired to review and accept bids for a government agency.
- Certain tribal elders and indigenous leaders

A relative of any of the above foreign officials (for example, a customs official's husband) might not technically meet the FCPA's definition of a foreign official, but the provision of something of value to a foreign official's relative will be viewed by the U.S. enforcement authorities as something benefiting the foreign official.

Finally, the FCPA prohibits payments, authorizations, promises or offers to any other person if there is knowledge that any portion of the payment is to be passed along to a foreign official for a prohibited purpose under the FCPA.

Under the FCPA, a person can be deemed to have knowledge of something even if he does not have “actual knowledge.”

Specifically, a person can be deemed to have knowledge of an improper transaction if that person is willfully ignorant or in conscious disregard of suspicious actions or circumstances. In other words, even if a person is not actually aware of certain conduct, he can be liable if he is aware of a high probability of the conduct. Likewise, a person can be held liable under the FCPA if he neglects to recognize an obvious impropriety.

2. Exceptions and Defenses

The FCPA anti-bribery provisions include some narrow exceptions and defenses under which payments may be permissible. Determining what activity is permissible is, however, not easy. Questions should be directed to the Director of Compliance (x7405) and/or the Legal Department.

Covering certain **bona fide, reasonable business expenditures** on behalf of foreign officials (such as modest meals or travel expenses) is permitted under the FCPA as an affirmative defense (which means that, in legal proceedings, it is the Company's burden to show that the defense applies). For the affirmative defense to apply, the expenditures must relate directly to the promotion, demonstration, or explanation of APA's products or services or to the execution or performance of a contract with a foreign government or agency. This affirmative defense is not straightforward, and the line between what is a bona fide expenditure and what is an improper inducement can often become blurred. As a result, the analysis must focus on whether the expenditure in each situation is necessary for a legitimate business purpose and, if so, whether the payment is reasonable under the circumstances. In addition, the expenditures must be legal under the law of the foreign country.

Other examples of permitted payments are those made to government accounts (not foreign officials) “in performance of a contract” such as a production bonus or a training obligation. Under this Guide, these also must be bona fide and reasonable in amount and in accordance with proper approval procedures.

Although the FCPA contains a narrow exception for small “facilitating payments,” such as gratuities, to lower-level government officials performing routine, nondiscretionary functions or services which they are legally obliged to perform, such payments are prohibited under most countries' laws. It is APA's policy to prohibit facilitating payments except in very limited circumstances and when approved and documented in strict accordance with the Facilitation Payments Policy, which is available on our Intranet [here](#). Any questions about this policy should be directed to the Director of Compliance and/or the Legal Department. Violations of this policy will result in disciplinary action. In the event that an employee knows or suspects any noncompliance with this policy, he or she must report the

event in accordance with the APA Code of Business Conduct and Ethics, and the event must ultimately be reported to the Director of Compliance.

Finally, it is worth briefly addressing the issue of payments made under **extortion or threat**. Although the FCPA contains no express defense or exception for such payments, this common-law defense can operate to negate the corrupt-intent element under the FCPA anti-bribery provisions. However, this defense is very narrow, and it will only apply if there is an imminent and credible threat of serious physical harm to an individual person or significant harm to property. Fear alone is not enough. Mere confiscation of property is not enough. The example of “true extortion” given in the FCPA’s legislative history is a scenario involving a payment to an official to keep an oil rig from being dynamited.

B. RECORDKEEPING AND INTERNAL ACCOUNTING CONTROLS

The FCPA accounting provisions, which apply to all companies with securities registered under the U.S. Securities Exchange Act (this includes APA), require that internal controls be in place to assure that transactions are carried out in accordance with management’s authorization and are auditable, among other reasons described below. U.S. enforcement authorities can hold APA management accountable for what it should reasonably have known, which means that management’s lack of knowledge of a transaction that violates the Act may not be sufficient to avoid liability, particularly in the absence of adequate internal controls.

The Company is required to make and keep books, records and accounts, which, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company as well as its majority-owned subsidiaries and joint ventures. The Company is also required to maintain a system of certain internal accounting controls.

Specifically, under the FCPA’s recordkeeping and internal accounting controls provisions, APA is required to make and keep books, records and accounts, which, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of APA as well as its majority-owned subsidiaries and ventures. The Company is also required to maintain a system of certain **internal accounting controls**. The controls must provide reasonable assurances that transactions are executed in accordance with applicable management authorizations including delegation of authority and other policies, and that access to the Company’s assets are similarly permitted only in accordance with such policies. The controls must also provide reasonable assurances that transactions are recorded in such a way that the Company’s financial statements can be prepared in conformity with applicable criteria, such as Generally Accepted Accounting Principles (“GAAP”). They must also provide reasonable assurances that records of assets are compared with existing assets at reasonable intervals and appropriate action is taken with respect to any discrepancies. Finally, U.S. enforcement authorities view an effective compliance program as an essential component of a company’s internal accounting controls.

Although the FCPA’s recordkeeping and internal accounting controls provisions were adopted in the context of foreign corrupt practices, these provisions apply to both domestic and foreign operations and their applicability is not dependent upon any foreign activities.

The Company’s internal accounting controls must be evaluated not only from the standpoint of payments proscribed to foreign officials, but also from the standpoint of recordkeeping and internal controls for all business including areas requiring special scrutiny such as misappropriation of funds, kick-backs, perks, and any other type of situation in which the Company’s assets could be misdirected or misused. The recordkeeping provisions do not require any showing of materiality; regardless of the amount involved in any transaction, it must be recorded accurately and in reasonable detail. While the U.S. enforcement authorities may not always prosecute inadvertent recordkeeping errors involving nominal sums, there is no safe harbor for them; moreover, a systemic failure to observe the internal controls requirement does lead to enforcement actions by the U.S. government.

The FCPA anti-bribery provisions include some narrow exceptions and defenses under which payments may be permissible.

III. Other Anti-Bribery Laws



In addition to complying with the FCPA specifically, it is the Company's policy to conduct its business in compliance with all applicable laws and regulations. Almost all countries, including the U.S., have some form of domestic anti-bribery law. The laws in most countries restrict, and some even prohibit payments to government officials, irrespective of the amount. Additionally, local law can affect the types of business relationships the Company is permitted to have with government-controlled entities and government officials. It is important that all employees comply with applicable laws in the countries where the Company operates, including domestic anti-bribery laws.

The U.K. Bribery Act, which became effective in July 2011, is an example of a non-U.S. anti-bribery law that applies to at least portions of the Company's business by virtue of having subsidiaries in the United Kingdom. This legislation is in some respects more restrictive than the FCPA. The Bribery Act, criminalizes not only the bribery of public officials (whether of the U.K. or otherwise) but also private bribery (i.e. commercial, non-governmental bribery). It subjects commercial organizations to strict vicarious liability for offenses of persons acting for and on their behalf. The provisions relating to adequate procedures (i.e. internal controls) are not set forth as a separate requirement, but as an affirmative defense to the corporate offense. And unlike the FCPA, the Bribery Act does not have an exception for facilitating payments.

The Director of Compliance and the Legal Department are available to assist employees in understanding and complying with non-U.S. anticorruption laws (such as the Bribery Act), but the primary resource for legal advice on local law issues should be competent local counsel retained by the Legal Department. In the event of a conflict, or apparent conflict, between the requirements of local laws and a U.S. law or a Company policy, employees should consult the Director of Compliance or the Legal Department for guidance.

COMMERCIAL BRIBERY

The bribery of persons who are not government officials in order to obtain or retain business is often known as "commercial bribery." Many countries where the Company operates, including the United States, have laws that prohibit a variety of types of commercial bribery.

The Code of Business Conduct and Ethics expressly prohibits commercial bribery:

APA is committed to conducting its business fairly and in accordance with the highest ethical standards. APA Representatives shall not use unfair techniques, such as misrepresentation of material facts or improper concealment of business information to gain a business advantage. Additionally, APA Representatives shall not offer, provide or accept a bribe, kickback or improper favor in order to secure or confer a business advantage. Such activities are strictly prohibited, and are not only unethical but also illegal. Any violations may result in disciplinary action as well as criminal prosecution and civil litigation.

It is APA's policy to prohibit the bribery of anyone.

IV. APA's Anti-Bribery Compliance Procedures



As with other laws, it is APA's policy to comply not only with the letter but the spirit of all anti-bribery laws, including the FCPA. All employees, and all third parties acting on behalf of APA ("Third Parties") shall refrain from any acts which are prohibited by law or that would give the appearance of misconduct. Compliance with the provisions and requirements of anti-bribery laws is the responsibility of each employee. Any deviations will result in disciplinary action.

If any employee knows or suspects, from specific facts or circumstances, that another employee or Third Party acting on APA's behalf is violating the FCPA or other laws, the employee must report the event in accordance with the Code of Business Conduct and Ethics, and the event must ultimately be reported to the Director of Compliance (x7405). The Internal Audit Department, as part of its annual audit plan, will conduct periodic FCPA compliance reviews to test the effectiveness of the procedures discussed in this Guide which may reveal whether infractions have occurred.

Set forth below are specific policies and procedures the Company and its employees must follow to help ensure compliance with applicable anticorruption laws.

A. EDUCATION OF PERSONNEL

All employees must periodically receive training and education by Compliance on applicable anticorruption laws (such as the FCPA) and this Guide. Copies of this Guide should be provided or made available to all relevant employees.

B. ANNUAL EMPLOYEE CERTIFICATIONS

On an annual basis, all employees must provide written confirmation to Compliance that (i) if true, nothing has come to the employee's attention which has given the employee reason to believe that APA or any majority-owned affiliate or joint venture has violated the FCPA or that its Third Parties have caused a violation of the FCPA and (ii) if any such a violation had or does come to the employee's attention, the employee will report such violation immediately. This attestation is administered through the Company's training and learning management system.

C. THIRD PARTY DUE DILIGENCE, RISK MITIGATION AND CONTRACTS

Not only does the Company require compliance with the FCPA by its personnel, its subsidiaries and the employees of its subsidiaries, but the Company also requires compliance by all Third Parties acting on behalf of the Company outside the United States. If a Third Party will act or appear to act for the Company in its international business, it is essential that care be taken in selecting a Third Party whose reputation and background do not raise any questions that the party might engage in any activity which would discredit the Company or which would constitute a violation of applicable anticorruption laws. The Company must also have adequate information about the ownership and business background of such Third Parties.

When entering, renewing, or extending a relationship with a Third Party acting on the Company's behalf outside the United States, the employee responsible for the relationship must conduct sufficient due diligence on the Third Party.

When entering, renewing, or extending a relationship with a Third Party acting on the Company's behalf outside the United States, the employee responsible for the relationship must conduct sufficient due diligence on the Third Party. Due diligence also is expected for all other Third Parties who might have contacts with government officials in connection with Company business. The scope of a due diligence review needs to be sufficient to determine that whether or not the Third Party is a government official or a company in which a government official has a significant interest for FCPA purposes (if there is a government official involved, it is not a bar to doing business if the red flag can be addressed). The due diligence will also help determine whether the Third Party might engage in any improper practices that could expose the Company to liability or are otherwise inconsistent with Company business practices. To that end, the local practices and the Third Party must be investigated and any issues raised must be addressed prior to entering the relationship. To facilitate these due diligence reviews, the Company has designed a sample letter to such Third Parties explaining the FCPA ground rules and containing a sample due-diligence questionnaire to be completed by such Third Parties. As appropriate, the Supply Chain Management Department may adopt different due-diligence questionnaires or procedures based on the risk profile of the Third Party relationship under consideration.

The responsible employee must conduct the due diligence with a heightened awareness of so-called red flags, e.g., unusual payment patterns or financial arrangements, a history of corruption in the country, a refusal by the Third Party to provide a certification that it will not take any action in furtherance of an unlawful offer, promise or payment to a government official and not take any act that would cause the Company to be in violation of the FCPA, unusually high commissions or other compensation, lack of transparency in ownership, finances, expenses and accounting records, apparent lack of qualifications or resources on the part of the Third Party to perform the services offered, and whether the Third Party has been recommended by an official of the potential governmental customer ("red flags"). The Company has developed guidance for conducting such a due diligence review. If any red flags are uncovered, more in-depth inquiry is required. Employees must consult the Director of Compliance and/or the Legal Department for guidance in such cases. For example, if it is revealed that a foreign official, or his/her relative, has an ownership interest in the Third Party, the Company can have no relationship with that Third Party unless satisfactory ground rules are established in consultation with Compliance and Legal to help ensure FCPA compliance.

Each Third Party acting for the Company should understand the FCPA and other anti-bribery laws and the Company's expectations of strict compliance with these laws, and the Third-Party relationship must be reduced to a written contract that includes robust contractual provisions relating to the FCPA and applicable anticorruption laws. The Company has developed certain recommended contractual provisions for use in such international agreements. Employees should consult the Legal Department for assistance with any other agreements requiring FCPA protections. Where the Company purchases or takes assignment of an existing contract with a Third Party, the contract should be reviewed with the Legal Department to determine whether it needs to be modified to incorporate such robust anticorruption provisions.

It is worth making a special point about joint ventures. Joint ventures operated by the Company—and even operators of joint ventures in which the Company only has a minority interest—might be deemed to be "acting on behalf of" the Company for purposes of the FCPA. The accounting requirements also call for the Company to make "good faith effort" where reasonable to use its influence to put internal controls into place in a minority-owned venture. Employees responsible for the joint venture relationship must therefore, to the extent practicable, insist on compliance with the FCPA by all operators of all joint ventures in which the Company participates. When the Company has effective control of the joint venture and when the Company is the operator, FCPA compliance is demanded.

The Company recognizes that it cannot completely control the activities of joint ventures in which it holds only a minority position, but there are steps that the Company can and should take to mitigate FCPA risks: Employees responsible for the joint venture relationship must carefully conduct due diligence prior to entering into the joint venture, taking care to identify any red flags and determining whether such FCPA risks can be effectively mitigated.

Employees must to the extent practicable require that all operators specifically agree to comply with all relevant laws, including any which prohibit the payment of bribes. In such joint ventures, if an employee later suspects or learns that a violation of the FCPA has occurred or might occur, that employee must report the event promptly in accordance with this policy, including to the Director of Compliance. In these situations, senior management, in consultation with Compliance and the Legal Department, will investigate the matter and determine the steps to be taken.

Finally, U.S. nationals and residents remain subject to the FCPA regardless of where they are employed or with whom they are working. Employees associated with non-U.S. companies that are not Company-affiliated—for example, employees seconded to a joint venture—remain subject to the FCPA. The Company therefore expects all employees who work for such companies or joint ventures to comply fully with the FCPA at all times.

Finally, U.S. nationals and residents remain subject to the FCPA regardless of where they are employed or with whom they are working. Employees associated with non-U.S. companies that are not Company-affiliated—for example, employees seconded to a joint venture—remain subject to the FCPA. The Company therefore expects all employees who work for such companies or joint ventures to comply fully with the FCPA at all times.

D. COMPARABILITY OF PAYMENTS AND SERVICE

The employee responsible for authorizing payments on Third Party invoices should verify that the contractual services were provided and ensure that the payments earned by Third Parties are not out of proportion in relation to services performed and local benchmarks for price/value. If the sums charged are disproportionately high, the responsible employee is expected to make appropriate inquiries as to whether it is reasonable under the circumstances.

E. OVERSIGHT AND PERIODIC REVIEW OF THIRD PARTIES ACTING ON BEHALF OF APA

All Third Parties, both foreign and domestic, must be overseen by the responsible employees to ensure APA is aware of their activities and that the Third Party is in continued compliance with APA's policy and the requirements of this Guide. Any red flags arising in the course of performance by the Third Party must be promptly raised to the Director of Compliance (x7405). In addition to monitoring the activity of the Third Party for any red flags, this oversight also should include making sure that appropriate FCPA contractual provisions are incorporated where necessary into the contractual arrangements with each Third Party and that the provisions are adhered to in actual practice.

F. TRAVEL AND EXPENSES OF FOREIGN OFFICIALS

Site visits, offsite meetings, and other business-related travel that involve paying or reimbursing travel expenses (including transportation, lodging, meals, and incidental expenses) of individual foreign officials can also raise issues under the FCPA and other anticorruption laws. Under the FCPA, there must be a legitimate business purpose for the paid travel. Further, the business-related travel must not be overshadowed by non-business-related activities, such as trips to tourist attractions or to visit family members.

Similarly, the laws or regulations of a foreign official's country will, in most cases, contain provisions that govern the payment or reimbursement of expenses incurred by the official. Even where the local laws permit the Company to pay an official's expenses, there can be legal requirements applicable to the handling, accounting, and reporting of such payments. These laws and regulations must also be considered when planning Company-paid official travel.

Proposals for Company-paid travel for foreign officials must be provided to the applicable Vice President and the Director of Compliance prior to making any commitment or incurring any expense for the Company-paid travel. The Vice President and Director of Compliance shall discuss the proposal and, where applicable, the Vice President shall provide written approval of the proposal to both the requester and the

Director of Compliance. Travel by Company plane is still “Company paid” travel and unless the contrary is established, its value should be assumed to be the dollar equivalent that would be calculated by the IRS for a U.S. person. **Other general guidelines for Company-paid travel for foreign officials are as follows:**

- Cash payments, such as per diems, will **not** be made.
- The Company will only cover travel expenses for the official attending the business-related meetings or site visits. The Company will **not** pay for friends or family members.
- The Company will only cover travel expenses associated with traveling to and from the destination of the business-related meetings or site visits; the Company will **not** cover side trips, junkets, or excursions.
- Company-paid travel must comply with any local laws, regulations or ethics rules applicable to the government officials.
- Airfare expenses for foreign officials paid for by the Company should mirror Company travel policies for employees.
- Lodging expenses paid for by the Company should include **only** accommodation costs (including reasonable expenditures for meals) actually incurred in or incidental to lodging and only for the period of the particular meeting, facility visit, or event, or en route to those activities.
- Payments to cover expenses should when possible be paid directly to vendors (i.e., airlines, hotels, car rental companies) and not to the official. Where direct payment is not possible, reimbursement should be contingent upon provision of receipts for the expenses for which reimbursement is requested.
- Expenditures should be openly incurred; there should be no effort to conceal the facts by either the Company or the recipient of the travel expenditures. They should be fairly and accurately recorded in reasonable detail in the Company’s books and records.

Failure to follow these guidelines are grounds for non-reimbursement and/or disciplinary action.

When choosing a gift, first consider low-cost, Company logo-branded tokens of appreciation purchased from the online Company Store.

No cash payments or cash-equivalent payments are permitted.

G. GIFTS, MEALS AND ENTERTAINMENT FOR FOREIGN OFFICIALS

Nominal gifts made to officials and reasonable meals and entertainment expenses incurred in connection with business activities are permitted under the FCPA, but each employee must comply with Company policies.

To comply with the FCPA and Company policy, the cost or expense of the gift, meal or entertainment must be reasonable, and be part of legitimate business activity or the performance of an existing contract. All gifts and entertainment must be customary and appropriate, and not be of a nature that would embarrass the Company if publicly disclosed.

When considering the reasonableness of the expense, Company personnel should **consider the frequency** with which such expenses are incurred for a particular official – nominal gifts frequently bestowed can in the aggregate amount to lavish and potentially improper payments.

The purpose of any gifts to foreign officials should be goodwill only—the gift should be made as a courtesy or token of regard or esteem: **there must be no quid pro quo**. Where possible, the gifts should have no commercial value. The gift should be transparent, and there should be no concealment of the facts. When choosing a gift, first consider low-cost, Company logo-branded tokens of appreciation purchased from the online Company Store.

No cash payments or cash-equivalent payments are permitted.

All gifts, meals or entertainment to or for foreign officials must receive advance written approval from the applicable Vice President, and a copy of such approval must be provided to the Director of Compliance. All such gifts, meals or entertainment must also be fully and accurately disclosed in the Company’s books and records.

Failure to follow these guidelines are grounds for non-reimbursement and/or disciplinary action.



H. CHARITABLE CONTRIBUTIONS

A payment or commitment to make a contribution (whether cash or in-kind) to a charitable organization will qualify under the FCPA as a payment, offer, promise or authorization of payment of a benefit (or an act in furtherance thereof). Contributions requested by government officials, their family members, or close business associates, or made to organizations managed or controlled by such persons, therefore can raise issues under the anti-bribery and accounting provisions of the FCPA.

To help ensure FCPA compliance in making charitable contributions, **it is important to adhere to the following guidelines:**

- Determine if the contribution would be in response to a bona fide need, clearly tied to legitimate uses by the identified recipient, and lawful and made properly under applicable local law
- Assess the organization's transparency and their ability to account for the contribution to ensure it is used for its intended purpose. Whenever possible, maximize donee accountability by (a) conditioning the contribution on the right to audit or otherwise verify the donee use of the funds, (b) making the contribution in tranches, and (c) making clear to the donee institution the intended purpose of the contribution at the time it is made.
- Consider making in-kind contributions (giving goods or services) instead of contributing funds. If funds are contributed, make the payment by check or wire; do not make contributions in hard currency.
- Ensure the contribution is being provided in a transparent manner and with any required approvals by local officials.
- Ensure all contributions are properly authorized under normal company policies and procedures (if contributions are made in tranches, the total planned contribution amount should be authorized at once).
- Ensure that the Company is responsible for acquisition and distribution of in-kind contributions, and delivery of monetary contributions, to the intended recipient.
- Obtain a receipt for all donations as well as Company payments for goods or services used for in-kind contributions.
- Ensure the purpose and intended use of the contribution are accurately reflected in the books of the Company. If a contribution is required under a government contract, that fact should be clearly noted in the books. Benefits to the local community also should be documented.

If an employee is aware of any of the following situations, the employee must seek advance written approval by the applicable Vice President and Director of Compliance before proceeding with the proposed contribution as FCPA risk increases where:

- the donee entity is directly or indirectly managed, controlled, or operated for the benefit of a government, a government agency or instrumentality, a state-owned or controlled enterprise, a public international organization, a political party, an official of any of these bodies, a candidate for political office, or a family member or close associate of any of these persons
- the contribution has been requested by any of the above entities or individuals
- any of the above entities or individuals might receive something of value from the contribution
- the contribution might be connected, or appear to be connected to governmental decisions that might directly or indirectly benefit Company business

The request for advance written approval should contain at least the following information: (1) a description of the charity; (2) the identity of the person or entity requesting the donation; (3) the names of the people that were contacted at the charity; and (4) the amount of the proposed contribution and any supporting documentation. If the donation is approved in writing and made, it must be properly recorded in the Company's books and records as a charitable contribution/donation.

In the event that a violation is observed by, responsibly reported to, or is indicated by records or other information of which the officer or employee becomes aware, the person must report the event in accordance with the Code of Business Conduct and Ethics, and the event must ultimately be reported to the Director of Compliance (x7405).



I. POLITICAL CONTRIBUTIONS

A candidate for political office, political parties and party officials outside the U.S. are covered by the anti-bribery provisions of the FCPA. The FCPA prohibits political contributions made corruptly to such recipients for the purpose of obtaining or retaining business or securing any undue business advantage. It is not necessarily corrupt, however, to engage in occasional political contributions in the form of paying for a table at a widely-attended or public event with a foreign political official, when the contribution is done transparently, pursuant to proper approvals from management (after reviewing the circumstances), and if the circumstances establish that the sole intent is corporate outreach and goodwill. While this type of example is often lower risk, questions might still arise, which should be directed to Compliance or Legal.

On the other hand, the FCPA risks can increase if the recipient has the ability to (directly or indirectly) affect the Company's business through treatment such as awarding business, influencing relevant licenses, taxes, customs duties, giving requisite regulatory approvals, or supporting favorable legislation. The risks could also increase if the timing of a contribution coincides with such treatment or other circumstances would suggest a quid pro quo. And of course, the amount and frequency of contributions can create risk. Finally, the risk could be greater when contributions are made in a way that lacks transparency. All political contributions must be properly recorded in the Company's books and records as a political donation.

Each Regional office should develop a system for corporate management to review and approve the Company's foreign political contributions, taking into account the above guidance in order to protect the Company and employees.

J. RESPONDING TO AND REPORTING POTENTIAL ISSUES

It is APA's policy that all employees are directly responsible for promptly reporting to the Company any actual, attempted, or apparent violation of the FCPA or other anticorruption laws. In the event that a violation is observed by, responsibly reported to, or is indicated by records or other information of which the officer or employee becomes aware, the person must report the event in accordance with the Code of Business Conduct and Ethics, and the event must ultimately be reported to the Director of Compliance (x7405).

Any concerns regarding accounting, internal accounting controls, or auditing matters should be reported to the Audit Committee of the Board of Directors through the Company's procedures for such reporting set forth in "Procedures for the submission of complaints and concerns regarding accounting, internal accounting controls, or auditing matters" available [here](#). Officers and employees should always keep in mind that the Company supports the good faith reporting and investigation of potential violations of this Guide or the Code of Business Conduct and Ethics. In no event will the Company take or threaten any action against an officer or employee for making a complaint or disclosing information in good faith. Retaliation or retribution against any officer or employee who in good faith reports a violation pursuant to this FCPA Compliance Guide is cause for disciplinary action, up to and including termination of employment.

To protect the Company and employees, the following guidance should be followed when responding to a request (or a suggestion) for an improper payment:

- Refuse to make the payment and explain that the Company does not make such payments;
- Make it clear that the refusal is absolute and that there is never any body language or implicit understandings to suggest anything less than full compliance with the Company's anti-bribery policies and law;
- Immediately report the request to the Director of Compliance and the applicable Vice President.
- If a Third Party such as a joint venture partner or one of the Company's agents or representatives is involved, explain that they are not authorized to make an improper payment on behalf of the Company, and the Company will immediately terminate the relationship if an improper payment is made.



V. APA's Record Keeping and Internal Accounting Controls

This means the books, records and accounts must be kept with a level of detail as would satisfy prudent officials in the conduct of their own affairs.

A. COMPLIANCE WITH RECORDKEEPING PROVISIONS

The FCPA requires the Company to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflect its transactions and the dispositions of its assets and those of its majority-owned subsidiaries and majority-owned joint ventures. **This means the books, records and accounts must be kept with a level of detail as would satisfy prudent officials in the conduct of their own affairs.** These requirements apply to all forms of accounting entries and records, including ledger coding, descriptions in the accounting system, payment documents, invoices, and other documents used to explain, describe, or report information about payments.

The U.S. enforcement agencies are particularly concerned with records that (i) fail to record improper transactions at all, (ii) have been falsified to disguise aspects of improper transactions otherwise correctly recorded, or (iii) correctly set forth the quantitative aspects of transactions but fail to record the qualitative aspects of those transactions which would have revealed their illegality or impropriety.

B. COMPLIANCE WITH INTERNAL ACCOUNTING CONTROLS PROVISIONS

As stated above, the FCPA requires the Company to maintain a system of certain internal accounting controls: The controls must provide reasonable assurances that transactions are executed in accordance with management authorizations including applicable delegation of authority policies, and that access to assets are similarly permitted only in accordance with such policies. The controls must also provide reasonable assurances that transactions are recorded in such a way that financial statements can be prepared in conformity with applicable criteria, such as Generally Accepted Accounting Principles ("GAAP"). Finally, the controls must provide reasonable assurances that records of assets are compared with existing assets at reasonable intervals and appropriate action is taken with respect to any discrepancies. It is essential to understand the terms "internal accounting controls" and "reasonable assurances" since the former comprises that which is being evaluated and the latter provides a general guide to the degree of certainty required in achieving these objectives.

Like the recordkeeping provision of the FCPA, the internal controls provisions are not limited specifically to material transactions or to those above a specific dollar amount. "Reasonable assurances" is defined as the degree of assurance that would satisfy prudent officials in the conduct of their own affairs.

Managers and financial executives must exercise vigilance to determine not only that controls are adequate and up-to-date (in the light of legal requirements) but also that they meet high moral, ethical, and professional standards. The Company's financial managers should review their respective internal control systems for all operations (U.S. and non-U.S.) to determine current compliance with all standards and policies and all provisions of the FCPA. The Chief Financial Officer, Director of Compliance and Director, Internal Audit are available for consultation in connection with this review.

Managers should take into consideration the manner in which illegal, improper or questionable payments might be made and determine whether existing controls provide appropriate protection to prevent such payments. Consideration also should be given to the possibility of off-book transactions and whether existing controls should be strengthened to protect against the possibility of occurrence of such transactions.

Any deficiencies disclosed by the foregoing review should be reported immediately to the Chief Financial Officer, Director of Compliance and the Director, Internal Audit, and a plan of action for correcting such deficiencies must be developed thereafter. Monitoring and follow-up activity must be continuous.

Accounting at each location must be maintained in accordance with generally accepted U.S. accounting principles (“GAAP”). These principles apply as if the unit were a separate reporting entity. In some locations, records must also be maintained in compliance with local law, language and accounting practices.

Violations must be reported promptly in accordance with the Code of Business Conduct and Ethics, and the event must ultimately be reported to the Director of Compliance. Any concerns regarding accounting, internal accounting controls, or auditing matters should be reported to the Audit Committee of the board of directors through the Company’s procedures for such reporting set forth in “Procedures for the submission of complaints and concerns regarding accounting, internal accounting controls, or auditing matters” available on the Company’s website at www.apacorp.com.

Violations must be reported promptly in accordance with the Code of Business Conduct and Ethics, and the event must ultimately be reported to the Internal Audit Department.



In addition to the foregoing requirements, it is the Company’s policy for employees responsible for financial recordkeeping at every location to report promptly to the Chief Financial Officer and Director of Compliance (i) any deviation from accounting policies/ GAAP, and (ii) any questions pertaining to illegal, improper or questionable payments, even if only alleged. To reemphasize the point: Where deviations from accounting policies or procedures or violations of standards of conduct (including matters of illegal, improper or questionable payments) are concerned, no matter how immaterial or insignificant, it is the employee’s responsibility to report such matters directly and immediately.

If there are questions about whether a deviation or violation has in fact taken place, those questions should be posed directly to the Chief Financial Officer and Director of Compliance.

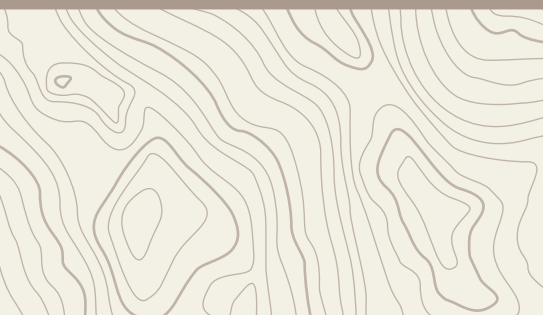
These rules expressly prohibit the falsification of corporate books, records or accounts, and prohibit the officers and directors of an issuer from making false, misleading, or incomplete statements to any accountant in connection with any audit or examination of the issuer's financial statements or the preparation of required reports. Violation of the SEC rules can result in conviction of a felony punishable by imprisonment.

C. SEC RULES

The Securities and Exchange Commission has adopted rules under the FCPA intended to assure that books and records accurately and fairly reflect transactions and to protect the integrity of the independent audit. The rules are set forth in Regulation 13b-2.

These rules expressly prohibit the falsification of corporate books, records or accounts, and prohibit the officers and directors of an issuer from making false, misleading, or incomplete statements to any accountant in connection with any audit or examination of the issuer's financial statements or the preparation of required reports. Violation of the SEC rules can result in conviction of a felony punishable by imprisonment.

APA reports publicly on its internal accounting controls in its Annual Report to Shareholders. APA must disclose to the public all material information affecting its business affairs and financial condition. If improper transactions are identified within a publicly owned company, the matter may have to be publicly disclosed. Failure to investigate and disclose such transactions can cause APA to violate U.S. law and the rules and regulations of the SEC. Disclosure can result in criminal and civil proceedings against the Company and can seriously injure the Company's reputation and business. The continuing scrutiny of these matters by the SEC and the need for accuracy in the Company's public reports on its internal accounting controls underscore the importance of compliance at all locations with the procedures described in this Guide.



VI. Monitoring and Documenting **Compliance**



A. INTERNAL AUDIT FUNCTION

The Company's Internal Audit Department reviews internal accounting and other controls on a periodic basis in accordance with an annual audit plan to help assure compliance with established policies and procedures. The internal auditors are familiar with applicable anticorruption laws, including recordkeeping and internal controls requirements.

The annual audit plan should include periodic risk-based audits of compliance with applicable anticorruption laws and this Guide.

B. RECORD RETENTION AND INTERNAL COMMUNICATIONS

To document compliance with the requirements of the FCPA and this Guide, a record of compliance must be maintained. Therefore, employees must establish appropriate files of memoranda, correspondence, certificates, reports, questionnaires and other documents which relate to compliance with anticorruption laws or this Guide. Due diligence files for Third Parties should be established and maintained for the life of the engagement as well as at least seven years thereafter.

In some locations, different personnel may be responsible for compliance with the anti-bribery provisions and the recordkeeping and internal accounting provisions. It is important for these employees to exchange information regularly.



APA Corporation

2000 Post Oak Blvd, Suite 100
Houston, Texas 77056-4400
apacorp.com

