

POSITIONED FOR SUSTAINABLE GROWTH



Living Our Values

2016 Corporate Sustainability Report

Marathon Oil Corporation's Corporate Sustainability Report is issued in a digital-only format. This allows stakeholders to assemble and print specific sections into a customized report that meets their individual information needs. As a result of this customization, PDFs that are created will not include a table of contents or page numbers. For the complete version of Marathon Oil's 2016 Sustainability Report, please visit: http://www.marathonoil.com/Social_Responsibility/Reporting/



ABOUT THIS REPORT

ABOUT THIS REPORT

Marathon Oil Corporation's 2016 *Living Our Values Corporate Sustainability Report* outlines how we promote economic, social and environmental sustainability in our business and the communities where we live and work.

This report shares our nonfinancial performance and examples of how we advance our business while “Living Our Values” to be responsible, safe and ethical.

All information and performance data relate to our operations, unless otherwise stated. We include some information on certain non-operated assets, such as Equatorial Guinea LNG Holdings Limited (EG LNG), that is material to our sustainability report.

We select performance indicators related to society, the workplace and the environment using the *Oil & Gas Industry Guidance on Voluntary Sustainability Reporting*. This joint publication of IPIECA, the American Petroleum Institute (API) and the International Association of Oil & Gas Producers (IOGP) provides a reporting framework for the petroleum industry. The *Global Reporting Initiative (GRI) Sustainability Reporting Guidelines* also inform our approach. To provide relevant and meaningful information about our operations and nonfinancial performance, quantitative and qualitative metrics are included.

This report was reviewed by Marathon Oil subject-matter experts, legal and accounting staff, executives and the board of directors. The financial and operational highlights were excerpted from the *2016 Annual Report on Form 10-K*. No third party or external assurance agency evaluated this report.

MATERIALITY DETERMINATION

Internal and external perspectives on new and emerging issues, regulations, standards and practices helped Marathon Oil identify risks and opportunities for this report. We determined materiality based on our [Enterprise Risk Management](#) process and on discussions with Marathon Oil managers and subject-matter experts; socially responsible investors (SRI) and other investors; business partners; industry associations; nongovernmental organizations; and nonprofit and community partners. Materiality determination was also informed by investment reports and media coverage. In addition, we reviewed peer company reports to benchmark our reporting practices.

INQUIRIES OR COMMENTS

Marathon Oil Corporation

Sustainability Report Manager
5555 San Felipe Street
Houston, TX 77056-2723 USA

Email: CSRReport@marathonoil.com

Web: www.marathonoil.com



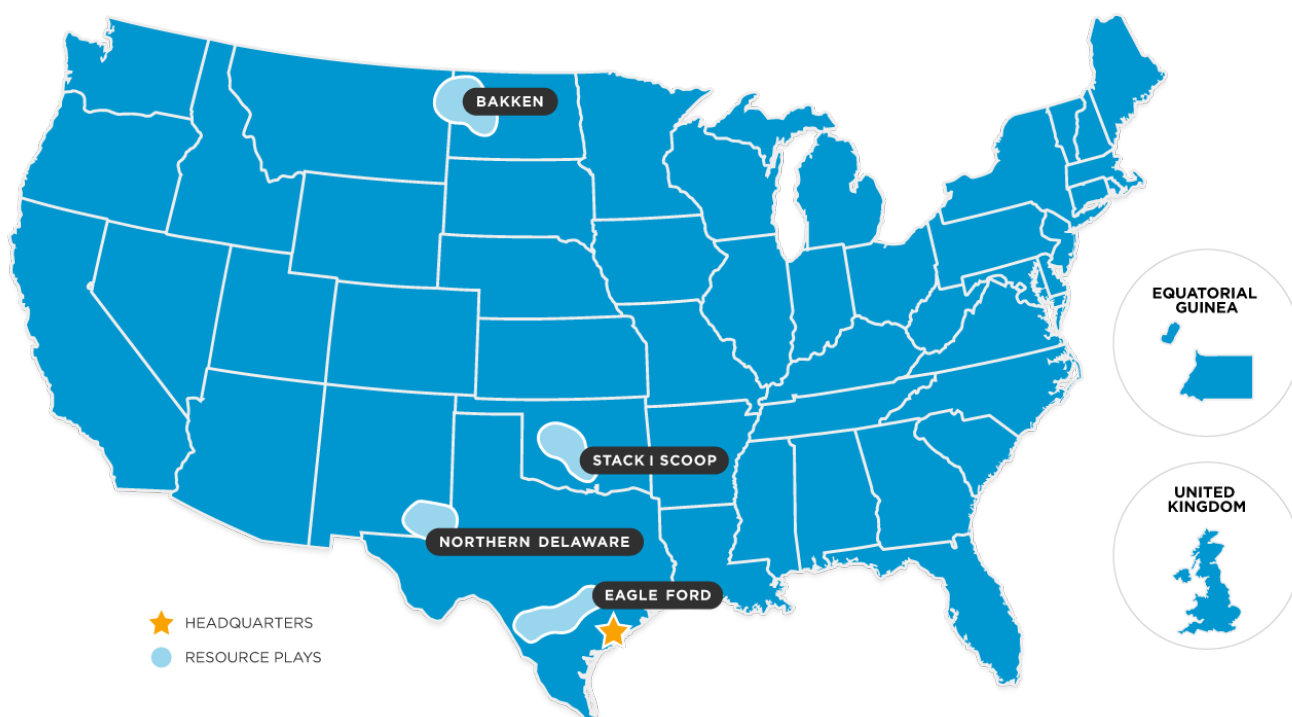
ABOUT THIS REPORT

MARATHON OIL AT A GLANCE

Marathon Oil Corporation (NYSE: MRO) is an independent global energy company focused on U.S. unconventional resource plays.

Based in Houston, Texas, the Company operates in the United States, Europe and Africa. The Company's reporting segments are organized and managed largely based upon geographic location and the nature of the products and services they offer.

- United States Exploration and Production (E&P) – explores for, produces and markets crude oil and condensate, natural gas liquids (NGLs) and natural gas in North America.
- International E&P – explores for, produces and markets crude oil and condensate, NGLs and natural gas outside of North America, and produces and markets products manufactured from natural gas, such as liquefied natural gas (LNG) and methanol in Equatorial Guinea.





ABOUT THIS REPORT

TO OUR STAKEHOLDERS

In 2016, Marathon Oil and our employees stayed true to “Living Our Values” to be responsible, safe and ethical, while focusing on delivering results. As a result, our Company is well positioned for profitable and sustainable growth.

We recognize that we must identify and manage nonfinancial risks to earn and keep our license to operate, even during a sustained period of low commodity prices. We understand that we are accountable to our stakeholders for our governance, social, workforce and environmental performance, and for sharing our progress in this 2016 *Living Our Values Corporate Sustainability Report*. I am proud of how our employees met challenges to our sustainability head-on to advance our business strategy, never losing sight of our responsibilities to our business partners, communities, governments, investors and other stakeholders.

Our strategy in recent years has been to invest our capital and expertise to establish a diverse set of high-return opportunities in our core U.S. resource plays – the South Texas Eagle Ford, North Dakota Bakken and Oklahoma Resource Basins. Our strategic transformation continued in 2016 and early 2017 with expansion in the STACK play in Oklahoma and our entry into the New Mexico Northern Delaware basin. We also divested our oil sands mining business in Canada, and non-core, non-operated conventional assets both onshore and offshore the U.S. Along with simplifying and concentrating our portfolio, we met our objective of living within our means inclusive of asset sales, while strengthening our balance sheet and relentlessly focusing on costs.



MAKING PROGRESS IN NONFINANCIAL PERFORMANCE

Our 2016 results benefited from our new [Responsible Operations Management System \(ROMS\)](#) that drives continuous improvement in health, environmental, safety and security (HES&S) performance, and operational risk reduction. Our complementary [Corporate Sustainability Guidelines](#) help employees demonstrate our commitment to economic, environmental, safety and social sustainability in communities where we work.

[Safety](#) is our top priority, and in 2016 our year-over-year safety performance improved through the diligence of our employees and our large contractor workforce. Our Total Recordable Incident Rate (TRIR) declined 10 percent from 2015 to 0.35 in 2016, due in part to data-driven efforts to manage two identified risks in our operations – hand injuries and dropped objects. This TRIR was the best in our Company’s history and set a new benchmark. As we ramp up activity in 2017, we must stay vigilant, identify hazards, and share lessons learned to reduce risk and prevent accidents and incidents.

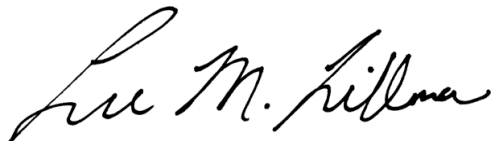
We continue to apply leading technologies, training and processes in our operations to [minimize environmental impact](#), and to reinforce our belief that compliance with laws and regulations is non-negotiable. Our global greenhouse gas emissions and intensity decreased by 30 and 26 percent, respectively, primarily as a result of asset sales. We also experienced a slight increase in global methane emissions and intensity. Water use in our U.S. onshore operations declined 29 percent compared to 2015, due mainly to reductions in our capital program and to asset sales. In addition, we continued planning for the [decommissioning of our Brae Area facilities in the U.K.](#) sector of the Central North Sea. We are committed to Decommissioning Programs that minimize environmental impact and ensure the safety of employees, contractors and people in associated industries near our facilities.

We believe enhancing education is one of the best ways we can help our communities, and the results of our social investments bear this out. In 2016, we focused on creating a [pathway to success for children](#) through education, training and community support, primarily through ongoing collaboration with community partners including Reasoning Mind, the Barbara Bush Houston Literacy Foundation, Communities in Schools and our Books for Bioko program.

BEING A RESPONSIBLE OPERATOR DELIVERS DIFFERENTIATED BUSINESS RESULTS

Our commitment to being a responsible operator has not wavered, even as we have reshaped our portfolio, reduced capital spending and lowered costs. Running a safe, clean and ethical business has allowed Marathon Oil to focus on delivering business results. With our differentiated position in the four best oil-rich U.S. resource basins, we have never been better positioned to deliver profitable and sustainable growth within cash flows at moderate oil pricing. We recognize that we earn our license to operate each and every day, and we dedicate ourselves to growing responsibly and being the employer, business partner, investment and neighbor of choice.

Sincerely,

A handwritten signature in black ink, reading "Lee M. Tillman". The signature is fluid and cursive, with the first name "Lee" being the most prominent.

Lee M. Tillman
President and Chief Executive Officer



ABOUT THIS REPORT

A MESSAGE FROM OUR BOARD

Our shareholders properly focus on how Marathon Oil optimizes our economic value. The Company's board of directors certainly recognizes that mission.

But we also share an underlying understanding that stewardship, citizenship and sustainability are irrevocably intertwined with our financial performance. The purpose of this report is to illustrate Marathon Oil's work and accountability in this regard.

With significant strategic moves over the past year, Marathon Oil is in a position of strength to deal with the challenges of relatively low prices, geopolitical forces and domestic policy changes. Yet amid this considerable activity, this Company's board and management have not been distracted from our longstanding central tenet, "Living our Values."

This approach to business is not simply an advocacy program for Marathon Oil's license to operate. The commitment of our leadership and expectation of all our people are to live out these objectives, meet these standards of accountability and demonstrate these values in the execution of our daily responsibilities.

We hope that you will note that Marathon Oil's people and operating procedures not only seek to control risks and improve financial and non-commercial results, but also are fundamentally committed to sustainability, stewardship of natural and human resources, and integrity.



These values, we believe, are essential responsibilities to the communities where we operate, yielding significant benefits to our various stakeholders and the industry broadly.

While championing such standards, we hope for reasonable and practicable changes in the policy arena. And notwithstanding the continuing debate on global climate change, there is an undeniably broad and reasoned consensus on the value of sustainability and safety. As you observe our continuing improvement in their related measurements and our transparency on environmental performance, the favorable consequences of our efforts in the past year regarding spills and releases, air emissions and safety should be especially apparent.

Higher activity levels are now in evidence throughout the Company. And management, while continuing corporate sustainability initiatives, is stepping up endeavors to strengthen compliance, workforce training, contractor standards and risk management.

Lest it be overlooked in this report, I want to point to one example of how Marathon Oil is making a significant difference in this world. Through participation in the [Bioko Island Malaria Control Project](#) – an investment of \$80+ million since its inception – the Company has contributed for more than a decade to the 85 percent decline in the malaria-caused deaths of children under age 5 and the 77 percent decline in malaria transmission among children ages 2 to 14. In meaningful ways that are less public, Marathon Oil people continue to touch countless lives.

This Company's record and progress on diverse environmental, safety, social, workforce and governance matters are summarized in this report in conformance with the common framework of the petroleum industry's corporate sustainability reporting. We invite your detailed review of how Marathon Oil's board and management, in the interests of sustainability as well as financial results, are dealing with both recurring and new issues.

We hope the specificity and commitments of this report inform your evaluation of our achievements and further ambitions. Your comments on our progress and suggestions as to how these efforts may be further invigorated are most welcome.

Respectfully,



Philip Lader
Chairman, HES&CR Committee
Marathon Oil Corporation Board of Directors

ABOUT THIS REPORT

PERFORMANCE METRICS

SUSTAINABILITY PERFORMANCE HIGHLIGHTS

CATEGORY	2016	2015	CHANGE
Fatalities (Employee and Contractor Workforce)	0	0	N/A
Global Safety Performance - Total Recordable Incident Rate (TRIR)	0.35	0.39	-10.3%
Social Investments - Philanthropic and Sustainable (million dollars)	\$20.50	\$24.20	-15.3%
Global Greenhouse Gas Emissions (million tonnes CO ₂ e) ^a	3.26	4.64	-29.7%
Global Greenhouse Gas Intensity (tonnes CO ₂ e on a weighted basis/production) ^a	18.11	24.52	-26.1%
Methane Emissions (million tonnes CO ₂ e) ^a	0.67	0.64	4.7%
Methane Intensity (tonnes CO ₂ e on a weighted basis/production) ^a	3.71	3.36	10.4%
Energy Use (trillion BTU)	45.9	56.10	-18.2%
Global Spill Events to the Environment ≥ 1 bbl - number ^b	29	47	-38.3%
Global Spill Volumes to the Environment ≥ 1 bbl - barrels ^b	1,580	3,605	-56.2%
Employees - Minorities as a Percentage of Workforce (U.S.) ^{c, d}	24.54	23.80	3.1%
Employees - Females as a Percentage of Workforce (Global) ^c	25.42	25.20	0.9%

(a) Greenhouse Gas (GHG) carbon dioxide equivalent (CO₂e) emissions are based on carbon dioxide, methane and nitrous oxide from Marathon Oil-operated facilities only.

(b) Data includes spills outside of secondary containment greater than or equal to 1 barrel.

(c) Workforce statistics reflect year-end data.

(d) As defined by U.S. Equal Employment Opportunity Commission.

FINANCIAL AND OPERATING HIGHLIGHTS ^a

DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA

CATEGORY	2016	2015
Total Revenues and Other Income	\$ 4,650	\$ 5,861
Income (Loss) from Operations	\$ (900)	\$ (2,691)
Income Tax Expense (Benefit) on Continuing Operations	\$ 905	\$ (754)
Income (Loss) from Continuing Operations	\$ (2,140)	\$ (2,204)
Discontinued Operations	\$ -	\$ -
Net Income (Loss)	\$ (2,140)	\$ (2,204)
Income (Loss) from Continuing Operations - Basic	\$ (2.61)	\$ (3.26)
Discontinued Operations - Basic	\$ -	\$ -
Net Income (Loss) - Basic	\$ (2.61)	\$ (3.26)
Income (Loss) from Continuing Operations - Diluted	\$ (2.61)	\$ (3.26)
Discontinued Operations - Diluted	\$ -	\$ -
Net Income (Loss) - Diluted	\$ (2.61)	\$ (3.26)
Dividends	\$ 0.20	\$ 0.68
Long-term Debt ^a	\$ 6,589	\$ 7,276
Stockholders' Equity ^a	\$ 17,541	\$ 18,553
Capital Expenditures ^{b, c}	\$ 1,069	\$ 2,936
Average Daily Net Sales:		
North America Exploration and Production Segment (mboed)	223	269
International Exploration and Production Segment (mboed) ^{c, d}	122	116
LNG (mtd) ^e	5,874	5,884
Methanol (mtd) ^e	1,358	937
Condensate and LPG (boed) ^e	13,430	12,208
Oil Sands Mining Segment Synthetic Crude Oil (mbbld) ^f	59	53
Net Proved Reserves: ^a		
Crude Oil and Condensate, Natural Gas Liquids, Natural Gas and Synthetic Crude Oil (mmboe)	2,096	2,163
Number of Employees ^a	2,302	2,610

(a) Reflects year-end data.

(b) Capital expenditures includes accruals.

(c) Excludes discontinued operations.

(d) Includes natural gas acquired for injection and subsequent resale of 5 and 8 mmcf in the years ended December 31, 2016 and 2015, respectively.

(e) Reflects net share of equity method investee volumes.

(f) Includes blendstocks.



ABOUT THIS REPORT

STAKEHOLDER MAP

Marathon Oil engages with stakeholders through formal and informal means. Our stakeholders voice concerns, provide suggestions and help us in our efforts to seek continuous improvement in conducting our business in a more responsible and productive manner. Below is a snapshot of the priorities and mechanisms we use to discuss and resolve issues.

	INVESTORS	GOVERNMENTS	COMMUNITIES	EMPLOYEES	NGOs	INDUSTRY
FIRST PRIORITIES	<ul style="list-style-type: none"> • PROFITABLE AND SUSTAINABLE GROWTH • FINANCIAL PERFORMANCE • RISK MANAGEMENT • ACCESS TO RESOURCES • LONG-TERM SHAREHOLDER VALUE • ENVIRONMENTAL PERFORMANCE 	<ul style="list-style-type: none"> • REGULATORY COMPLIANCE • TAXES AND ROYALTIES • ENERGY SUPPLY • ECONOMIC DEVELOPMENT • JOB CREATION AND NATIONAL CAPACITY 	<ul style="list-style-type: none"> • OPERATIONAL IMPACTS • LOCAL EMPLOYMENT • LOCAL SUPPLIER OPPORTUNITIES • LAND ACCESS AND COMPENSATION • COMMUNITY DEVELOPMENT • ADDRESSING EXISTING SOCIAL ISSUES 	<ul style="list-style-type: none"> • SAFETY AND HEALTH • PROFITABLE AND SUSTAINABLE GROWTH • COMPENSATION AND BENEFITS • JOB SECURITY • PROFESSIONAL DEVELOPMENT • CAREER ADVANCEMENT 	<ul style="list-style-type: none"> • AIR EMISSIONS • WATER IMPACTS • HYDRAULIC FRACTURING • SEISMICITY • HUMAN RIGHTS • NATIONAL CAPACITY • REVENUE TRANSPARENCY • SUSTAINABLE DEVELOPMENT 	<ul style="list-style-type: none"> • SAFETY, HEALTH AND ENVIRONMENT • ACCESS TO RESOURCES • REGULATORY OVERSIGHT • PUBLIC POLICY POSITIONS • CONTRACTOR MANAGEMENT • INNOVATION
CORPORATE ENGAGEMENT	<ul style="list-style-type: none"> • INVESTOR PRESENTATIONS, CONFERENCES, AND WEBCASTS • INVESTOR DISCUSSIONS • SEC FILINGS 	<ul style="list-style-type: none"> • POLICY DEVELOPMENT • INDUSTRY AND TRADE ASSOCIATIONS • ADVOCACY • SOCIAL PROJECTS 	<ul style="list-style-type: none"> • CORPORATE WEBSITE, MEDIA AND SOCIAL MEDIA • SOCIAL INVESTMENT PROGRAMS • OWNER RELATIONS 	<ul style="list-style-type: none"> • PERFORMANCE MANAGEMENT • TRAINING AND DEVELOPMENT • INTERNAL COMMUNICATIONS • CODE OF BUSINESS CONDUCT AND INTEGRITY HELPLINE • PARTICIPATION ON INDUSTRY AND TRADE ASSOCIATION COMMITTEES 	<ul style="list-style-type: none"> • ENVIRONMENTAL MANAGEMENT PROGRAMS • RESPECT FOR HUMAN RIGHTS 	<ul style="list-style-type: none"> • TRADE ASSOCIATIONS • RESEARCH AND TECHNOLOGY CONSORTIA • EMERGENCY RESPONSE ORGANIZATIONS • INTERNATIONAL BUSINESS COUNCILS
OPERATIONS ENGAGEMENT	<ul style="list-style-type: none"> • TOURS 	<ul style="list-style-type: none"> • REGULATORY COMPLIANCE • PERMIT REVIEWS • REGULATORY AUDITS • REGIONAL DEVELOPMENT • TOURS • COLLABORATION ON SOCIAL INVESTMENT PROJECTS • TOWN HALLS 	<ul style="list-style-type: none"> • EMPLOYMENT OPPORTUNITIES • LOCAL PROCUREMENT • COMMUNITY OUTREACH AND INVESTMENT • LAND OWNER AND TOWN HALL MEETINGS • MEDIA • FEEDBACK MECHANISMS 	<ul style="list-style-type: none"> • MANAGEMENT SYSTEMS • SAFETY LEADERSHIP • REACHING PRODUCTION TARGETS AND INCREASING RESERVES • COST MANAGEMENT • VOLUNTEERING 	<ul style="list-style-type: none"> • NATIONAL TRAINING, EDUCATION AND SCHOLARSHIP PROGRAMS • RESPECT FOR HUMAN RIGHTS • SECURITY TRAINING • FEEDBACK MECHANISMS 	<ul style="list-style-type: none"> • STATE AND REGIONAL ORGANIZATIONS • CHAMBER OF COMMERCE MEETINGS • PEER-TO-PEER ENGAGEMENT • COORDINATION ON BEST PRACTICES



ABOUT THIS REPORT

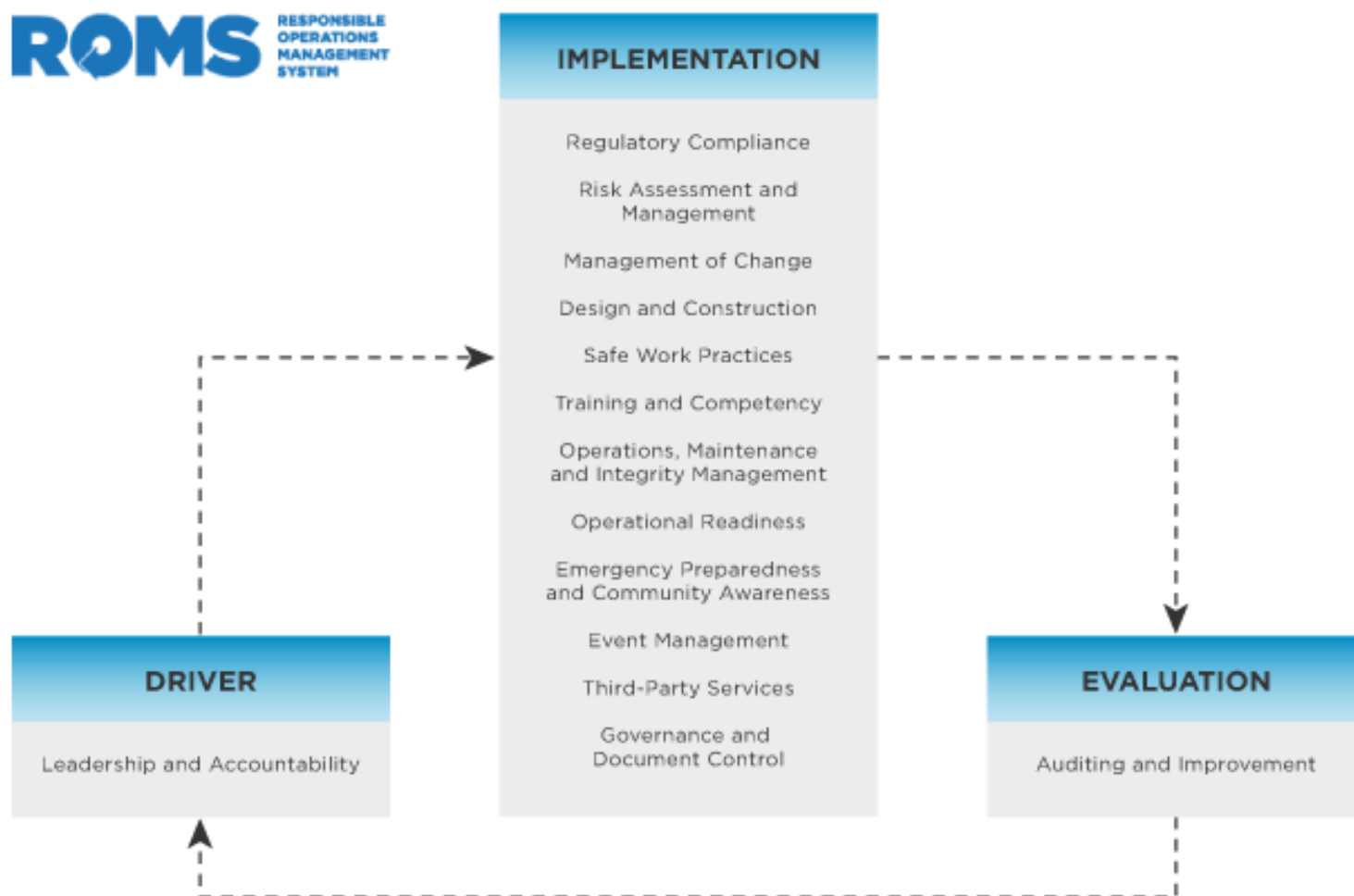
MANAGEMENT SYSTEMS

Marathon Oil wants our employees to be aware of enterprise, business unit and operational risks so they can prevent issues, capitalize on opportunities, set goals to drive improvement and promote sustainability.

Our Enterprise Risk Management (ERM) process identifies, assesses and monitors our most significant enterprise risks and mitigation activities, with oversight from the board of directors. Operational risks are further managed through our Responsible Operations Management System (ROMS).

ERM involves an annual risk assessment with internal assessors and champions, and considers input from the business and ROMS risk assessments. The assessment identifies risks, evaluates them based on likelihood and consequence, and focuses on managing the most significant risks. Material risk factors reported in our [2016 Annual Report on Form 10-K](#) include commodity prices, the quantity and value of our reserves, the uncertainty of future exploration and drilling results, changes in market conditions or project economics, state and federal regulations, and worldwide political and economic developments.

RESPONSIBLE OPERATIONS MANAGEMENT SYSTEM



The framework to drive continuous improvement, ensure regulatory compliance and reduce operational risk throughout Marathon Oil is our Responsible Operations Management System (ROMS).

ROMS supports our commitment to high standards of health, environmental, safety and security (HES&S) performance. It sets minimum requirements that business units must meet, but is adaptable to portfolio changes, and provides flexibility and scalability so that asset-level implementation is fit for purpose.

ROMS encompasses 14 elements used to identify and manage operational risks. Each element has an executive owner who sets corporate priorities and expectations, and tracks and reports progress to the executive steering team. Technical advisors and subject-matter experts facilitate implementation of the elements and monitor progress. This structure increases accountability and transparency, and promotes sharing lessons learned. The business units have a similar ownership structure to further drive accountability.

ROMS was approved in 2016, and we continued to optimize it to be a foundation of sustainability and risk management. A review of ROMS-related materials resulted in significantly reducing the number of supporting documents maintained, while improving the readability, relevance and accessibility of those that remain. In 2017, we are developing a dashboard to monitor progress against key performance indicators (KPIs) that directly impact management system effectiveness. In addition, business units formed local steering teams to perform gap analyses and complete ROMS implementation. We have increased resources to assist our U.S. resource plays in implementing ROMS in 2017 in recognition of the ramp-up in activity and capital spend.

ROMS ELEMENT OWNERS

ROMS ELEMENT	EXECUTIVE OWNER	TECHNICAL ADVISOR
Leadership and Accountability	EVP Operations	Resource Plays HES Manager
Regulatory Compliance	VP Conventional	Environmental Manager
Risk Assessment and Management	EVP Operations	Enterprise Risk Manager
Management of Change	EVP Operations	Conventional HES Manager
Design and Construction	VP Technology and Innovation and CIO	Technical Authority Manager
Safe Work Practices	EVP Operations	Health and Safety Manager
Training and Competency	VP Conventional	Resource Plays HES Manager
Operations, Maintenance and Integrity Management	VP Conventional	Reliability and Process Safety Manager
Operational Readiness	Conventional Wells Director	Production Operations Director
Emergency Preparedness and Community Awareness	HES&S Director	Security and Emergency Preparedness Manager
Event Management	HES&S Director	Health and Safety Manager
Third-Party Services	Global Supply Chain Director	Resource Plays HES Manager
Governance and Document Control	VP Technology and Innovation and CIO	Resource Plays HES Manager
Audit and Improvement	HES&S Director	Health and Safety Manager

HES&S STANDARDS, PRACTICES AND AUDITS

We drive consistency throughout our operations with HES&S standards that set expectations and performance requirements. Standards are updated to reflect changes in laws or regulations, audit recommendations and incident investigation results, and to promote continuous improvement.

Marathon Oil makes our workforce aware of our requirements through HES&S programs, and promotes adherence to our standards and regulatory compliance through the ROMS Audit and Improvement element. Our audit program focuses on:

- Physical condition of operational facilities
- Contractor safety management programs and performance
- Management system implementation and effectiveness

Our assets develop corrective actions to address audit findings and track them to completion. Lessons learned are shared across organizations, and key findings and trends are communicated to asset leaders, the ROMS steering committee and senior management.



GOVERNANCE

Marathon Oil is committed to high standards for responsible operations, business ethics and integrity, corporate governance and transparency.

MANAGEMENT APPROACH

Our board of directors provides oversight of Marathon Oil's business and affairs, including processes and performance related to environmental, social and governance matters, for the benefit of our shareholders.

In accordance with New York Stock Exchange rules and our [Corporate Governance Principles](#), we maintain an independent board for proper oversight and effective corporate governance. Directors are elected annually for a one-year term, with a majority of votes cast required for election. In 2016, all board members except the CEO qualified as independent. No former Marathon Oil CEOs were board members in 2016.

Our board met 14 times in 2016, with more than 97 percent attendance for board and committee meetings. To meet our Corporate Governance Principles requirements, non-employee directors are invited to attend an executive session at each regularly scheduled board meeting. In 2016, non-employee directors held 10 executive sessions.

Director candidates may be nominated by board members and eligible stockholders. The [Corporate Governance and Nominating Committee](#) screens and evaluates candidates, with input from the board chairman and CEO. Marathon Oil seeks directors with a variety of backgrounds, experiences and personal qualifications who broaden the diversity of the board. In 2016, our board included two members from represented minorities, one of whom was also a woman. This represents 25 percent and 12 percent of our board, respectively. The age range of our board members was 55-70 years, and directors cannot serve beyond the last day of the board election term during which they reach 72 years of age.

Interested parties, including security holders, may [communicate with the board](#) through the Marathon Oil Secretary.

EXECUTIVE COMPENSATION REFLECTED 2016 COMMODITY PRICE ENVIRONMENT

With oversight from the board's [Compensation Committee](#), our executive compensation programs are designed to pay for performance and provide market-competitive pay. Our programs also align executives' interests with those of stockholders through performance-based units, equity awards and robust stock ownership requirements. For example, the minimum stock ownership requirements are six times base salary for the CEO, four times base salary for an executive vice president and two times base salary for a vice president. Directors and the board chairman are required to own stock equal to three and four times their annual cash retainer fee, respectively. In addition, directors and officers have five years from their appointments to meet these requirements. Our [Corporate Governance Principles](#) and the [2017 proxy statement](#) further outline the philosophy and best practices applied by the Compensation Committee to set executive compensation levels.

To determine executive compensation for 2016, the Compensation Committee considered operational, financial, safety and environmental results. In recognition of the difficult commodity price environment, the committee kept base salaries flat for named executive officers in 2016 and reduced the value of restricted stock awards by 25 percent. The committee also took steps to further align with competitive practices and recent trends.

SUSTAINABILITY OVERSIGHT

We believe that a company must address its responsibilities for governance, society, the environment and its workforce to achieve sustainable business success and create value. We want to understand how our decisions, actions and operations affect others, and how we can work with stakeholders to address critical needs in local communities.

The [Health, Environmental, Safety and Corporate Responsibility \(HES&CR\) Committee](#) of the board of directors oversees our sustainability performance. As we position Marathon Oil for continued growth, [our core values](#) underpin our efforts and our [Corporate Sustainability Guidelines](#) outline how we demonstrate our commitment to economic, environmental, safety and social sustainability in the communities where we operate. Together with our [Responsible Operations Management System \(ROMS\)](#), these guidelines help employees manage our business and external stakeholder relationships responsibly.



PROGRESS

Marathon Oil is committed to high standards for responsible operations, business ethics and integrity, corporate governance and transparency. In 2016, we positioned Marathon Oil for growth by progressing the [Responsible Operations Management System \(ROMS\)](#) to be a foundation for sustainability. We continued to provide training and resources for employees to comply with relevant laws, regulations and internal policies. To incorporate changes in our portfolio and corresponding risk areas, we updated our [Code of Business Conduct](#), scheduled to go into effect in 2017.

Marathon Oil continues to work with federal and state legislators and regulatory agencies on issues affecting our business and industry. For example, Company subject-matter experts in [hydraulic fracturing](#), well integrity, drilling, completions, [safety practices](#) and [water management](#) review proposed regulations and legislation. They may provide testimony to legislative bodies, participate in industry working groups, and collaborate with stakeholder groups and industry working groups to address concerns through mutually acceptable solutions.

In 2017, we will continue to promote responsible regulatory reform; reasonable and risk-based regulations regarding [seismicity](#) that may be related to outside-operated injection wells; safe and reliable infrastructure; tax regimes that encourage investment; regulations that promote clean air and water while enabling energy development; and consistent and timely permitting processes. In addition, we will conduct education sessions on oil and gas, as well as tours of our U.S. operations for legislators and regulators.



ETHICAL BUSINESS PRACTICES

Marathon Oil has a longstanding commitment to high ethical standards. Our [Code of Business Conduct](#) reinforces this commitment and the fundamental importance of acting with integrity in accordance with our core values.

AUDIT AND FINANCE COMMITTEE

The board's [Audit and Finance Committee](#), made up of all independent members, oversees our ethics and integrity efforts. Tangible examples of these efforts include:

- Policies and procedures related to ethical, legal and regulatory compliance.
- Reporting mechanisms, such as anonymous reporting, for employees and third parties to raise ethics and compliance-related questions and concerns. We prohibit retaliation for good faith reporting.
- Annual internal audits of ethics and compliance efforts.
- Annual Code of Business Conduct Questionnaire and Certification for all employees.
- Inclusion of compliance in annual [Enterprise Risk Management](#) process.

PREVENTING CORRUPTION

Marathon Oil complies with all applicable anti-corruption laws in the countries where we operate, including the U.S. Foreign Corrupt Practices Act (FCPA) and U.K. Bribery Act. Our anti-corruption compliance program aligns with U.S. Department of Justice recommendations for effectiveness.

We require designated employees with certain job responsibilities and/or working in certain locations to complete annual anti-corruption compliance training. We also have an annual anti-corruption compliance audit program for our operations outside the U.S. and outside-operated interests in countries not in the Organization for Economic Cooperation and Development (OECD).

To prevent bribery and corruption, Marathon Oil has well-established processes for transparent reporting of revenue flows from oil and gas production. While we ended our participation in the Extractive Industries Transparency Initiative (EITI) in 2016 because we shifted our business strategy to focus on U.S. unconventional resource plays, we continue to engage in industry discussions regarding transparency of payments.

Marathon Oil's approach to preventing bribery by our business partners starts with the board-approved Procurement and Contracting Policy. Under this policy, our Global Supply Chain function is responsible for conducting all contracting and procurement activities in an objective, ethical manner in accordance with applicable anti-corruption laws and our Anti-Corruption Compliance Standard. This standard requires that potential business partners that may pose a bribery risk must successfully complete due diligence and be approved by Marathon Oil's Law function before engagement by Global Supply Chain.

If the high-risk third party is approved for use, Global Supply Chain and Law will either use Marathon Oil's standard anti-bribery and trade compliance contracting language or negotiate compliance language that fits the particular business relationship. We automatically screen these third parties against a comprehensive list of prohibited party databases.

After engagement, Marathon Oil may require a high-risk third party to participate in anti-bribery training that we provide and/or undergo a contracts and compliance audit conducted by our Internal Audit function. In addition, all third parties, including those considered high risk, may report business ethics concerns to our [Integrity Helpline](#).

REPORTING MECHANISMS

We believe treating others with dignity, respect and fairness is the foundation of good business conduct, and we promote an open and inclusive workplace to avoid grievances. Employees are encouraged to work with their supervisors and management to resolve issues, and may report questions or concerns through Human Resources, Audit, HES&S, Law, the Corporate Compliance function and other internal resources.

Our [Integrity Helpline](#) is available at all times for employees and third parties to anonymously and confidentially report ethics and compliance questions or concerns. Our [Code of Business Conduct](#) and our [Reporting Business Ethics Concerns Policy](#) forbid retaliation for good faith reporting of these concerns.



PUBLIC POLICY AND POLITICAL CONTRIBUTIONS

We participate in the public policy process and contribute to candidates and organizations that support responsible energy development.

In 2016, Marathon Oil did not make any direct corporate contributions to candidates, political party organizations or political action committees (PAC).

Through the Marathon Oil Company Employees Political Action Committee (MEPAC), eligible employees can contribute to candidates for U.S. federal and state elected office. In 2016, MEPAC donated \$121,400 to 77 candidates, political party organizations and PACs. MEPAC is registered with the U.S. Federal Election Commission (FEC) and complies with all FEC, state and local rules and reporting requirements.

The Marathon Oil Company Political Action Committee of Texas (MOCPAC-TX) donated \$73,000 to 41 state and local candidates and PACs in Texas in 2016. MOCPAC-TX is registered with the Texas Ethics Commission and complies with all Texas rules and reporting requirements.

Both PACs are managed by a board of employee directors, and all PAC contributions are based solely on a candidate's position on business issues and without regard for the political preferences of Company executives or PAC board members.

Marathon Oil makes payments to organizations and trade associations that engage in lobbying and other activities. We voluntarily report these payments, and our policies and procedures for lobbying and political activities, in the interest of good governance and transparency.

Our [2016 Report of Lobbying and Political Contributions](#) discloses corporate contributions made to all tax-exempt organizations, including 527s and 501(c)(4)s, that exceeded \$35,000. Based on information we received from our trade associations, the report also discloses the lobbying portion of our payments and dues made to trade organizations that, if made directly by the Company, would not be deductible under section 162(e) of the Internal Revenue Code and that exceed \$35,000.



EMERGENCY PREPAREDNESS AND RESPONSE CAPABILITIES

As a responsible operator, we believe that comprehensive emergency preparedness and response capabilities and business continuity plans demonstrate good governance, and are necessary for sustainability.

Our plans help us protect personnel, facilities and neighboring communities in the event of natural disasters, security incidents, operational disruptions and other incidents.

The Marathon Oil [Responsible Operations Management System \(ROMS\)](#) provides a structured approach to tailor emergency preparedness and response plans to local operating conditions. To maintain enterprise and role-specific competency at the operating level, business units are responsible for security and emergency preparedness activities, and our Corporate Security and Emergency Preparedness Group focuses on enterprise-wide activities.

Our capabilities include:

- Response teams at the local, regional and corporate levels, including the Corporate Emergency Response Team (CERT) that operates under the authority of the executive-level Crisis Management Team.
- Periodic training, drills and exercises for response teams, along with the invited or required participation of government agencies and key stakeholders.
- A network of response contractors and consultants.
- The Corporate Security and Emergency Preparedness Group dedicated full time to training, drills and participation in industry emergency response activities.
- Participation in industry associations to share lessons learned and drive improvements.



SOCIETY

We work with stakeholders to understand how our operations impact local communities, and partner with community organizations to address existing social issues.

MANAGEMENT APPROACH

We want to make a positive difference in communities where we work through strong relationships with stakeholders and targeted social investments. Our [Corporate Sustainability Guidelines](#) help employees demonstrate our commitment to economic, environmental, safety and social sustainability in our communities.

PROGRESS

We are committed to working with stakeholders to understand how our operations impact local communities, and to partnering with community organizations on projects that address existing social issues related to education, health and the environment. In 2016, we:

- Engaged elected officials, regulators, business leaders, industry and other stakeholders in our U.S. unconventional resource plays to mitigate potential risks of accelerated growth activities in 2017, and in the U.K. as part of planning the [decommissioning](#) process of our Brae Area in the U.K. Sector of the Central North Sea.
- Focused our [social investment](#) strategy on creating a pathway to success for children we hope can be part of our future workforce. Our major partners included the Barbara Bush Houston Literacy Foundation, Houston Food Bank, Communities in Schools, Reasoning Mind and Books for Bioko.
- Continued our support of the [Bioko Island Malaria Control Project \(BIMCP\)](#) in Equatorial Guinea, resulting in an 11 percent drop in the rate of malaria parasite infection on Bioko Island by year-end 2016. This was the lowest rate ever measured, down from nearly 50 percent in 2004, and represented a 75 percent decrease in malaria burden for the Bioko Island population.



STAKEHOLDER ENGAGEMENT

As we continue to grow the Company, stakeholder engagement enables us to manage community impacts and risks, access new resources, avoid project delays and sustain effective relationships.

STAKEHOLDER ENGAGEMENT SUPPORTS GROWTH IN OKLAHOMA RESOURCE BASINS

In 2016, stakeholder engagement helped our U.S. unconventional resources prepare to accelerate drilling and production activities. To support growth in our Oklahoma Resource Basins, employees have specific roles and responsibilities to carry out a stakeholder relations plan. They are addressing identified issues and risks including regulations, taxes, employee engagement, development plans, and roads and other infrastructure. When meeting with stakeholders, employees share our values, track record and intent to responsibly develop resources in the state. Engagements are aimed at strengthening existing relationships, building relationships in new areas and addressing issues that could affect our license to operate.

As a result of engagements with officials in Oklahoma counties and municipalities where we acquired assets in 2016, we quickly closed emissions compliance gaps in newly acquired facilities. We learned through these engagements that road conditions associated with increased oilfield activity are county officials' main concern, and we are reviewing best practices from other Marathon Oil assets to address infrastructure issues. To share our plans and understand community concerns, in 2017 we will host town hall meetings in three Oklahoma counties in the STACK play and continue grassroots engagements with local business leaders, county commissioners and community members.

At the industry level, our staff is active in the Oklahoma Oil and Gas Association (OKOGA) to represent Marathon Oil's interests, and to influence state policies and legislation. Primary focus areas in 2016 were the state's gross production tax, seismicity and amendment of the state Shale Development Act to extend industry's ability to drill laterally in all rock types, not just shale.

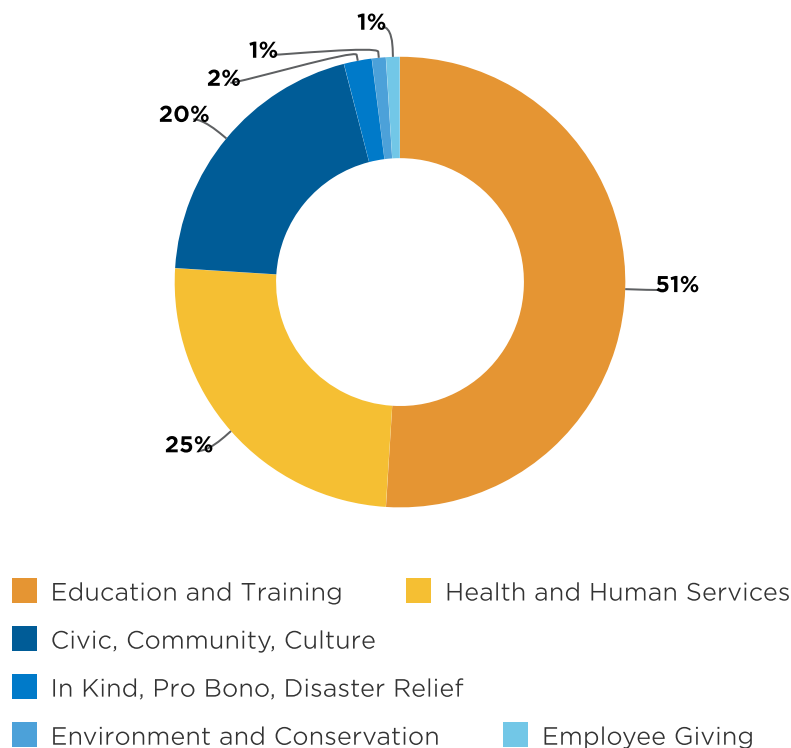
In 2017, we will continue to engage stakeholders throughout all of our operating areas, with a focus on earning and keeping our license to operate in our recently acquired New Mexico Northern Delaware basin asset.

SOCIAL INVESTMENT

In 2016, our social investment strategy focused on enhancing education in the communities where we live and work, creating sustainable economic growth and building the future workforce.

MARATHON OIL SOCIAL INVESTMENTS BY GIVING AREA ^a

Total Social Investments: \$20.4 million



(a) Total Philanthropic Giving: \$3.5 million in corporate giving and \$.3 million in employee giving; Total Sustainable Investments: \$16.6 million.

CONTINUED EXPANSION OF STEM PROGRAM IN THE SOUTH TEXAS EAGLE FORD

We support science, technology, engineering and math (STEM) curriculum enhancements to increase the number of students who finish high school, continue their education at a two- or four-year college, and ultimately join the oil and gas workforce.

In the Karnes County Independent School District (KCISD) in the Eagle Ford region, we expanded the [Reasoning Mind Program](#) for math education for the third academic year. Since the pilot in one elementary school in 2013, participants' test scores and algebra readiness have steadily improved, and teacher satisfaction with the program has remained exceptionally high. During the 2015-2016 school year, approximately 480 participants in grades 2-5 at two schools significantly increased their standardized test scores. Children who used the program as third graders saw their 2016 standardized math test scores jump more than 120 points in the fourth grade. Based on these outcomes, we committed to continue supporting the program in the two schools and to expand to Pawnee ISD in the 2016-2017 academic year.

PROVIDING BUILDING BLOCKS FOR EDUCATION

Literacy is a foundation of education. While most middle-class families have 13 books at home for every child, there is only one book for every 300 children in economically disadvantaged households. Yet if children are not reading at grade level by the third grade, they are more likely to face future academic challenges and have higher dropout, incarceration and poverty rates.

Building on our partnerships with the [Barbara Bush Houston Literacy Foundation](#) and Browning Elementary School in Houston, we sponsored a pilot program to purchase books so that all Browning students will have their own home libraries. The plan is to expand this program to other Houston schools and potentially nationwide, including other Marathon Oil operating areas.

To recognize our employees for volunteering at Browning Elementary for more than 20 years, the Houston Independent School District presented its Volunteers in Public Schools Jean Davis Myers Award to Marathon Oil. In addition to our literacy efforts, in 2016 our volunteers dedicated hundreds of hours at the school to partner with Junior Achievement, coordinate the Pen Pal program, and promote student academic achievement and attendance through a financial donation.



REMOVING BARRIERS TO LEARNING

Hunger, homelessness and other issues challenge a child's ability to learn and stay in school. To address these risks, in 2016 Marathon Oil expanded our support of local community food banks. Over 300 employees and senior leaders joined our CEO at a volunteer event at the [Houston Food Bank](#) to sort, pack and haul food that equated to almost 20,000 meals. Many of the meals were directed to the Backpack Buddy program that fills the hunger gap by giving children nutritious food to take home on Fridays.

Across the U.S., 1.2 million students drop out of high school every year, which affects their future earning capacity and has negative economic impacts on communities. We continued partnering with [Communities in Schools \(CIS\)](#) in 2016 to support students in pre-K through community college in Houston. Our contributions helped CIS keep 98 percent of the students in their program in school and enabled 94 percent of seniors in CIS programs to graduate from high school.

FUNDING COLLEGE SCHOLARSHIPS

To develop a future workforce for the oil and gas industry, and increase the number of qualified diverse hires in the U.S., we offer college scholarships for students to study core disciplines such as geosciences, engineering and supply chain. In 2016, Marathon Oil funded scholarships for 55 recipients from the U.S. and Equatorial Guinea attending nine universities in the U.S., the University of Petronas in Malaysia and Institute Technological National of Hydrocarbons Equatorial Guinea (ITNHGE). This included \$125,000 for diverse students with a record of academic excellence to study at the University of Texas, Texas A&M University and the University of Houston.

SUPPORTING COMMUNITY SAFETY AND HEALTH

Emergency preparedness creates opportunities to work with potential first responders in the event of an accident. We made donations to law enforcement agencies, hospitals and health care systems, emergency medical services, volunteer fire departments and other responders in communities where we operated in 2016 to enhance their response capabilities.



MATCHING EMPLOYEE GENEROSITY

Our Workplace Giving Campaign makes one-to-one matches of employee donations to Company-supported nonprofits across our operating areas. In 2016, employee contributions and the Company match totaled approximately \$540,000 to more than 100 charities such as the [American Heart Association](#), [Trees for Houston](#), [Books for Bioko](#), and regional United Ways and food banks. The Company also matches employee gifts to U.S. universities.



SOCIETY

Focus
Social
Energetic
Liv

LOCAL CONTENT: WORKFORCE INTEGRATION AND PROCUREMENT

To foster relationships and contribute to local progress, we seek to hire workforces that reflect the communities where we operate. In targeted areas, we may offer training, workforce integration programs, and educational and vocational programs to build workforce capabilities.

BUILDING CAPACITY ON THE FORT BERTHOLD INDIAN RESERVATION

As an operator on the Fort Berthold Indian Reservation in North Dakota, our Bakken asset team aims to award business to companies owned 100 percent by a member of the Three Affiliated Tribes on the reservation (Tier One suppliers), to comply with Tribal Employment Rights Office (TERO) regulations. We contract with Tier One suppliers, when available, that offer competitive pricing for goods and services, and meet our requirements for HES performance, insurance coverage and financial viability.



During 2016, we continued offering guidance on invoicing requirements, and HES policies and procedures, to build supplier capacity on the reservation. As a result of our efforts in recent years, several suppliers improved their safety performance and applied truck tracking systems, electronic invoicing, and other technologies that increased their efficiency and reliability. We have also supported local capacity building by educating employees, contractors and subcontractors on TERO licensing requirements and regulations.

At year-end 2016, we had contracts in place for approximately 40 Tier One suppliers. Although overall spending with all suppliers decreased because of materially reduced drilling and completions activity in Bakken in 2016, we are positioned to award as many bids as possible for work on the reservation to Tier One vendors as we increase activity in 2017.



SECURITY AND HUMAN RIGHTS

Marathon Oil respects the human, cultural and legal rights of individuals and communities, while focusing on operating safely, securely, ethically and responsibly.

Our commitment is consistent with the [United Nations Universal Declaration of Human Rights \(UDHR\)](#) and the [International Labor Organization's \(ILO\) Declaration on Fundamental Principles and Rights at Work](#). We promote the goals and principles of the UDHR within our business relationships, work to prevent abuses and advance human rights in the communities where we operate, and engage in dialogue around human rights in industry associations.

Our security activities are managed through the Emergency Preparedness and Community Awareness element of our [Responsible Operations Management System \(ROMS\)](#). This element requires that we identify and engage with local communities, government emergency responders and other stakeholders within or adjacent to our operations regarding potential risks and planned response measures. We assess compliance with security and human rights practices using the Marathon Oil three-tiered audit program. In addition, principles in our [Corporate Sustainability Guidelines](#) support our community activities related to human rights, stakeholder engagement and other processes.

In our operating areas outside of the U.S., we have well-established and effective security and human rights policies. We also work with the IPIECA Responsible Security Task Force and observers of the Voluntary Principles on Security and Human Rights to promote security cooperation among companies and host nation governments.

As the operator of production and processing facilities in [Equatorial Guinea](#), we employ a proprietary guard force to protect our onshore facilities and engage with the Navy of Equatorial Guinea to protect offshore facilities. Marathon Oil had no known security-related incidents that resulted in a human rights violation in 2016. In 2017, Marathon Oil will work with the government of Equatorial Guinea and the United States Coast Guard on reviews of International Port Ship and Port Facility Security (ISPS) to bolster safety and security at Equatoguinean ports.

In the U.K., we conduct our operations in accordance with the [U.K.'s Modern Slavery Act](#) to ensure slavery and human trafficking are not taking place in our supply chain.

When entering a new location, the Company assesses the security and social risks associated with our business activities. Based on risks we identify, Marathon Oil develops mitigation activities to promote business continuity, protect assets, safeguard personnel and minimize any potentially adverse impacts of our operations on stakeholders.



ENVIRONMENT

ENVIRONMENT

We believe protecting the environment is critical to operational excellence, and that compliance with regulations and laws is not negotiable.

MANAGEMENT APPROACH

We manage our environmental risks using the [Responsible Operations Management System](#) and strive to continuously improve our environmental performance. To eliminate or reduce environmental impacts from our operations, we develop sound practices for local and regional management of emissions, water and waste. Through environmental management strategies and processes, we:

- Promote compliance with all applicable regulations. In the absence of fully developed regulatory structures, we follow World Bank Guidelines in effect at the time of facility design and project execution.
- Identify, evaluate and implement potential solutions to reduce air emissions, waste and fresh water use and to prevent spills.
- Track and report environmental performance data and management practices to internal and external stakeholders.

PROGRESS

We are committed to reduce spills and releases to the air, minimize wastes, and promote water management, conservation and land stewardship. In 2016, we:

- Reduced year-over-year global greenhouse gas (GHG) emissions and intensity by 30 and 26 percent, respectively, primarily as result of asset sales.
- Increased nonfresh water sourced for drilling and completions activities to 79 percent.
- Recorded 38 percent fewer spill events to the environment greater than or equal to a barrel and reduced the associated spill volumes by 56 percent, mainly due to pipeline integrity programs and asset sales.



ENVIRONMENT

CLIMATE CHANGE AND EMISSIONS MANAGEMENT

Marathon Oil recognizes the concern about the potential impact of greenhouse gas (GHG) and other air emissions on global climate and air quality.

At the same time, we recognize the need for reliable and affordable energy to fuel global economic progress and to meet long-term demand, and the important role oil and natural gas are projected to play in meeting those objectives.

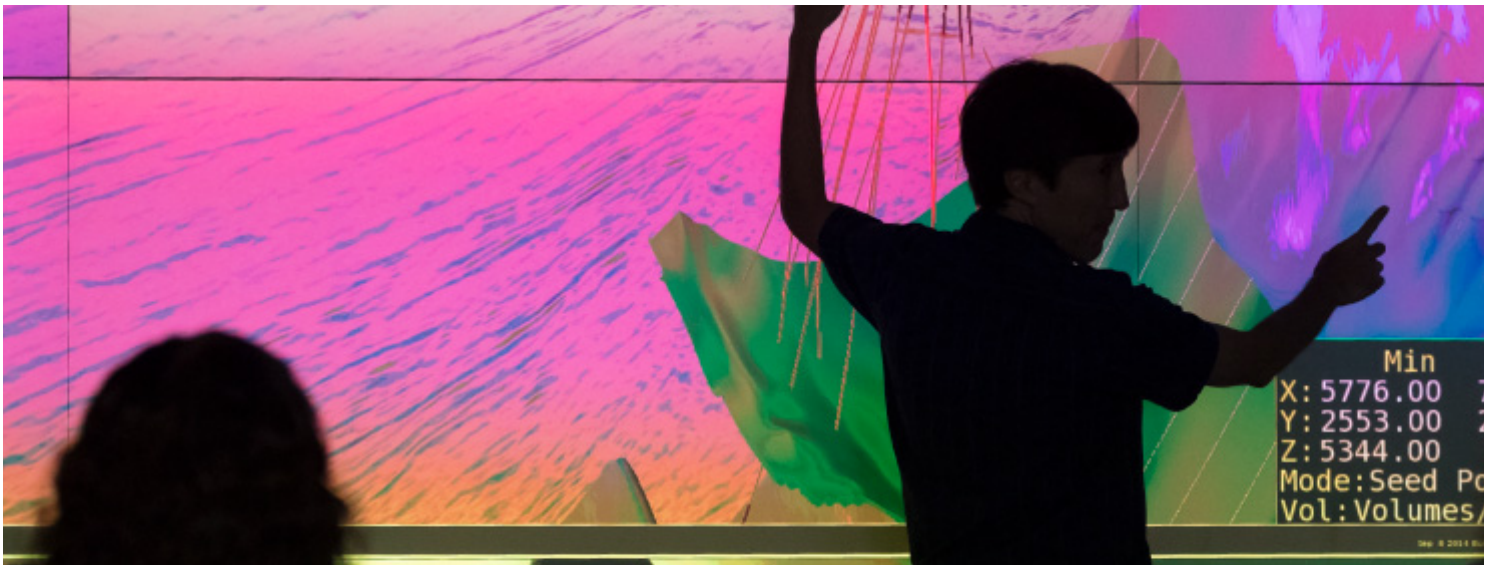
We remain committed to finding and developing oil and natural gas in a safe and responsible manner, which includes efforts to reduce GHG and other air emissions from our operations.

Marathon Oil understands that additional climate change laws and regulations will continue to evolve in the future as guided by national policy and more comprehensive global agreements such as that proposed by the 2015 United Nations Climate Change Conference. To manage this risk, we work to monitor and mitigate our GHG emissions, evaluate climate change risk in our investment decisions and engage with external stakeholders to understand their perspectives.

AIR EMISSIONS REDUCTION STRATEGIES

We evaluate and implement strategies and technologies to reduce air emissions from our operations. Emissions reduction strategies and technologies are used throughout the drilling and production lifecycle, including:

- Reducing engine emissions and gas venting during well drilling and well completions, including hydraulic fracturing
- Integrating gas capture strategies with drilling and completions activities
- Installing storage tank controls
- Optimizing equipment and removing redundant emission sources
- Replacing high-bleed pneumatic devices with low-bleed or non-bleeding mechanical controllers
- Finding and repairing equipment leaks, including use of infrared cameras
- Reducing transportation emissions



MANAGING RISKS

Marathon Oil continuously reviews the impact that future climate change regulation could have on our business decisions. We believe that oil and gas development and production will remain crucial to the world economy, and our business model is focused on continued operation in this space. We manage climate change and other business risks through [Enterprise Risk Management](#), with oversight from our board of directors and management. These risks factor into our business decisions during capital planning.

Our capital planning system relies on many inputs to integrate climate change and other risks into our business strategy. We use third-party commodity price forecasting services, which include IHS, Wood Mackenzie and the PIRA Energy Group. This allows us to form price scenarios to test investment decisions on near- and long-term projects. Through this analysis, projects are stress-tested across a broad range of pricing outcomes to ensure they are robust at lower price levels. Price forecasts from these services factor in supply and demand in global markets, and consider the market penetration of alternative fuels and potential climate change policies. We consider these third-party forecasts, along with Company-specific insights and guidance, to prepare the Marathon Oil forecast. Additionally, the cost of carbon is factored into expense and revenue models for assets in the U.K. where current carbon trading regulations exist. Profitability and capital allocation will be based on expected prices, and specific financial targets or strategic objectives must be met to sanction a project.

Marathon Oil advocates for reasonable and balanced regulations that allow flexibility to cost-effectively reduce emissions. In 2016, we made [payments to trade associations](#) that engage in lobbying activities. Through these trade associations, we participated in the U.S. public policy dialogue about critical environmental and energy policies, including rulemaking comment periods regarding climate change issues.



ENVIRONMENT

EMISSIONS OVERVIEW AND METHODOLOGY

We report our air emissions resulting from fuel combustion and venting, using methodologies based on the emissions source and the regulatory requirements in the country of origin.

OUR METHODOLOGY

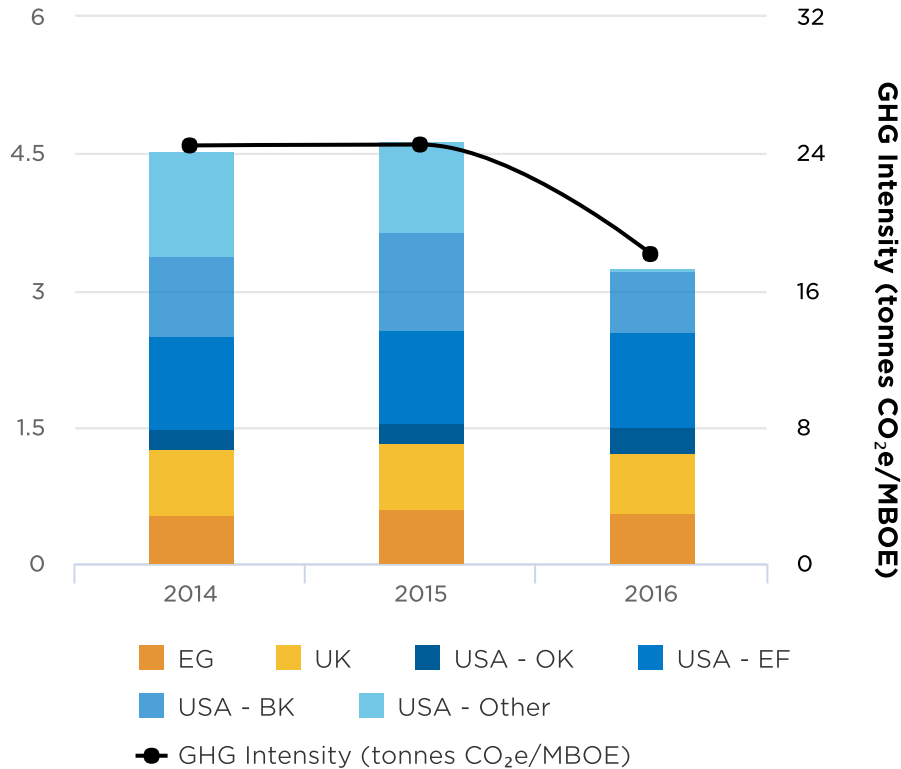
Air emissions from the oil and gas industry can be divided into two primary categories: fuel combustion and venting. Emissions from fuel combustion result from operating equipment such as engines, heaters and generators. Fuel combustion results in emissions of nitrogen oxides (NO_x), carbon monoxide (CO), sulfur dioxide (SO₂), particulate matter (PM), volatile organic compounds (VOCs) and carbon dioxide (CO₂). Venting primarily results in VOCs and methane (CH₄), generally from storage tanks, well venting, gas dehydrators and equipment leaks. Flares and other control equipment eliminate most of the VOCs and methane, a potent greenhouse gas. Control equipment is the preferred method to lower VOCs and methane emissions if there are no operational or safety restrictions on their use.

Our emissions reporting methodology varies depending on the emissions source and the regulatory requirements in the country of origin. In this report, we include direct emissions (Scope 1) and indirect emissions (Scope 2) as defined by the IPIECA/API/IOGP *Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions*, on an operated basis. We include emissions from contractors' equipment and activities (such as drilling and completions) and other temporary activities (such as well test flaring) when local regulations require it. Direct emissions are measured and/or estimated, recorded and reported in accordance with applicable regulatory requirements for the respective operations. Indirect emissions are estimated based on Company energy use.

For example, we use methodologies outlined in the Environmental Protection Agency's (EPA) GHG Mandatory Reporting Rule (MRR) to calculate emissions from U.S. oil and gas operations. Approximately 99 percent of our U.S. operations report to the EPA through this program on a barrel of oil equivalent basis. We use the same methodology for U.S. assets that are not required to report to the EPA under this regulation and include those emissions in this report. When no regulatory requirements apply, we calculate GHG emissions using the API *Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Gas Industry*. For indirect emissions, we track purchased electricity and calculate emissions using the API Compendium.

GHG EMISSIONS AND INTENSITY ^a

Million Tonnes CO₂e



(a) Greenhouse Gas (GHG) carbon dioxide equivalent (CO₂e) emissions are based on carbon dioxide, methane and nitrous oxide from Marathon Oil-operated facilities only.

OUR PERFORMANCE

We evaluate our performance using GHG and methane emissions intensity, expressed as carbon dioxide equivalent (CO₂e) emissions per equivalent barrel of all hydrocarbon produced.

In 2016, Global GHG emissions and intensity decreased by 30 and 26 percent, respectively. The decreases primarily resulted from the disposition of our Wyoming assets, where the higher GHG intensity rate was caused by indirect emissions associated with electricity needed for pumping large volumes of produced fluids.

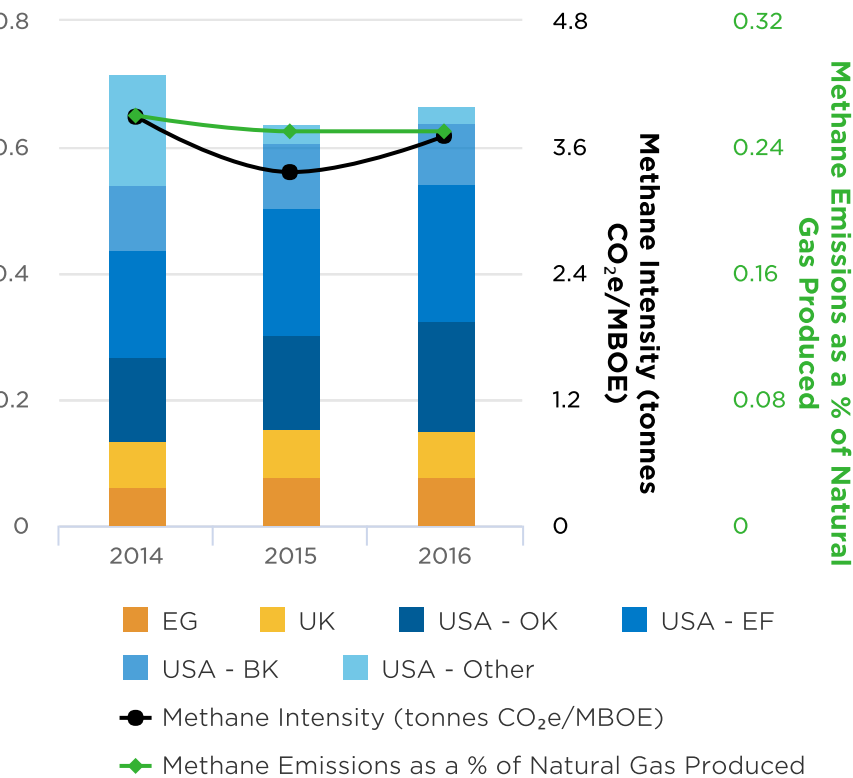
Our methane emissions and methane emissions intensity increased slightly in 2016, primarily due to EPA regulations requiring the inclusion of well completions, workover activity and other new emissions sources.

We also evaluate our performance measured by total methane emissions as a percentage of total natural gas produced, even though we have a liquids-dominated portfolio, particularly in the U.S. Our overall methane emissions ratio decreased by 7 percent in 2016.

This improvement was primarily the result of increased gas production from the Alba gas compression project in Equatorial Guinea, and higher gas capture in the North Dakota Bakken. Additionally, consistent with our 2015 commitment to reduce methane intensity in Oklahoma by 50 percent by 2020, the Oklahoma Resource Basins reduced methane intensity by approximately 33 percent from 2015, primarily due to additional wells and production for the asset.

METHANE EMISSIONS AND INTENSITY

Million Tonnes CO₂e





ENVIRONMENT

WATER MANAGEMENT

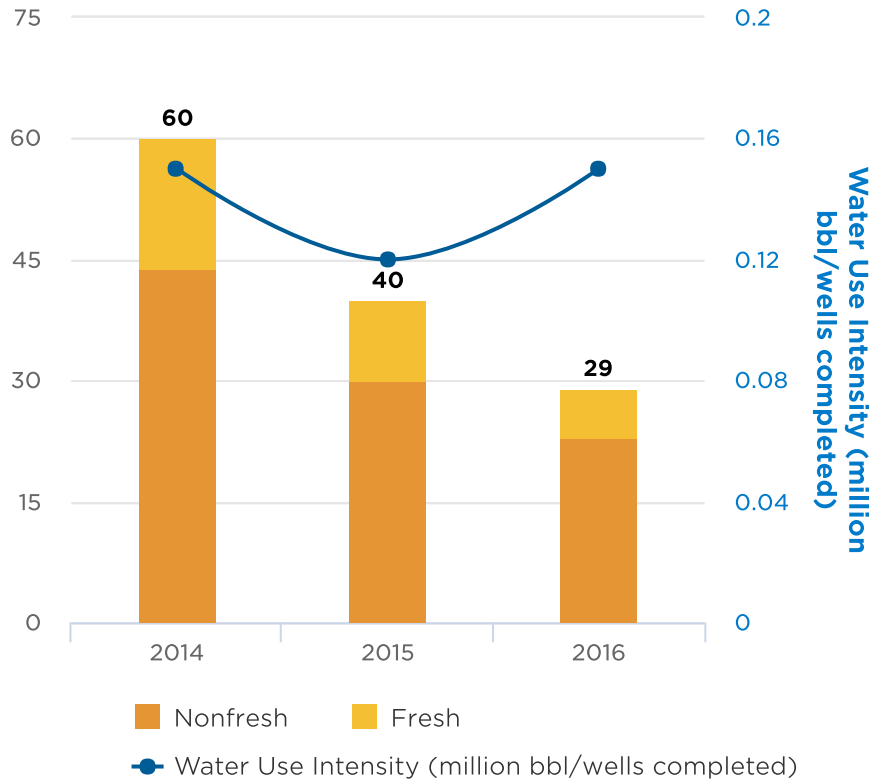
Water is a valuable resource that we share with the communities where we operate. Our water use is guided by water stewardship practices that include responsible sourcing, conservation, reuse and disposal.

We leverage lessons learned across our U.S. resource plays, employ best practices, and participate in industry efforts to be good stewards of water resources and drive technological innovation in water management.

In our U.S. onshore operations, water use decreased by 29 percent from 2015 to 2016, primarily because of decreased activity. In 2016, we used an estimated 29 million barrels of water, of which 1 percent was recycled and 79 percent was nonfresh water. The vast majority of this water was used for drilling and completion activities. Other uses include blending water with chemicals, wash water, domestic water and well kill fluids. We also evaluate our performance using water use intensity, expressed as the volume of water used per number of wells completed. In 2016, water use intensity increased by 25 percent due to fewer well completions. This data excludes water use from international operations where process water is primarily sourced from seawater.

U.S. WATER USE

Million barrels



MINIMIZING OPERATIONAL IMPACT ON LOCAL WATER RESOURCES

Each of our assets determines how best to minimize the impact of our operations on local water resources, and preserve fresh water for drinking and other community needs. In the South Texas Eagle Ford, we focus on using brackish water that would not meet U.S. drinking water standards, instead of fresh water whenever possible. In 2016, 92 percent of Eagle Ford's water was sourced from nonfresh sources compared to 84 percent in 2015. Our Oklahoma Resource Basins team is developing a water management strategy focused on using brackish water and minimizing demand on surface water. Such strategies include using reverse osmosis to clean produced water to a level that can be reintroduced into the drilling or completion processes and reintroducing produced water directly into the drilling or completion process.

Through [STEER \(South Texas Energy and Economic Roundtable\)](#), we joined other operators to fund a study of four aquifers to help groundwater conservation districts develop baseline data and a scientific model to determine groundwater availability from various formations. This should give districts information to protect stressed aquifers and encourage use of underused formations. Marathon Oil also participated in a multi-operator project with the Texas Water Development Board (TWDB), completed in 2016, that will allow the Evergreen Groundwater Conservation District to properly protect and use groundwater resources. Additionally, we led the effort in 2016 to establish a multi-operator group that aims to address the industry's water challenges and infrastructure in Oklahoma.



ENVIRONMENT

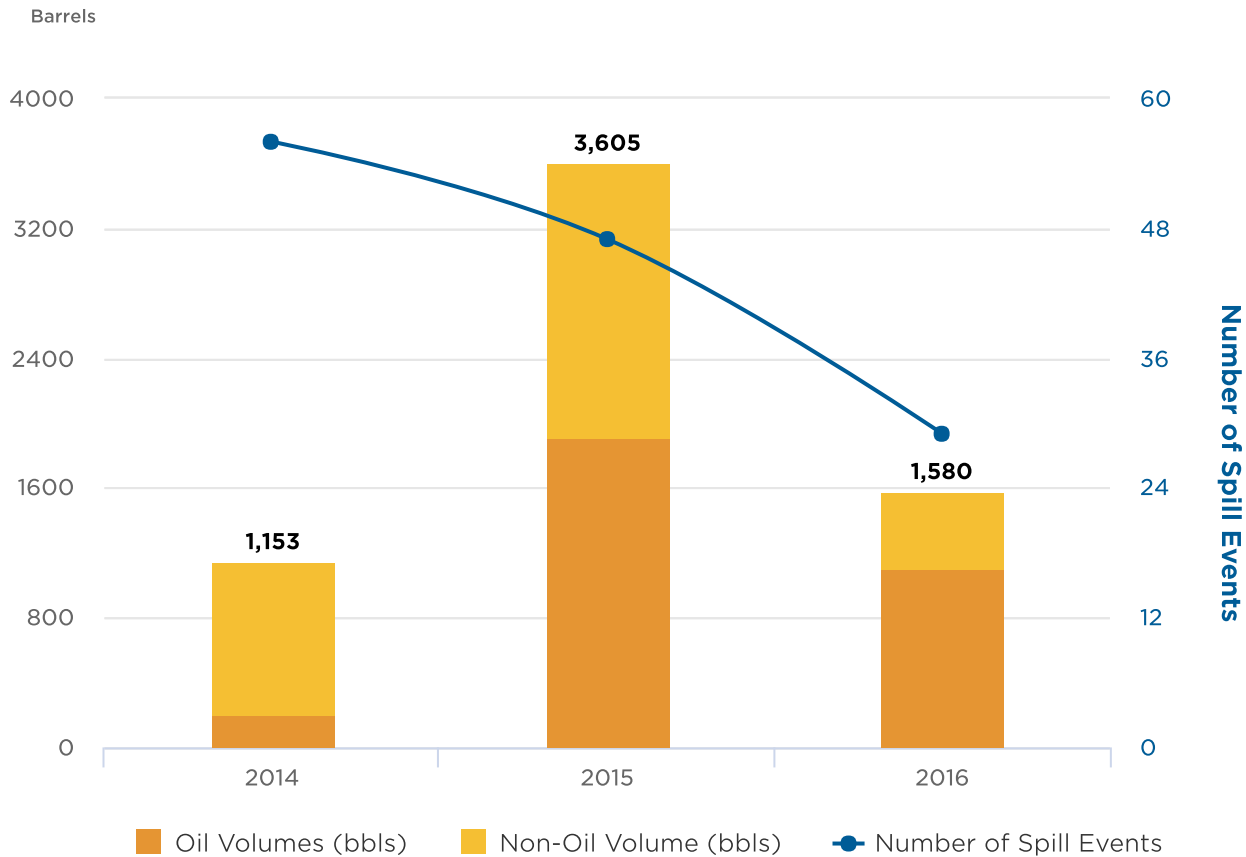
OILFIELD SPILL PREVENTION AND RESPONSE

To prevent spills and protect the environment, we design, operate and maintain our facilities with mechanical safeguards, secondary containment systems and spill control plans. We invest in employee training, procedures, preventive maintenance and inspections for fluid-containing equipment and facilities.

If a spill does occur, we activate our comprehensive [preparedness and response capabilities](#) to contain the spill and protect the surrounding environment. We train local, regional and corporate response teams, and conduct drills and exercises to maintain their readiness. We also have a network of response contractors and consultants.

When investigating spills and discharges to identify their cause, we look at both the actual and potential spill severity. The Company takes incident-specific actions and, if necessary, broad corrective actions including remediation.

SPILL EVENTS TO THE ENVIRONMENT ≥ 1 BBL



(a) Data includes spills outside of secondary containment greater than or equal to 1 barrel.

Across our operations in 2016, the total number of spill events to the environment greater than or equal to a barrel and the associated spill volume decreased by 38 percent and 56 percent, respectively, from 2015. These were largely due to pipeline integrity programs in Eagle Ford and to the sale of our Wyoming asset, which had a higher spill risk due to the age and large number of existing pipelines.

Our Eagle Ford pipeline integrity program is intended to control microbial-induced corrosion (MIC) that we identified in 2014 as a primary cause of pipeline failures. Our 2016 program included installing internally coated piping for all new and replaced line segments, pigging lines quarterly, performing flyovers to improve early detection of spills and leaks, and identifying and doing inline inspections on six high-risk lines. In 2016, we pigged and/or chemically treated 95 percent of liquid flowlines within the asset. In 2017, the remaining flowlines are scheduled for the procedure or will be fitted with the appropriate hardware to complete the inspection and chemically treat the pipelines. Based on data gathered during inline inspections, in 2017 we reassessed our spill risk in Eagle Ford and developed a program to smart-pig lines, and dig up sections of pipe and scan them for defects.



ENVIRONMENT

LAND STEWARDSHIP

Through proper planning and execution, Marathon Oil protects sensitive ecosystems, manages natural resources and minimizes the impact to the environment.

To be good stewards of the land and promote biodiversity, we engage with governing agencies and landowners at the earliest stage of project planning, and adjust development plans as needed to minimize impacts to:

- Threatened or endangered species or their critical habitat
- Watershed, wetlands, stream segments and classifications
- Environmentally sensitive areas

We build and maintain our facilities to prevent birds and other wildlife from accessing equipment stacks, vents or fluid impoundments. To protect neighboring streams and wetlands, our facility designs and construction include erosion and sedimentation control systems. We inspect and maintain our sites, check disturbed areas routinely and after each significant storm event, and promptly repair the control systems.

We develop reclamation plans and timelines to meet the expectations of the landowner and governing agency, and incorporate wildlife and habitat specific goals. Once initial facility construction is complete, sites are partially reclaimed to the predevelopment state.



ENVIRONMENT

DECOMMISSIONING

Marathon Oil has started planning for the decommissioning of the Brae Area facilities in the U.K. sector of the Central North Sea.

The scope of the decommissioning is considerable and it is estimated the process could take up to 20 years to complete. Our dedicated [Brae Area decommissioning website](#) keeps stakeholders informed and invites stakeholders to comment on our activities.

Marathon Oil will comply fully with the highly regulated framework that governs the Decommissioning Programmes in the U.K. We are planning and executing decommissioning activities with full regard for safety and the environment, while taking economic factors into account.

We are applying recognized industry good practice, and commit to full and transparent stakeholder engagement and collaboration. We have numerous stakeholders, including regulators, special interest groups, nongovernmental organizations (NGOs), trade organizations, partners, local and regional business groups and elected officials, government ministries and academic institutions.

Our stakeholder engagement timeline spans three stages of the planning process: the overview of decommissioning proposals and timescale, further engagement and progress updates prior to the formal consultation period, and the formal consultation period. In addition to communicating through print and digital channels, we engage with statutory stakeholders and interested parties in meetings, workshops and public consultations.

We are also looking for solutions that fully comply with all regulations, while being safer, more efficient and less expensive than traditional approaches. For example, we identified an innovative technological approach to sample [drill cuttings](#) more cost effectively, while meeting regulatory requirements. We have shared our solution with the industry.

We continue to work with our U.K. workforce, Brae Area partners, third parties and external stakeholders to safely and cost-effectively decommission these North Sea assets.



SAFETY

We strive to achieve a workplace free of accidents and injuries, with safe and healthy work practices and conditions throughout our operations.

MANAGEMENT APPROACH

Strong safety performance is an element of sustainability, and promoting the safety and well-being of employees and contractors is vital to positioning the Company for growth.

To guide our workforce in improving health, environment, safety and security (HES&S) performance, Marathon Oil sets forth our expectations in the [Responsible Operations Management System \(ROMS\)](#), HES&S standards and policies, [Statement of HES&S Beliefs](#) and [Life Critical Expectations](#).

Through engagement with employees and our large contractor workforce, we set clear, non-negotiable expectations for analyzing and managing risk, reporting incidents and near misses, investigating incidents and implementing corrective actions, and sharing lessons learned to prevent incidents, accidents and injuries. We expect everyone to speak up, ask questions and stop the job if they have any concern about safety.

The Company also provides training that reinforces individual responsibility for safety and safety leadership, and focuses on high-risk tasks, hazard identification and [emergency preparedness](#).

PROGRESS

Our personal safety performance improved in 2016 compared to 2015, with a 40 percent reduction in the number of recordable injuries, a 67 percent reduction in employee recordable injuries and a decrease in the severity of injuries. Our overall Total Recordable Incident Rate (TRIR) was the best in the Company's history. In addition, serious events declined 42 percent, and our Serious Event Rate leading indicator decreased 11 percent year over year. Serious events include both actual and potential events that could impact people, the environment and the Company.

As part of continuous improvement, we measure our TRIR and compare our performance to industry peers in the American Exploration & Production Council (AXPC). Marathon Oil's 2016 TRIR of 0.35 was a 10 percent improvement from 0.39 in 2015. In the U.S., our TRIR was steady from the prior year at 0.47 and below the average of 0.61 for our peers in AXPC. Our Lost Time Incident Rate was 0.07 compared to 0.09 in 2015. Employees and contractors recorded 15.4 million exposure hours in 2016, 34 percent less than in 2015, primarily due to reduced activity in our U.S. unconventional resource plays.



SAFETY AND WORKFORCE

SAFETY PERFORMANCE

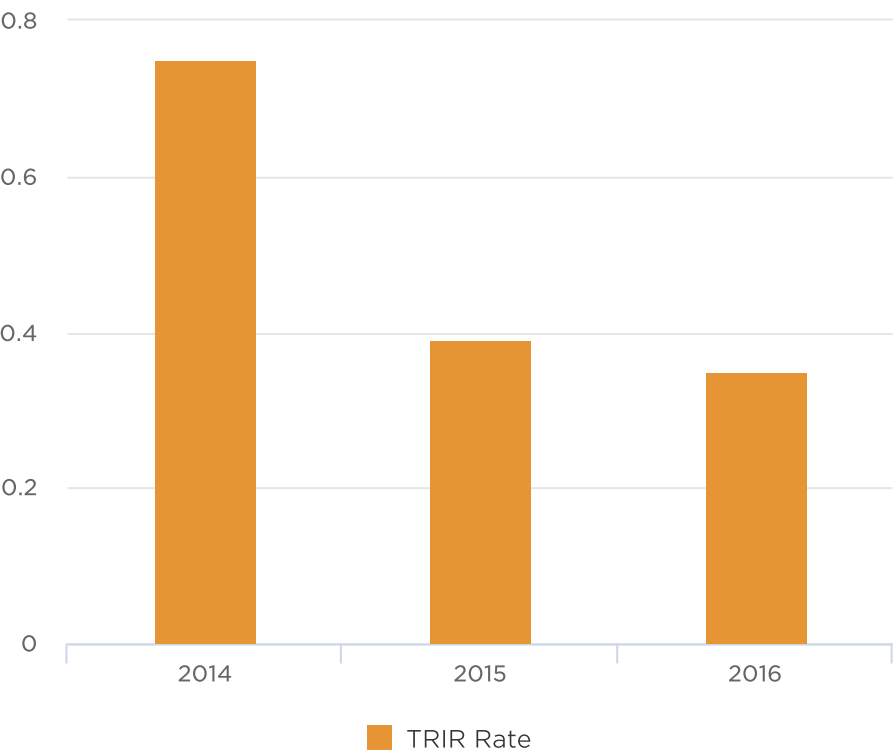
REDUCING HAND INJURIES AND DROPPED OBJECTS INCIDENTS

The safety improvement trend reflects progress made as a result of increased reporting of actual and potential incidents in recent years. Lessons learned contributed to addressing two identified safety risks throughout our operations – dropped objects and hand injuries. Dropped objects incidents in 2016 were down by 50 percent, and were less severe as a result of worksite audits to identify hazards, more tool inspections and hazard awareness training for the workforce.

In 2015, 22 percent of our OSHA recordable injuries involved hands and fingers. To prevent these injuries, in 2016 all Marathon Oil business units improved their hand safety programs and trained crews to select the proper gloves for different types of work, leading to a 60 percent decline in recordable hand and finger injuries compared to 2015. In the U.K., where hand and finger injuries accounted for four out of five recordable incidents, employees formed a team to promote hand safety, created a website with hand safety information and emphasized hand safety on offshore platforms. At year-end 2016, our U.K. operations recorded a year-over-year reduction in hand injuries of nearly 50 percent. Driven by U.K. employee suggestions, our glove matrix was revised and added to the hazard identification tool to aid in proper glove selection.

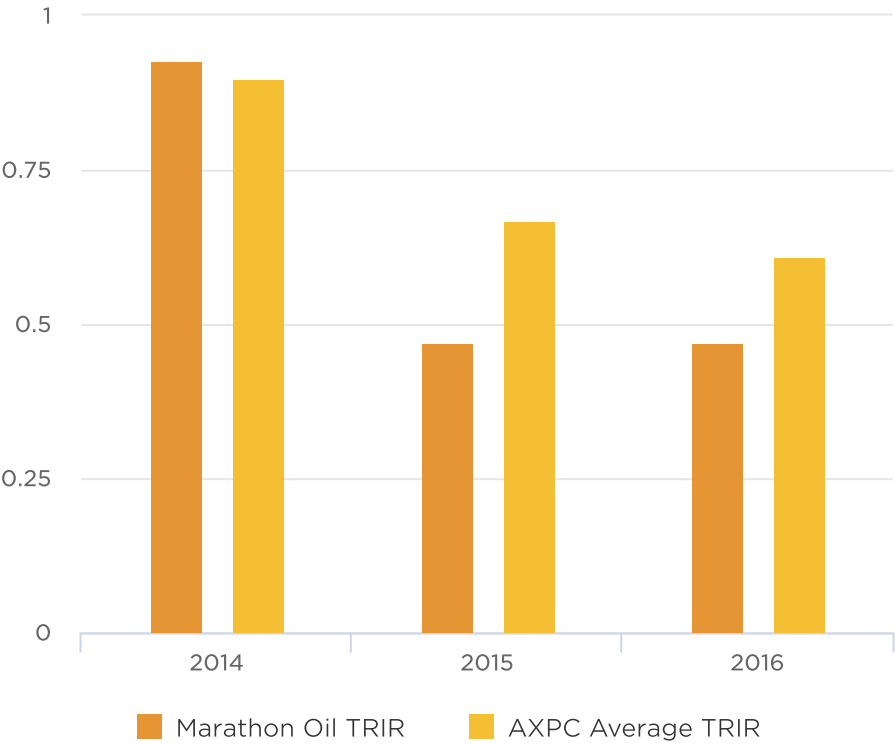
GLOBAL SAFETY PERFORMANCE

Combined Employee and Contractor Workforce Incidents per 200,000 work hours



U.S. SAFETY PERFORMANCE - AXPC BENCHMARK ^a

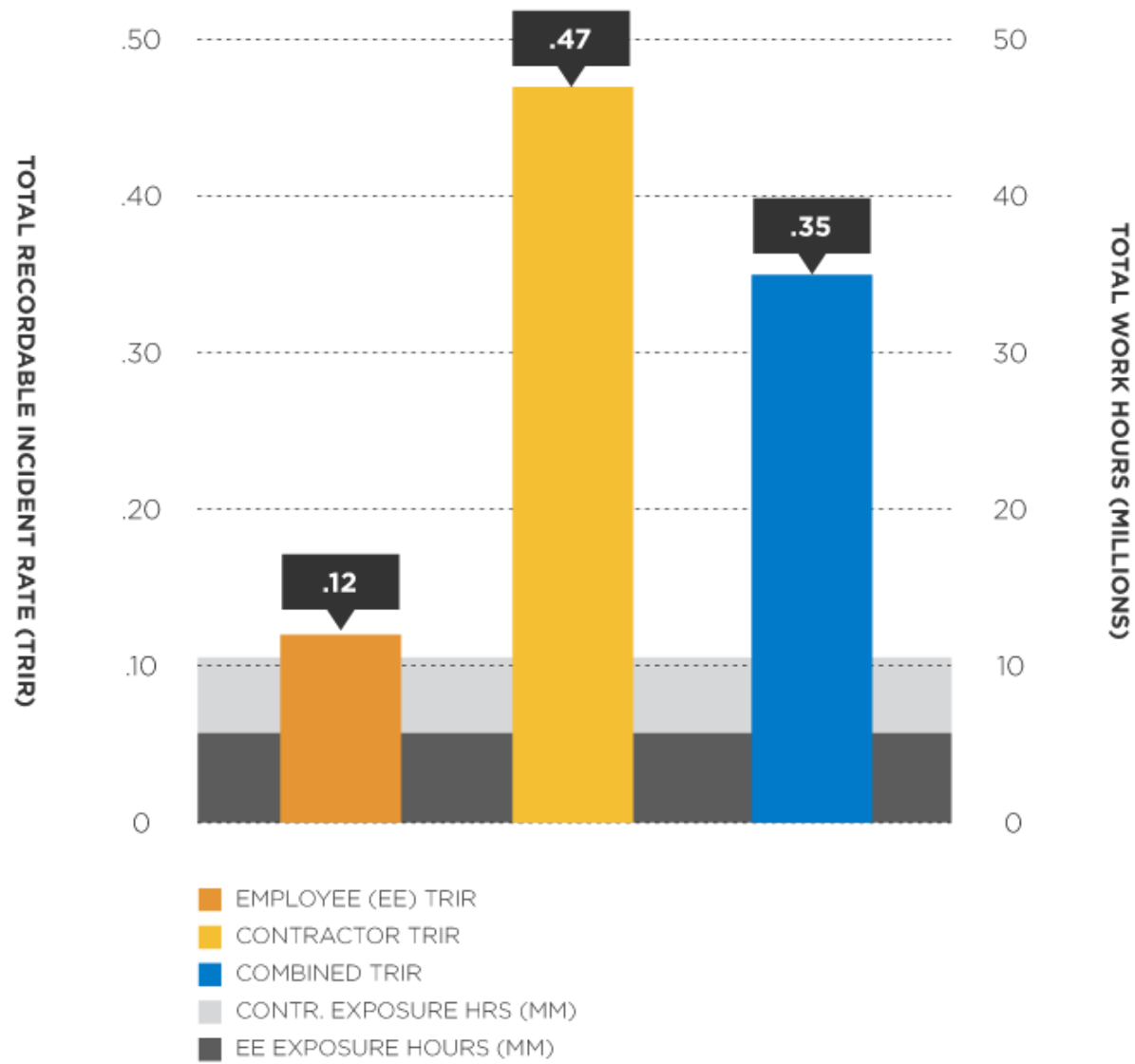
Contractor and Employee; Onshore and Offshore; Domestic Operations Only.



(a) Some comparator companies do not include contractor workforce

2016 IN-DEPTH GLOBAL SAFETY PERFORMANCE

Combined Employee and Contractor Workforce Incidents per 200,000 work hours



PREPARING THE FIELD WORKFORCE FOR GROWTH

Marathon Oil's Contractor Management Program is aligned with industry recognized practices such as those published by API and IOGP. We continued to strengthen training and engagement of contractors, who made up approximately 66 percent of our field workforce in 2016. To drive accountability for contractor safety performance, we conducted 41 contractor field verification audits in our U.S. unconventional assets in 2016.

We focus management efforts on contractors who perform higher-risk services that have the potential to affect the safety of other workers, the public, environment or the facility. Before being awarded a contract or contract extension to perform these Safety Sensitive Services, contractors undergo a prequalification evaluation and review of their safety programs and performance to ensure they meet or exceed our minimum expectations for HES.

We are preparing employees and contractors to work safely as field activity increases in 2017. Our assets are expected to implement the [Responsible Operations Management System \(ROMS\)](#) and become fully accountable for performance against management system elements to drive continuous improvement, ensure regulatory compliance and reduce operational risk. To prevent accidents, incidents and injuries, we will promote our ongoing behavior-based safety observation approach and apply lessons learned. HES&S and field crews will assess actual and potential events to understand the training and controls needed to correct or prevent them.

PROCESS SAFETY EVENTS DECLINE

Process safety, an integral component of Marathon Oil's [management system](#), encompasses programs intended to prevent hydrocarbon releases that have the potential to impact people, property and the environment. We strive to improve our process safety culture and performance, track and investigate process safety incidents and near misses, develop corrective actions and share them companywide. Marathon Oil experienced no high- or medium-consequence process safety events in 2016.

COMMUNICATING OUR SAFE, CLEAN, RESPONSIBLE PHILOSOPHY

We developed the simplified Safe, Clean, Responsible (SCR) metric in 2016 to show and track key HES performance indicators to heighten employee awareness and accountability. A Safe, Clean, Responsible day is one without a recordable injury, reportable spill or serious event. We count the number of days that meet all three requirements and the percentage of SCR days in the current calendar year. The SCR counter, which is prominently visible on the landing page of our intranet, is updated daily. Our goal is to achieve the highest possible percentage of SCR days and help employees understand and buy into our Safe, Clean, Responsible philosophy.



PRODUCT STEWARDSHIP INCLUDES VOLUNTARY EFFORTS

The Company produces or uses crude oil, natural gas, diesel fuel and other potentially hazardous materials. As a responsible operator, Marathon Oil supplies information to, and works with, applicable parties to foster the safe use, handling, transportation, storage, recycling, reuse and disposal of materials, products and wastes.

Our product stewardship efforts also include providing online [Safety Data Sheets \(SDS\)](#) with information on the health and safety aspects of the products we produce and use for employees, contractors, suppliers and others. SDS for all chemicals at our well sites are available for use by our workforce and emergency services personnel. Marathon Oil also voluntarily discloses the additives and other fluid components used in hydraulic fracturing fluids in specific wells on [FracFocus](#).



WORKFORCE HEALTH

We identify and address key public health challenges in our operating areas and collaborate with community leaders to advance public health initiatives.

Under the [Responsible Operations Management System \(ROMS\)](#), we identify and address key public health challenges in our operating areas, including:

- Occupational hygiene and exposure control
- Medical emergency management
- Fitness-for-duty and medical surveillance
- Public and community health impacts

Our exposure assessment process builds upon and aligns exposure risk management with the HES&S risk assessment process. The focus is on identifying, recognizing, evaluating and controlling chemical, physical and biological exposure risks in our workplace. We use qualitative assessment techniques to identify and risk rank potential exposure hazards, and then apply quantitative industrial hygiene monitoring to ensure that hazards are adequately controlled.

Marathon Oil also collaborates with community leaders to advance public health initiatives that promote the common good and protect the public in our operating areas. For example, we partner with the [American Heart Association](#) to spread awareness about cardiovascular health, a major cause of death in our operating areas. To reduce stress on community health facilities in our unconventional resource assets, we contract for telemedicine services for ill and injured workers, drug and alcohol testing, and other basic services for our employees and contractors. We also continue to promote public health in Equatorial Guinea, including Phase III of the [Bioko Island Malaria Control Project](#), and maternal and child health programs.



WORKFORCE

Marathon Oil is results-focused. We are passionate in what we do and achieve results through an inclusive, diverse and collaborative team culture that allows people to reach their full potential, helping create shareholder value.

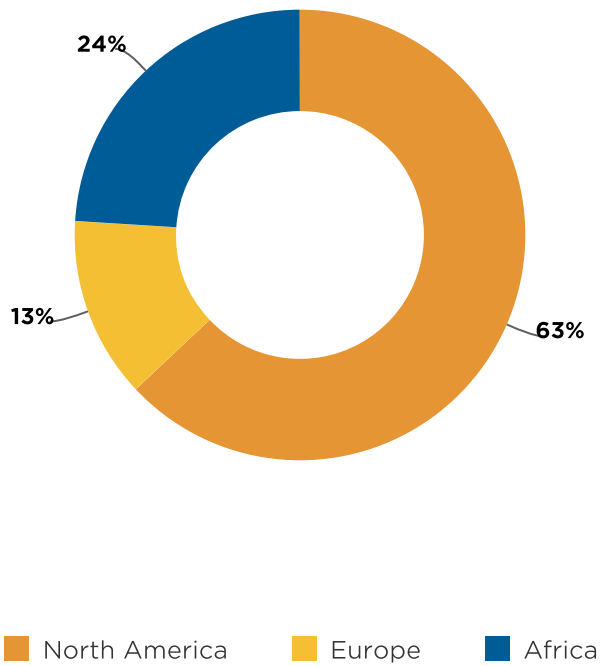
To attract, develop and retain employees who actively contribute to growing our business, we are committed to maintaining an inclusive work environment. Our integrated programs and systems for recruiting, training, development, compensation, performance management and benefits support our efforts. We focus on developing premier leaders, growing a culture of learning and creating balanced teams.

WORKFORCE STATISTICS

At year-end 2016, Marathon Oil had approximately 2,300 active, full-time employees worldwide. Our 2016 turnover rate, excluding retirements, was approximately 15 percent, compared to approximately 20 percent in 2015, when we experienced workforce reductions and early retirement programs as a result of lower activity levels, organizational design changes and the impact of the sale of \$1.3 billion in non-core assets. The rates include employees from non-core assets sold in 2015 and 2016.

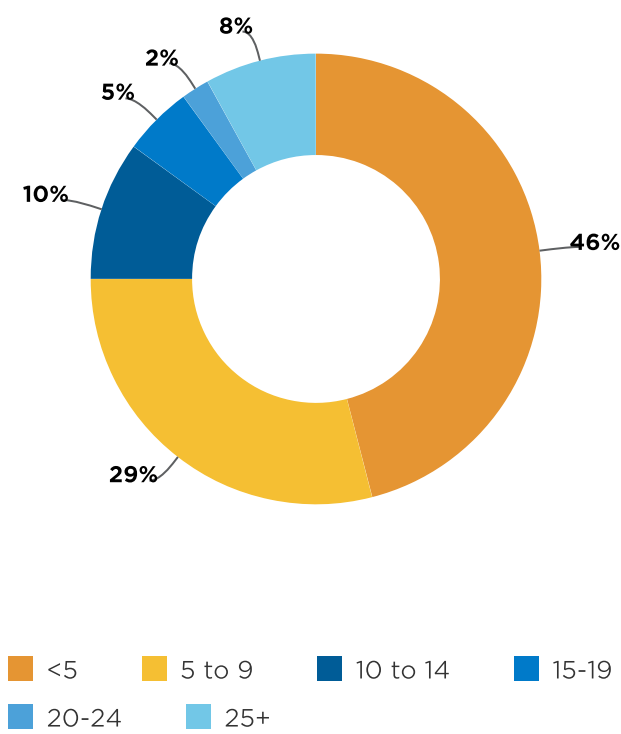
With our increased capital budget and growth plans in 2017, we are recruiting operational and technical workers to support drilling and completions activity, as well as to generate growth opportunities, especially in our newly acquired Northern Delaware basin asset. We expect the foundational work we did in 2016 to strengthen our culture and behaviors to support our workforce expansion.

WHO WE ARE



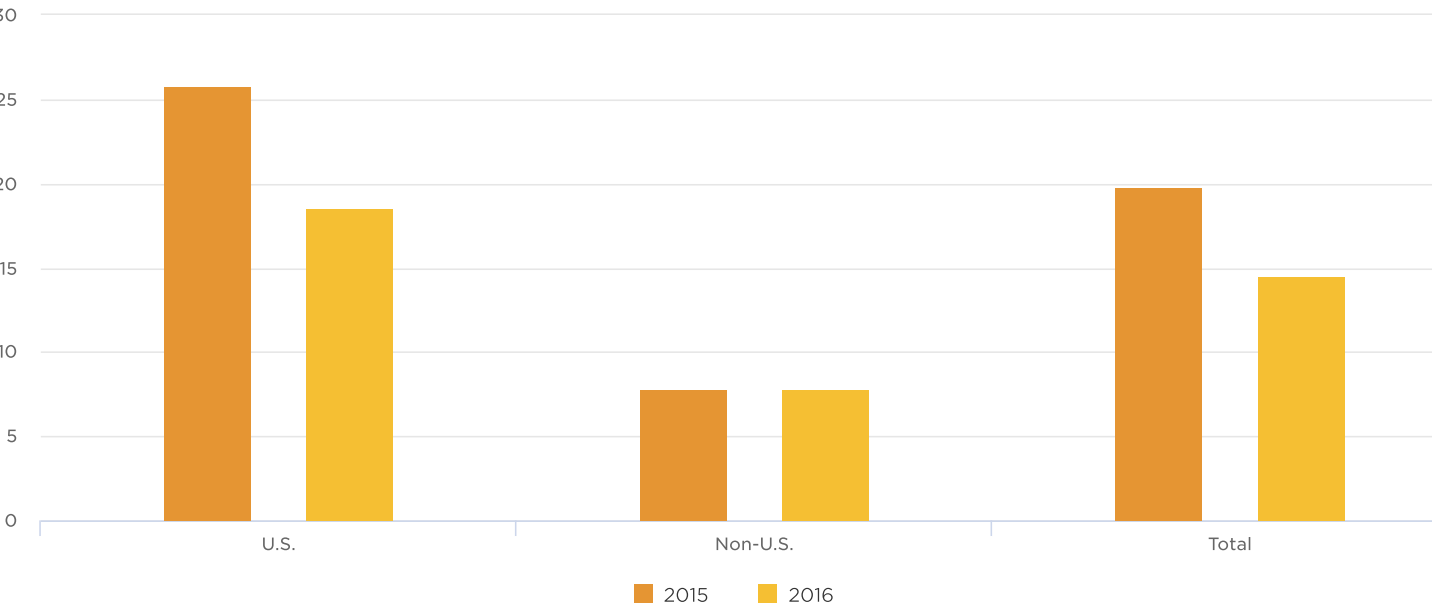
Asia represents <1% of total global workforce

YEARS OF SERVICE



COMPANY TURNOVER RATE ^{a, b}

Percentage



(a) Data does not include total retirement rates of 5.1 percent and 11.2 percent for 2016 and 2015, respectively.

(b) Rates include employees from asset sales that occurred during respective years.



DIVERSITY AND INCLUSION

We rely on diverse, inclusive teams to help us compete in our industry and achieve our ambitions.

These teams stimulate creativity and innovation, help us better understand the world around us and make us attractive as an employer. In the U.S. in 2016, women and under-represented minorities made up 30 percent and 25 percent of our workforce, respectively.

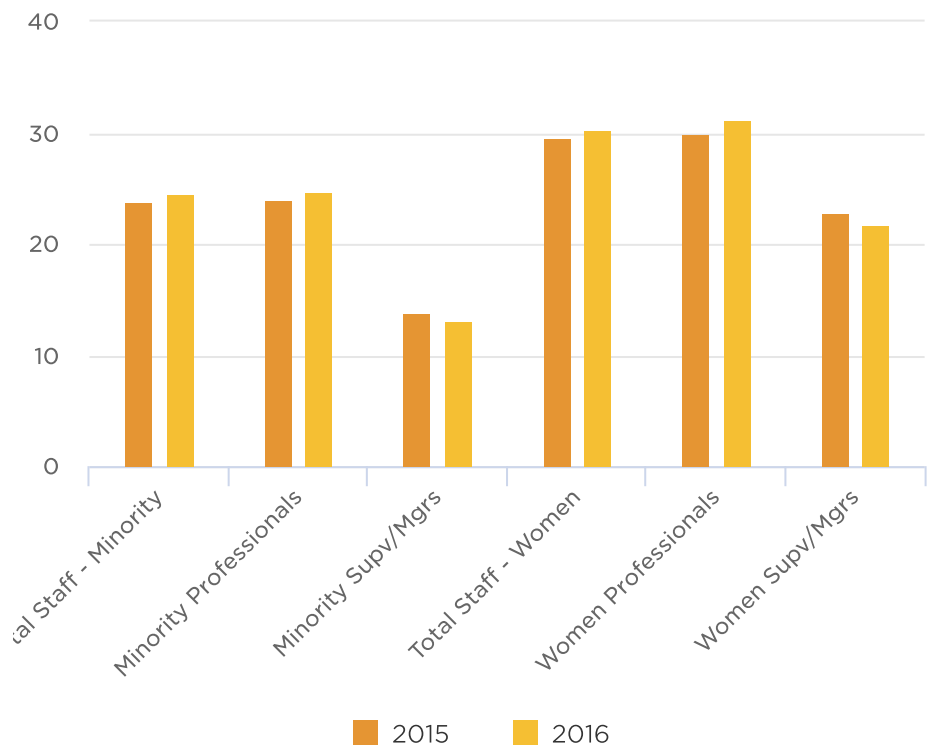
Because education is a key factor in maintaining a workplace where collaboration and diversity are valued, we conduct diversity- and inclusion-focused training programs, and recently enhanced these programs as part of our leadership training.

We continuously search for ways to fill our talent pipeline with diverse candidates. For example, we partner with targeted organizations reflecting major communities where we live and work, including the [Human Rights Campaign](#), the [Hispanic Alliance for Career Advancement \(HACE\)](#), [Women's Energy Network](#) and others. In addition, in 2016 we funded scholarships totaling \$125,000 for diverse students with a record of academic excellence to study engineering and geosciences at the University of Texas, Texas A&M University and the University of Houston.

Our [Code of Business Conduct](#) and related policies do not permit workplace harassment, violence or discrimination against any employee or person we do business with based on race and a variety of other factors. To resolve any issues, we encourage employees to work directly with their supervisors and management. Confidential reporting resources are also available through Human Resources, Audit, HES&S, Law, and Corporate Compliance and Ethics.

U.S. WORKFORCE ^{a, b}

Percentage by major categories: total staff, professionals and supervisors/managers

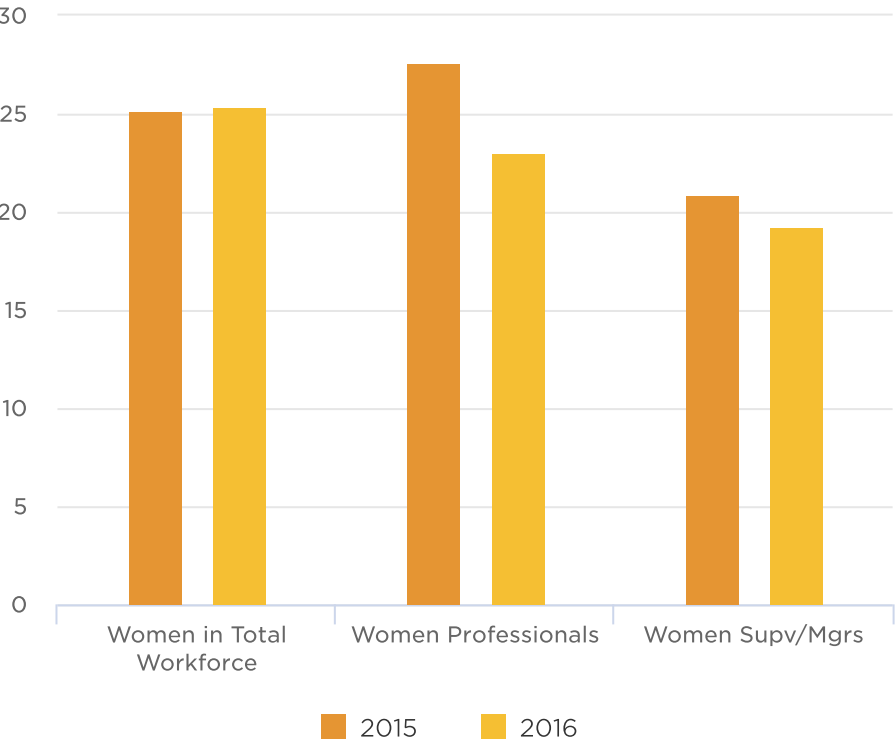


(a) Workforce statistics reflect year-end data.

(b) As defined by U.S. Equal Employment Opportunity Commission

GLOBAL WORKFORCE - WOMEN ^a

Percentage by major categories: total staff, professionals and supervisors/managers



(a) Workforce statistics reflect year-end data.



TRAINING AND DEVELOPMENT

Marathon Oil provides on-the-job development and technical training, formal training and development programs, and ongoing education opportunities.

In 2016, employee training recorded in our Learning Management System (LMS) totaled 62,000 hours and nearly 1,700 employees completed professional development training. In addition, 66 employees continued their education in 2016, benefitting from more than \$270,000 in tuition assistance.

The training and competency element of our [Responsible Operations Management System \(ROMS\)](#) drives consistent, standardized training that enables our field and operations workforce to safely and efficiently adapt to changes in our drilling and production activity and portfolio. It focuses on competency to prevent spills, releases and safety incidents, and to increase productivity and operational reliability.

In 2016, we prepared our workforce to accelerate development activity and production growth in 2017. Our actions included developing our Health, Environment, Safety and Security (HES&S) and Competency Training Standard, and piloting a Competency Management System to forecast needs and effectively manage our workforce. We catalogued and mapped competencies for selected field operational and technical positions, and performed a training and competency gap analysis that identified risks to operational, HES&S and business performance. Based on the gap analysis, we set training priorities and are rolling out training in 2017 to close the gaps. In addition, we aligned training plans in our resource plays to support HES&S, production and business goals, and to capture and apply best practices.

To prepare contractors and oil haulers for increased activity, Marathon Oil created an online safety orientation course that improves consistency, enables contractors to get to work faster and reduces costs. It also contributed to a decline in oil hauler safety incidents in the last quarter of 2016.

In our North Dakota Bakken asset, we piloted an enhanced petrotechnical development process. Geoscientists and engineers used a mapping tool to assess their proficiency for key skills in their discipline. Along with their managers, they created development plans to address technical, general business and leadership gaps through on-the-job training, mentoring and classes. In 2017, our Oklahoma and Eagle Ford assets will use the mapping tool, and we opened the development plan that arose from this process to all employees.

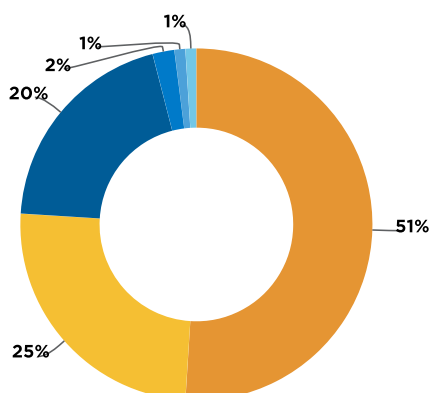


METRICS

SOCIETY METRICS

MARATHON OIL SOCIAL INVESTMENTS BY GIVING AREA ^a

Total Social Investments: \$20.4 million



Education and Training Health and Human Services Civic, Community, Culture In Kind, Pro Bono, Disaster Relief
Environment and Conservation Employee Giving

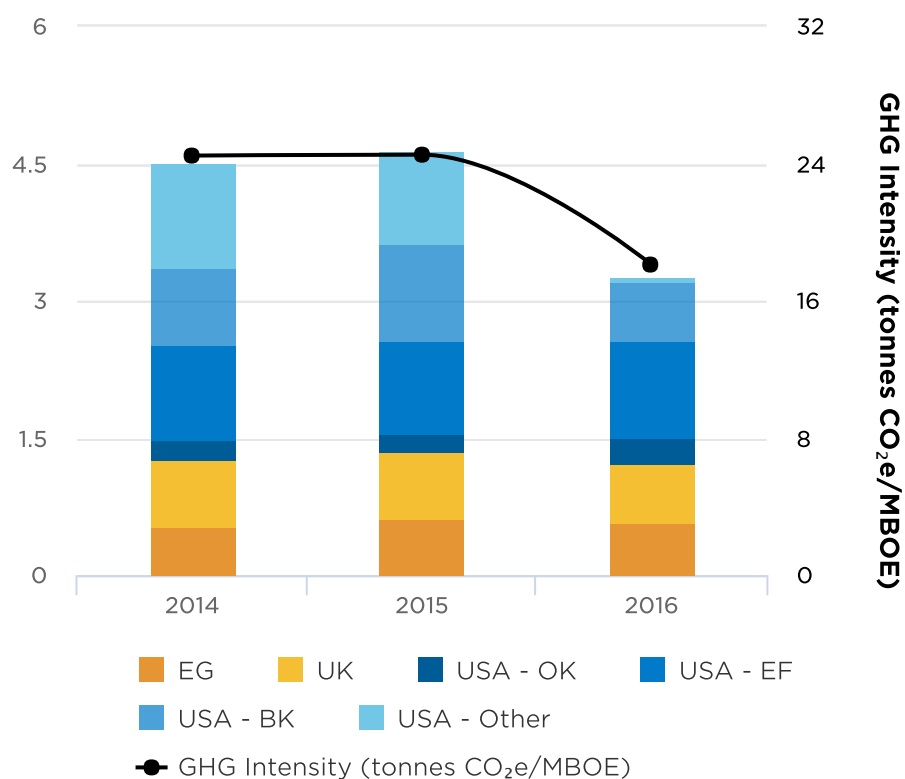
(a) Total Philanthropic Giving: \$3.5 million in corporate giving and \$.3 million in employee giving; Total Sustainable Investments: \$16.6 million.

METRICS

ENVIRONMENT METRICS

GHG EMISSIONS AND INTENSITY ^a

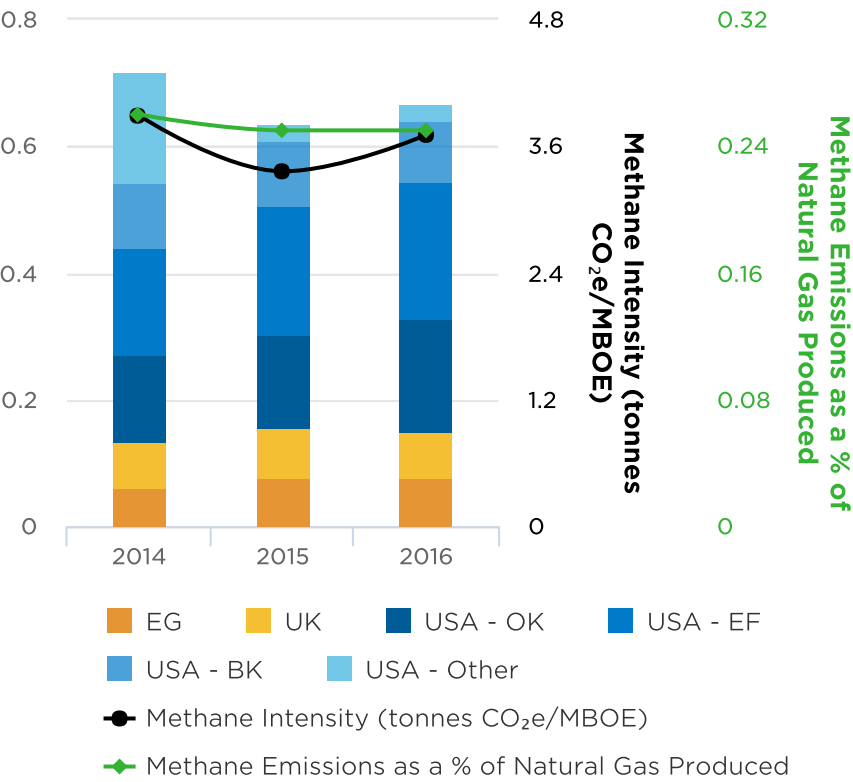
Million Tonnes CO₂e



(a) Greenhouse Gas (GHG) carbon dioxide equivalent (CO₂e) emissions are based on carbon dioxide, methane and nitrous oxide from Marathon Oil-operated facilities only.

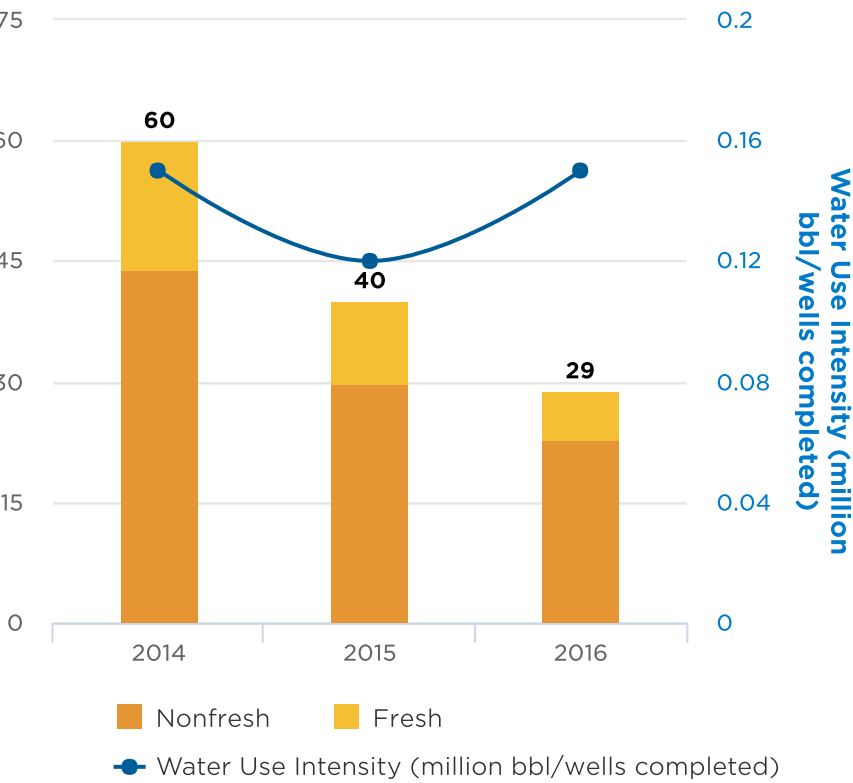
METHANE EMISSIONS AND INTENSITY

Million Tonnes CO₂e



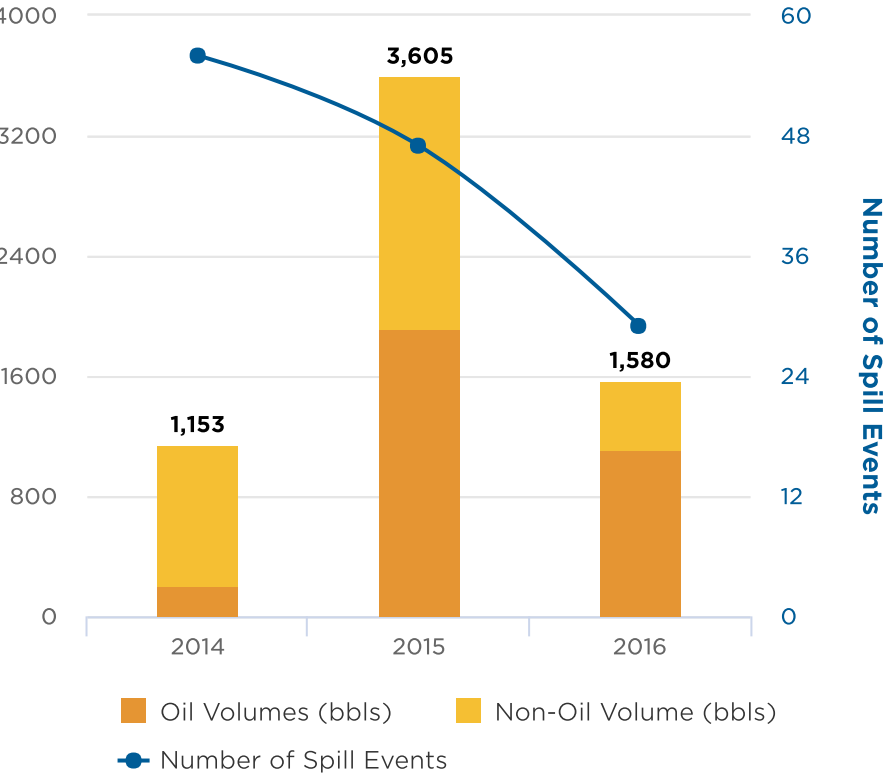
U.S. WATER USE

Million barrels



SPILL EVENTS TO THE ENVIRONMENT ≥ 1 BBL

Barrels



(a) Data includes spills outside of secondary containment greater than or equal to 1 barrel.

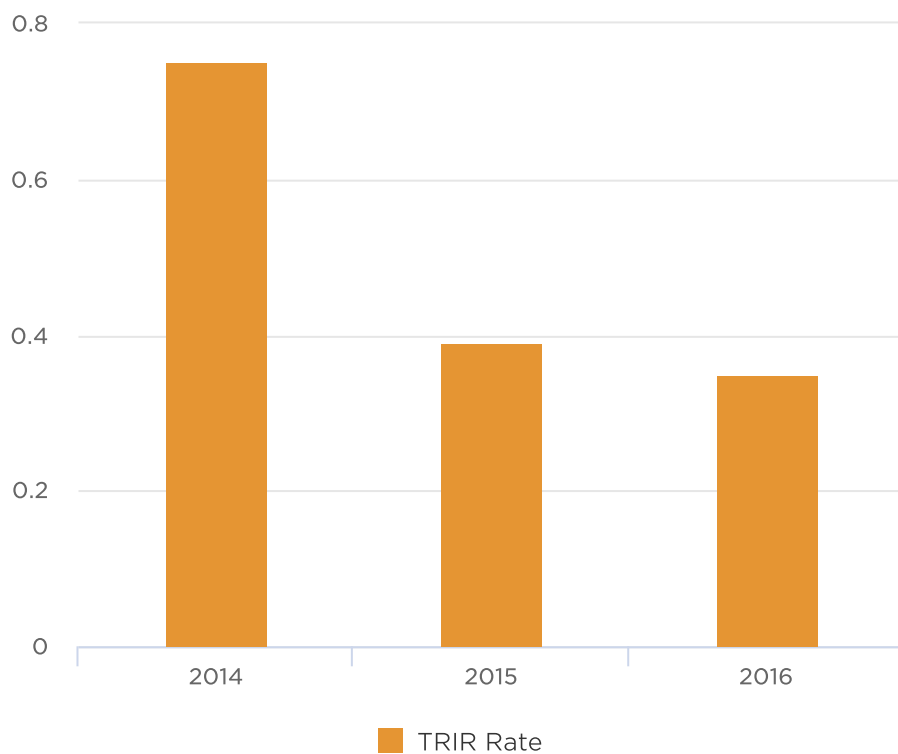


METRICS

SAFETY METRICS

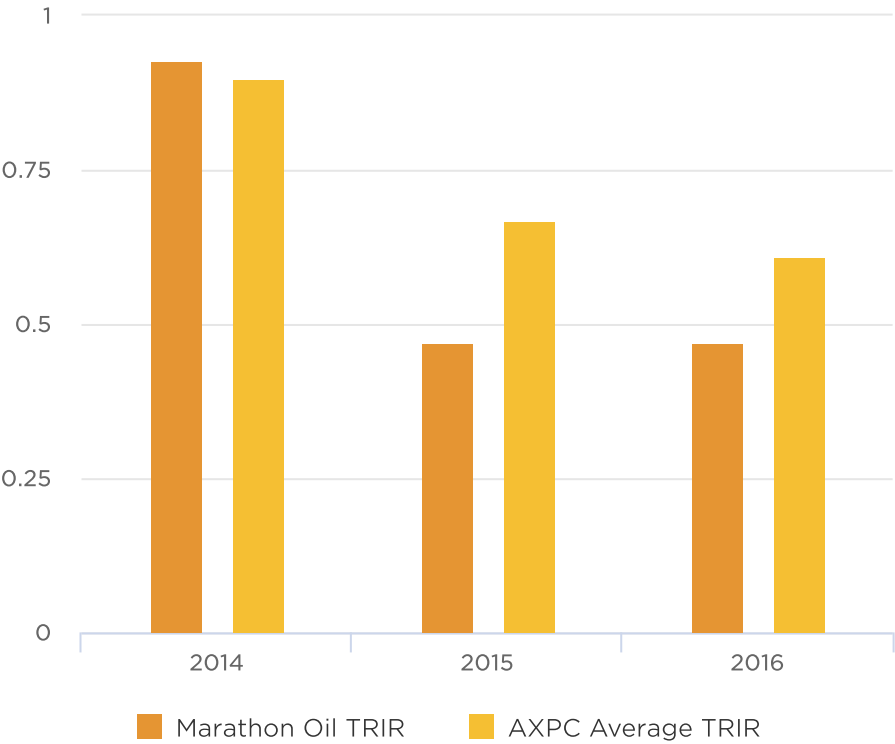
GLOBAL SAFETY PERFORMANCE

Combined Employee and Contractor Workforce Incidents per 200,000 work hours



U.S. SAFETY PERFORMANCE - AXPB BENCHMARK ^a

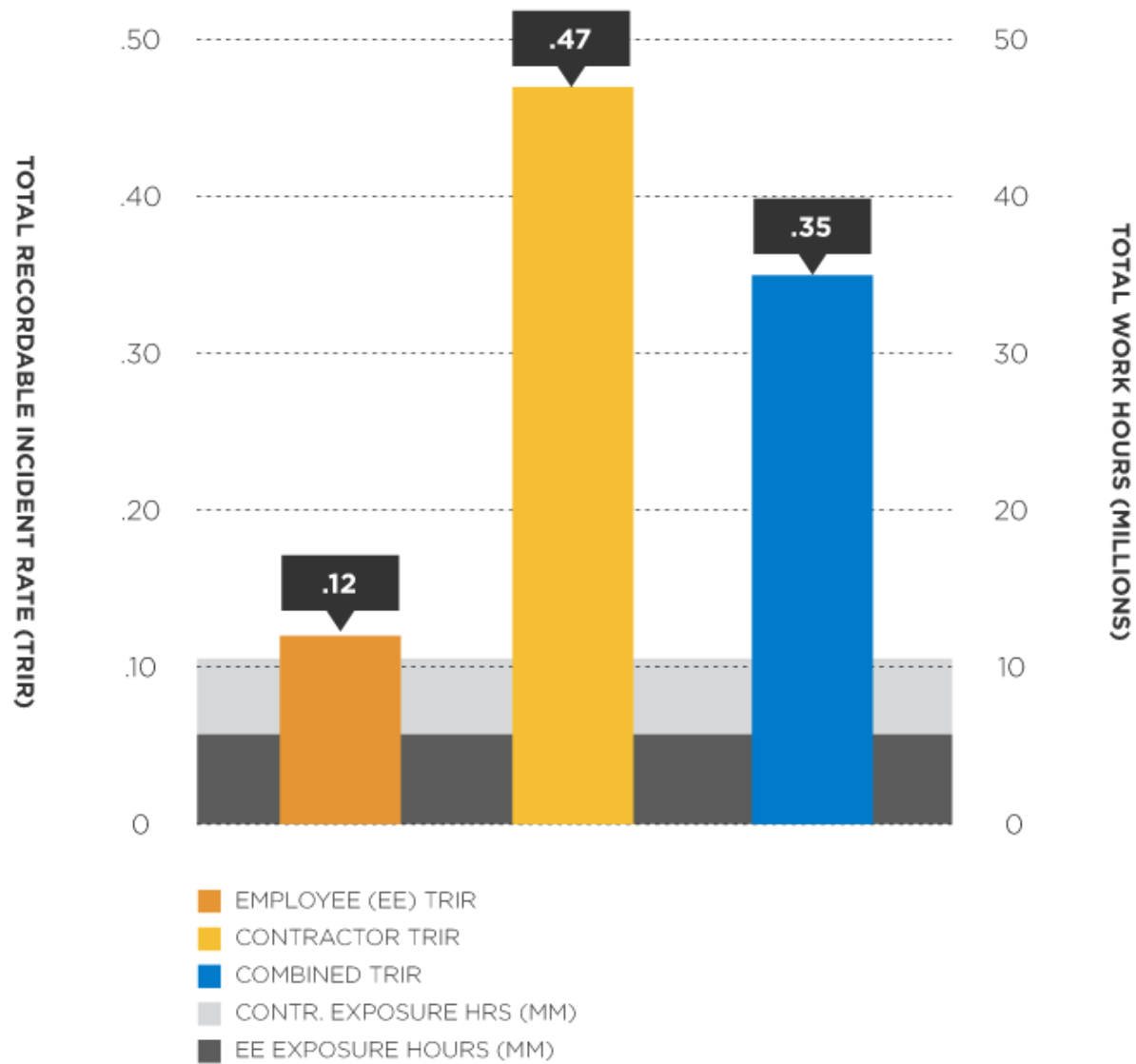
Contractor and Employee; Onshore and Offshore; Domestic Operations Only.



(a) Some comparator companies do not include contractor workforce

2016 IN-DEPTH GLOBAL SAFETY PERFORMANCE

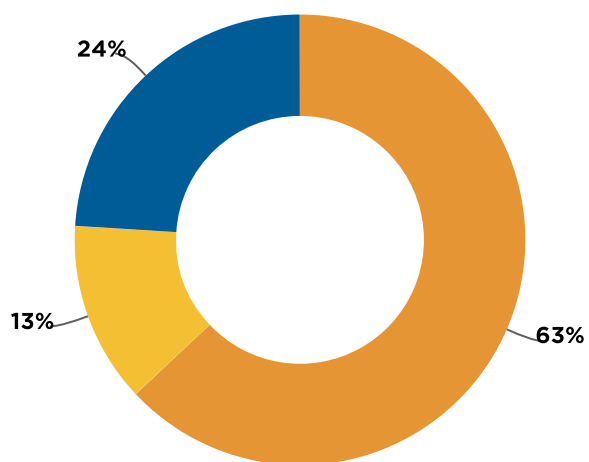
Combined Employee and Contractor Workforce Incidents per 200,000 work hours



METRICS

WORKFORCE METRICS

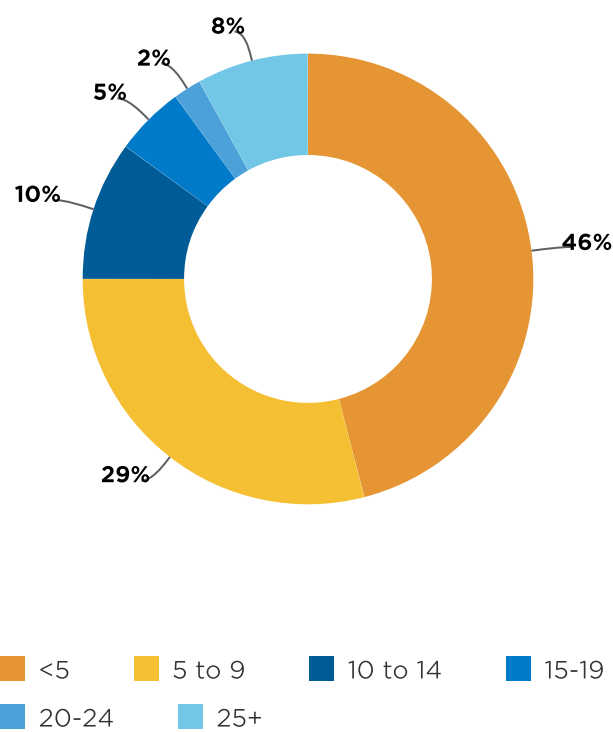
WHO WE ARE



■ North America ■ Europe ■ Africa

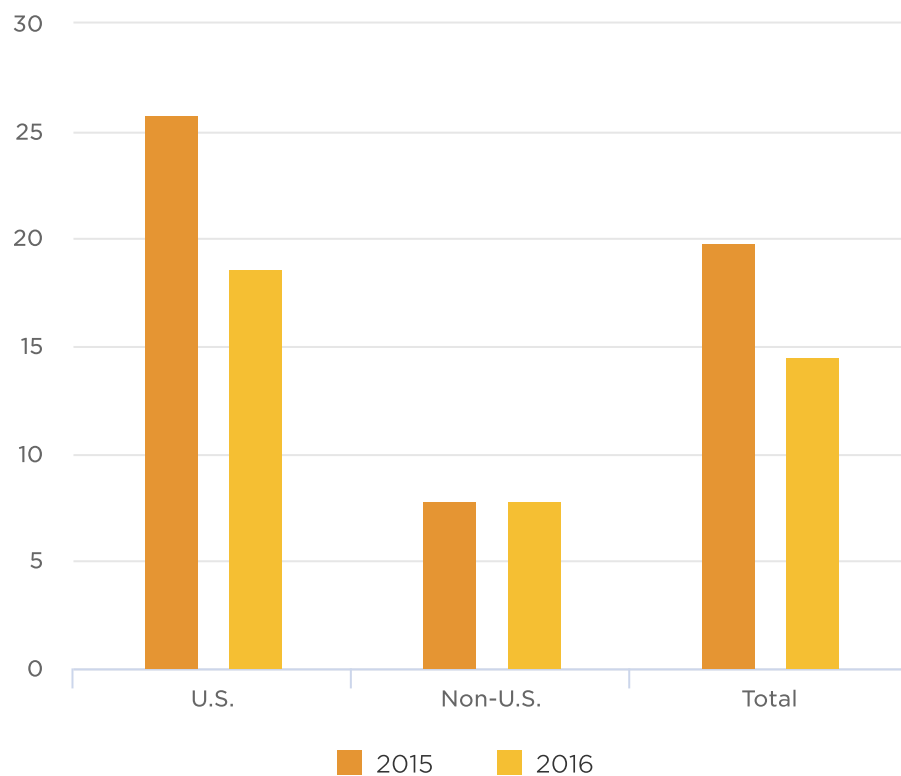
Asia represents <1% of total global workforce

YEARS OF SERVICE



COMPANY TURNOVER RATE ^{a, b}

Percentage

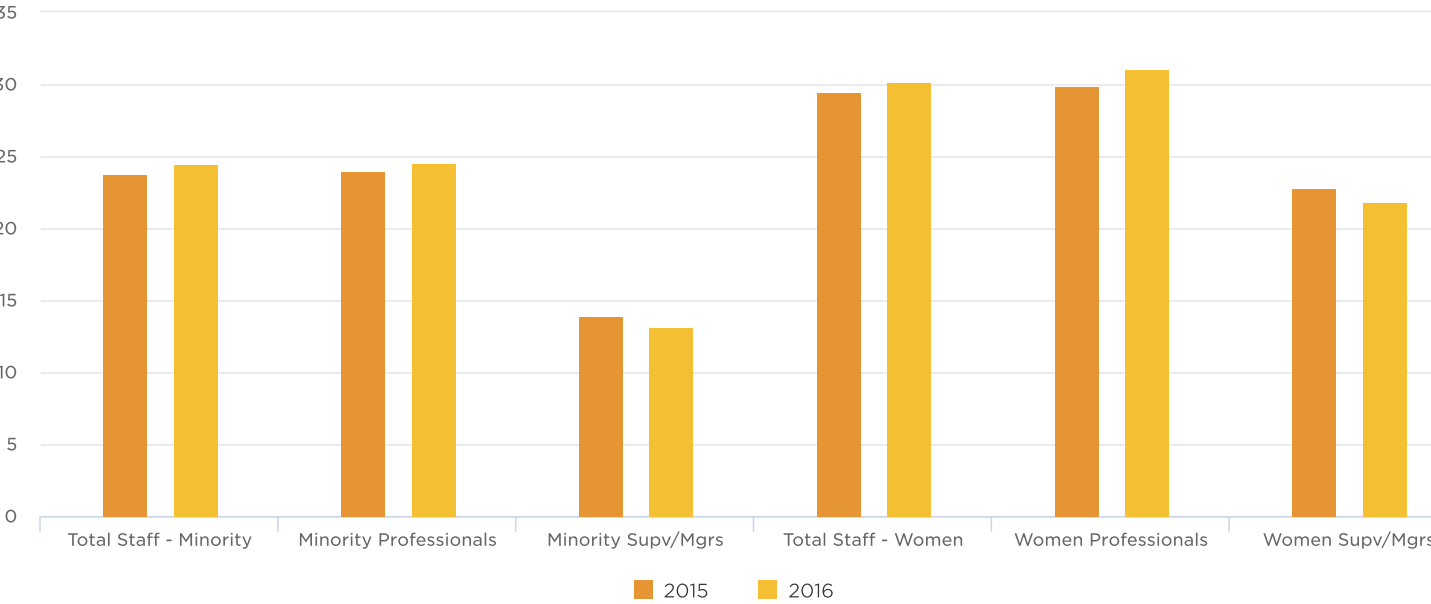


(a) Data does not include total retirement rates of 5.1 percent and 11.2 percent for 2016 and 2015, respectively.

(b) Rates include employees from asset sales that occurred during respective years.

U.S. WORKFORCE ^{a, b}

Percentage by major categories: total staff, professionals and supervisors/managers

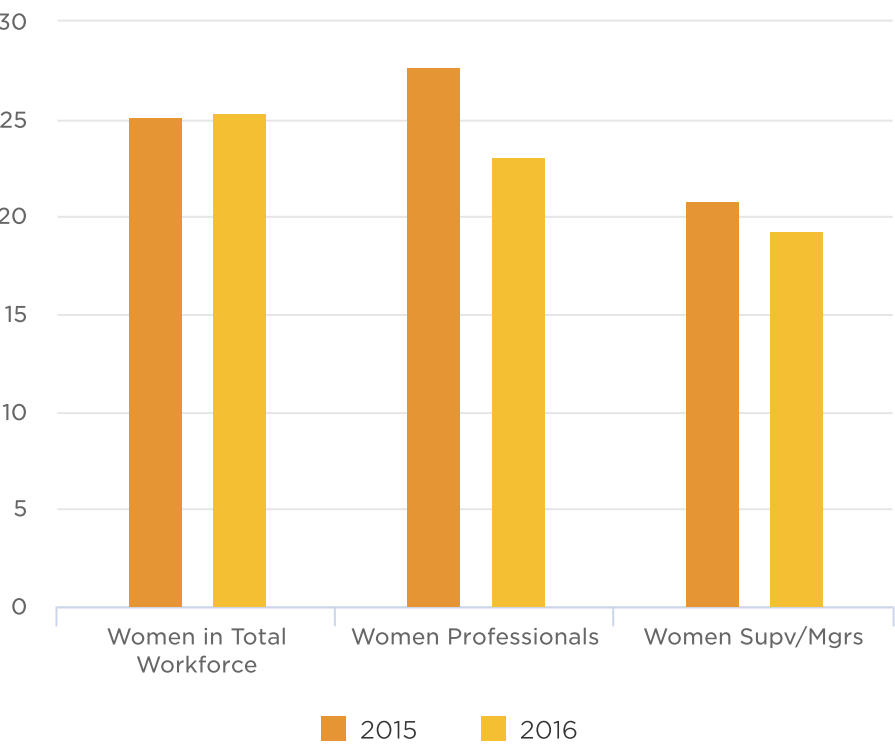


(a) Workforce statistics reflect year-end data.

(b) As defined by U.S. Equal Employment Opportunity Commission

GLOBAL WORKFORCE - WOMEN ^a

Percentage by major categories: total staff, professionals and supervisors/managers



(a) Workforce statistics reflect year-end data.



METRICS

THREE YEAR PERFORMANCE

GOVERNANCE	2016	2015	2014
Independent Board Members - percent	89	89	89
Political Contributions - thousand dollars ^a	194	165	321

SOCIETY	2016	2015	2014
Social Investments - million dollars	20.5	24.2	29.3

ENVIRONMENT	2016	2015	2014
GHG Emissions (Global) ^b			
Direct Emissions - million tonnes CO ₂ e	3.07	3.58	3.55
Indirect Emissions - million tonnes CO ₂ e	0.19	1.06	0.96
Total GHG Emissions - million tonnes CO ₂ e	3.26	4.64	4.52
Total Methane Emissions - million tonnes CO ₂ e	0.67	0.64	0.72
GHG Intensity - tonnes CO ₂ e on a weighted basis/production (MBOE)	18.11	24.52	24.47
Total Methane Intensity - tonnes CO ₂ e on a weighted basis/production (MBOE)	3.71	3.36	3.89
Methane Emissions as a % of Natural Gas Produced	0.24	0.26	0.26
Energy Use - trillion BTU	45.9	56.1	56.2
Other Operational Air Emissions (Global)			
Sulfur Dioxide (SO _x) - tons	104.5	497.6	530.8
Nitrogen Oxides (NO _x) - tons	23,733	23,295	20,974
Volatile Organic Compounds (VOCs) - tons ^c	16,226	11,127	8,274
U.S. Onshore Water Usage - million barrels used	29	40	61
Global Spill Events to the Environment ≥ 1 bbl - number ^d	29	47	56
Global Spill Volumes to the Environment ≥ 1 bbl - barrels ^d	1,580	3,605	1,153
Total Off-Site Waste Disposal (thousand tons) ^e	4,363	833	878

SAFETY & WORKFORCE	2016	2015	2014
Safety — Global (combined employee and contractor) ^f			
Fatalities - number	0	0	0
Total Recordable Incident Rate (TRIR) - incidents/200,000 work hours	0.35	0.39	0.75
Process Safety Management			
Tier 1 Process Safety Events - number	0	1	0
Tier 2 Process Safety Events - number	0	2	4
Tier 3 Process Safety Events - number	22	19	87
Employees (Global) - number ^f	2,302	2,610	3,330
Turnover - percent ^{f, g}	14.5	19.8	14.5
Minority Employees (U.S.) - percent ^{f, h}	24.5	23.8	23.1
Minority Professionals (U.S.) - percent ^{f, h}	24.6	24.0	22.2
Minority Supervisors/Managers (U.S.) - percent ^{f, h}	13.2	13.9	11.7
Female Employees (Global) - percent ^f	25.4	25.2	27.4
Female Professionals (Global) - percent ^f	23.1	27.7	28.0
Female Supervisors/Managers (Global) - percent ^f	19.4	20.9	20.6

- (a) Includes political action committee and corporate contributions.
- (b) Greenhouse Gas (GHG) carbon dioxide equivalent (CO₂e) emissions are based on carbon dioxide, methane and nitrous oxide from Marathon Oil-operated facilities only.
- (c) Increase in VOCs is primarily accounting changes in the Resource Plays.
- (d) Data includes spills outside of secondary containment greater than or equal to 1 barrel.
- (e) Increase in waste disposal was primarily due to changes in drilling waste disposal in Oklahoma.
- (f) Workforce statistics reflect year-end data.
- (g) Data does not include total retirement rates of 5.1 percent, 11.2 percent and 4.9 percent for 2016, 2015 and 2014, respectively. Non-U.S. rate for 2014 includes employees from our Norwegian asset that was sold in 2014.
- (h) As defined by U.S. Equal Employment Opportunity Commission.

This table contains data relevant to Marathon Oil's governance, society, environmental and workplace performance. We understand that the accuracy of the data is inherently constrained by differing reporting rules, definitions, estimating methods and other factors. Marathon Oil endeavors to strengthen global data reporting systems and methodologies but recognizes as accuracy is improved, corrections will be needed periodically. In this table, some totals may not equal the sum of their components and separate calculations of other data may be affected due to independent rounding. The metrics above are for operations under direct Marathon Oil management and operational control. Greenhouse gas (GHG) emissions are estimated using industry guidelines (*API's Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Gas Industry* and the *IPIECA/API/IOGP Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions*). Except as noted, metrics in this table represent global performance.



IPIECA/API/IOGP AND GRI INDEX

INDEX

This report is based on the IPIECA/API/IOGP *Oil & Gas Industry Guidance on Voluntary Sustainability Reporting* with additional indicators informed by the Global Reporting Initiative (GRI) *G4 Sustainability Reporting Guidelines*. The index below lists indicators on which we have fully or partially reported.

	IPECA/API/IOGP INDICATORS	GRI G4 INDICATORS
OVERVIEW		
About This Report		G4-2, G4-7, G4-20, G4-22, G4-28, G4-29, G4-30, G4-31, G4-33
Marathon Oil at a Glance		G4-3, G4-4, G4-5, G4-6, G4-8, G4-9, G4-17
CEO Message	E1, E6, E11, HS3, SE4	G4-1, G4-2, G4-13
A Message from our Board	SE4	G4-1, G4-2, G4-48
Performance Summary	E1, E2, E9, HS3, SE4, SE15	G4-9, G4-22, G4-EC1, G4-LA12
Performance Metrics	E1, E2, E6, E9, HS3, HS5, SE4, SE14, SE15	G4-10, G4-22, G4-EN5, G4-EN8, G4-EN15, G4-EN16, G4-EN18, G4-EN21, G4-EN24, G4-LA6, G4-LA12, G4-SO6
Stakeholder Engagement Map		G4-24, G4-26, G4-27
Management Systems	HS2	G4-34, G4-46, G4-47
IPECA/API/IOGP and GRI Index		G4-32
GOVERNANCE		
Management Approach		G4-DMA, G4-34, G4-37, G4-38, G4-39, G4-40, G4-41, G4-45, G4-49, G4-51, G4-53
Progress	SE11, SE14	
Emergency Preparedness		G4-16
Ethical Business Practices	SE11, SE12, SE13, SE18	G4-56, G4-57, G4-58, G4-SO3, G4-SO4
Public Policy and Political Contributions	SE14	G4-16, G4-SO6
Sustainability Oversight	SE1	G4-26, G4-34, G4-35, G4-36, G4-42, G4-43, G4-44, G4-46, G4-48
SOCIETY		
Management Approach	SE1	G4-DMA
Progress	HS2, SE4	G4-26
Local Content: Workforce Integration and Procurement	SE5, SE7	G4-EC8, G4LA-10
Security and Human Rights	SE8, SE1	G4-15
Social Investment	SE1, SE4	G4-EC7
Stakeholder Engagement	E11, SE1	G4-25, G4-26, G4-SO1
ENVIRONMENT		
Management Approach	SE1	G4-DMA, G4-26
Progress	E1, E9	G4-EN3, G4-EN15, G4-EN16
Climate Change and Emissions Management	E1, E4, E8	G4-EN5, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN21
Decommissioning	E11, SE1	
Emissions Overview and Methodology		
Land Stewardship	E5	
Spills and Releases	E9	G4-EN24
Water Management	E6	G4-EN8, G4-EN10

	IPIECA/API/IOGP INDICATORS	GRI G4 INDICATORS
SAFETY AND WORKFORCE		
Management Approach	HS1	G4-DMA, G4-LA11
Progress	HS1, HS3	G4-LA6
Safety Performance	HS1, HS2, HS3, HS4, HS5, SE17	G4-LA6, GR-PR3
Workforce Health	HS1, HS2	G4-LA7
Our Workforce	SE15, SE17, SE18	G4-10, G4-LA1
Diversity and Inclusion	SE15	G4-LA12
Training and Development		
FEATURE STORIES		
Digital Oilfield	SE17	
Hydraulic Fracturing	E1, E4, E6, E10, HS4	G4-15, G4-27, G4-EN27
Seismicity	E10, HS4, SE1	G4-DMA
Socially Responsible Operations in EG	E4, E9, E10, HS1, HS2, SE1, SE4, SE5, SE6, SE10, SE11	G4-LA7, G4-S02, G4-EC1



FEATURES

FEATURES

Our feature stories describe how Marathon Oil's commitment to governance, society, the environment, safety and our workforce translate to our day-to-day business.

SEISMICITY

UNDERSTANDING THE ISSUE

DIGITAL OILFIELD

LEARN MORE

HYDRAULIC FRACTURING

USING BEST PRACTICES

EQUATORIAL GUINEA

SEE OUR IMPACT



SEISMICITY

SEISMICITY

As a result of increased seismic activity in Oklahoma and Texas, regulators and public sector groups are studying potential links between aspects of oil and gas operations, such as wastewater disposal and seismic events.

In Oklahoma, a number of restrictions have been issued regarding injection of wastewater. Marathon Oil currently does not own or operate any injection wells for wastewater disposal in targeted formations in Oklahoma, and therefore is not directly subject to any existing or proposed regulations governing injection wells. We evaluate water disposal sites and do not use them in areas where seismic activity could occur. We are also evaluating a long-term management strategy that includes alternative wastewater disposal methods, and recycling and reuse of produced water.

In late 2016, Oklahoma regulators issued new guidelines for oil and gas operators to manage risks of potential anomalous seismicity in the SCOOP/STACK area of the state. Marathon Oil is subject to the anomalous seismicity guidelines for operations in the SCOOP/STACK, and has all necessary procedures in place to monitor our operations and ensure full compliance.

We continue to monitor all regulatory efforts related to seismic activity in Oklahoma and Texas, to assess their potential commercial and operational impacts.

In addition, we engage with state governments, both independently and through participation in API, the Oklahoma Oil and Gas Association (OKOGA), Texas Oil and Gas Association (TXOGA) and the American Exploration and Production Council (AXPC). We continue to monitor scientific research in this area through our membership in the Stanford Center for Induced and Triggered Seismicity consortium, whose mission is to conduct fundamental research on the physical processes responsible for induced and triggered seismicity, and to develop a scientifically based framework for seismic risk assessment and risk management. This research is used by state governments to regulate the oil and gas industry.



DIGITAL OILFIELD BOOSTS RELIABILITY AND LOWERS RISKS

Marathon Oil's South Texas Eagle Ford asset has approximately 1,400 producing wells and could have up to 3,000 wells in the future.

As part of an effort to reduce deferred production and minimize staffing requirements in Eagle Ford, we opened an asset operations control center in 2016. This facility and associated automation tools boost production and reliability, and help lower emissions, spills and safety risk as the asset grows.

The digital oilfield is a closed environment encrypted to prevent cyber threats. Operators at the control center monitor and analyze a continuous stream of well data, adjust valves and pumps remotely to limit downtime and upsets, and optimize well productivity. Our personnel also observe trends that help them predict and prevent issues.

Machine learning enables devices to operate autonomously to manage performance. For example, valves can be set to open when they become plugged with hydrates, lowering the risk of a weather-related shutdown. The team is developing a dashboard that will further improve performance, such as alerting operators to take action when there is a potential to exceed regulatory flaring limits.

The digital oilfield increases reliability while eliminating the need to visit wells daily, thereby reducing risk from driving and wellsite hazards. Operators can focus their time and attention on visiting locations based on value and need. In addition, all central facilities are outfitted with a fixed security camera for real-time monitoring, investigating alarms or reviewing events.

Managing the digital oilfield requires fewer, but more skilled employees. We promoted many of our best field employees into higher-skilled jobs at the control center and provide them extensive on-the-job training.

Based on the experience in Eagle Ford, our North Dakota Bakken asset is setting up a control center and our Oklahoma Resource Basins team is beginning to implement the digital oilfield. While some of these projects involve retrofitting existing or mature assets, we believe newer assets such as those in the Oklahoma Resource and Northern Delaware basins will be fully automated from the start of operations.



HYDRAULIC FRACTURING

HYDRAULIC FRACTURING

Hydraulic fracturing is a key technology for producing oil and natural gas in unconventional resource plays across the U.S.

In combination with advanced horizontal drilling technology, hydraulic fracturing makes it possible to develop oil and gas resources that were previously inaccessible, providing energy resources to fuel economic prosperity in the U.S. These technologies have unlocked oil and gas deposits in U.S. unconventional resources such as the South Texas Eagle Ford, North Dakota Bakken, Oklahoma Resource Basins and New Mexico Northern Delaware Basin. In keeping with our commitment to environmental stewardship, we take steps to minimize our impacts from hydraulic fracturing by ensuring well integrity, conserving water, reducing air emissions from flaring and other sources, and managing waste responsibly.

WELL INTEGRITY

Proper well construction is essential to protect the environment, particularly fresh water aquifers. We use steel casing and cement in the wellbore to create physical barriers and protect drinking water resources. During well construction, we use industry best practices and comply with state rules for drilling and completions.

WATER USE

Hydraulic fracturing involves pumping a mixture of mostly water and sand, and a small amount of additives, under high pressure into the reservoir to create fractures, or cracks, in the target rock formation. This increases the production rate and ultimate recovery of oil and natural gas from a well. Marathon Oil looks for ways to use less water in our hydraulic fracturing operations and to minimize operational impacts on local watersheds. We pursue alternative sources for water, such as aquifers whose water supply does not meet standards for municipal or agricultural use, and evaluate technologies for recycling and treating produced water for reuse.

FLUIDS

To protect surface and groundwater resources and natural habitat, we manage and dispose of our produced fluid waste from hydraulically fractured wells in accordance with all federal, state and local regulations. Fluids are recovered and stored with care to minimize any spills or leaks. In addition, we reuse or dispose of these fluids at locations where we have confirmed that vendors have proper permits and approvals to operate in this manner. Marathon Oil supports specific, state-level disclosure of fracturing fluid components. We worked with other operators and trade organizations to implement [FracFocus](#), a voluntary online chemical registry for hydraulically fractured wells. Marathon Oil has entered all of our wells drilled and hydraulically fractured in the U.S. in FracFocus, a total of 2,283 wells through December 2016. We encourage service companies that work with us to disclose their fracturing fluid components as well.





PROFITABLE, RESPONSIBLE OPERATIONS IN EQUATORIAL GUINEA

For the past 15 years, Marathon Oil has operated a world-class integrated gas business at Punta Europa on Bioko Island, Equatorial Guinea.

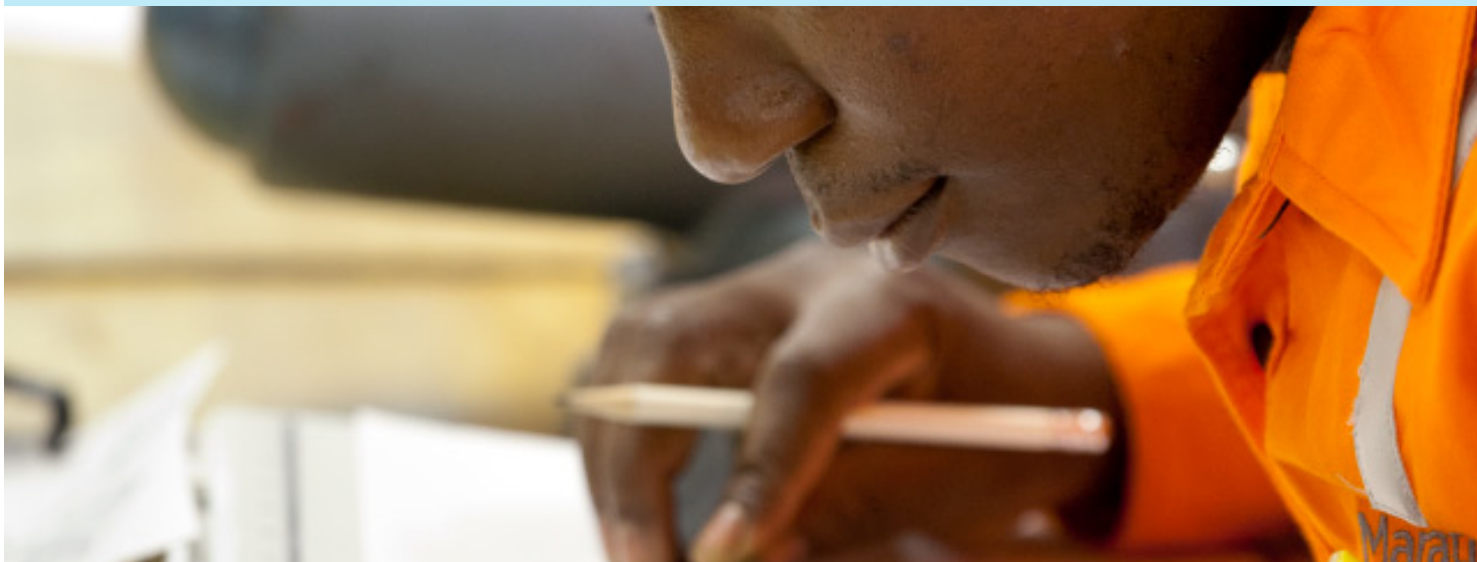
During this time, we have invested significantly to improve our facilities and capabilities in this West African asset, support sustainable development of the local economy and reinvest in the community. In 2017, we expect significant free cash flow from our Equatorial Guinea asset.

Our most recent investment, the Alba B3 compression project, is a model of sustainability for our Company. Throughout the project, we developed local content and built national capacity, while adhering to U.S. performance standards. We completed this major offshore engineering and construction project on time and on budget with first production in the third quarter of 2016. In addition to creating shareholder value by extending the Alba field's plateau production and the asset's life beyond 2030, the project allows us to continue sustainable social programs that build capacity and improve well-being in Equatorial Guinea. Extending Alba's life also gives Bioko Island's 280,000 residents continued access to the island's only power station and their sole source of cooking gas and liquefied petroleum gas (LPG).

NATIONAL CITIZENS REPRESENT 74 PERCENT OF OUR WORKFORCE

In Equatorial Guinea, we employ almost 800 national citizens. Through recruiting, training, workforce integration, and educational and vocational programs, Equatoguineans have grown to be 74 percent of our workforce. Since 2010, Equatoguineans have been promoted over 1,400 times, with 358 national employees promoted to higher employee grades. We provide pay above the national average and benefits for all national employees.

Additionally, Marathon EG Production Limited (MEGPL) has graduated four classes from our Leadership Development Program (LSDP), which nurtures employees with senior management potential. We have training programs that support technical certification across all major operations areas, such as gas plant operations, offshore operations, maintenance, mechanics, engineering and construction, finance and accounting, administration, supply chain and health, environment and safety (HES). We also support a National Safety Committee of employee volunteers who develop and promote asset-wide campaigns for work and home-based safety issues.



INCREASING LOCAL CONTENT FOR GOODS AND SERVICES

To help build a sustainable local economy, we have increased local content to support our operations in Equatorial Guinea. Since 2013, MEGPL has spent nearly \$700 million with vendors in Equatorial Guinea that are 35 to 100 percent locally owned.

Prospective vendors must submit a questionnaire that ensures they share our commitment to safety, environmental stewardship, ethical business conduct, sound labor practices and human rights. Contracts address our expectations that vendors align with Marathon Oil values, adhere to our policies, and comply with all relevant export laws and regulations, including the U.S. Foreign Corrupt Practices Act (FCPA), U.K. Bribery Act and other applicable anti-corruption laws.

Our local procurement staff host at least two meetings annually with more than 40 local vendors to offer information and guidance on upcoming contracts with MEGPL. To ensure these businesses have opportunities to bid on contracts to work in our local operations, we inform business owners of our bidding process, as well as national laws and regulations for doing business with the petroleum industry. Items we purchase from local suppliers include furniture, personal protective equipment, office consumables, tires, fresh produce and vehicles. We also procure services such as engineering, construction, labor, landscaping and customs brokerage from local vendors.

Our liquefied natural gas (LNG) production facility, EGLNG, provides small- to medium-sized businesses in Equatorial Guinea with education and training, and encourages national companies to supply goods, materials and services. Local companies maintain EGLNG's plant construction jetty, portable toilets and heating ventilation air conditioning (HVAC) system. Where possible, EGLNG combines activities to improve quality of life in Equatorial Guinea with economic development. For example, the facility has used 100 percent national companies for community projects, including renovating and building schools and water wells.



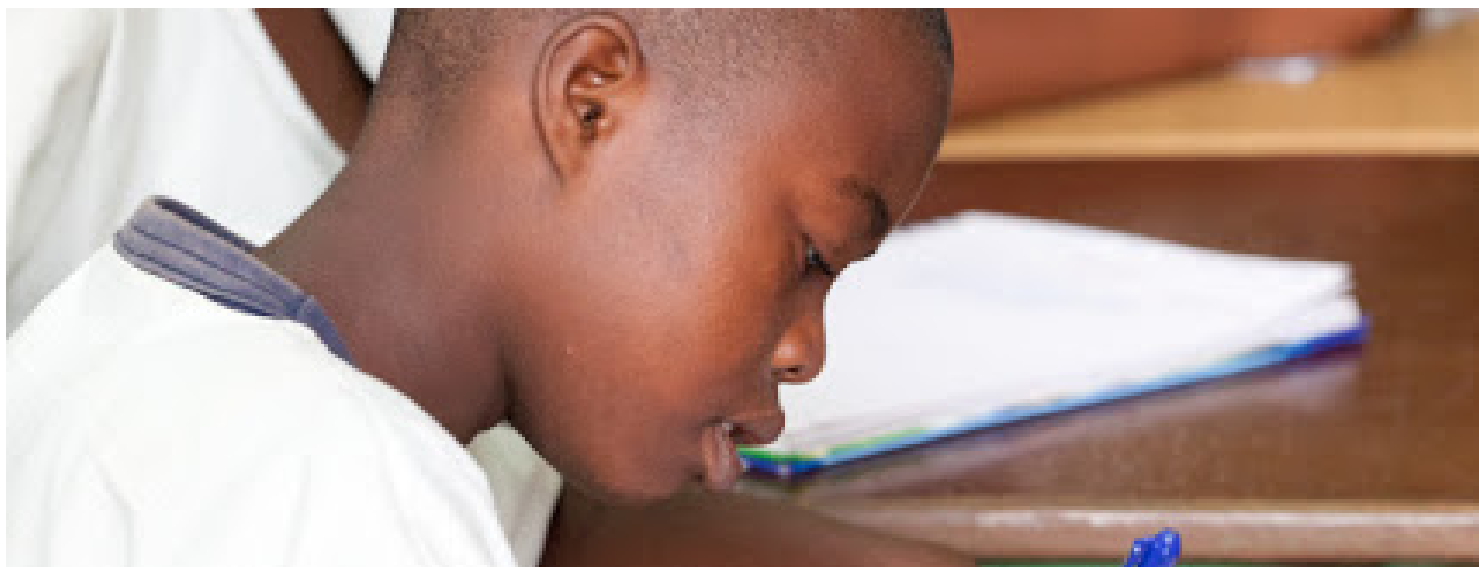
OPERATING SAFE AND ENVIRONMENTALLY RESPONSIBLE FACILITIES

Through investments in HES activities, our operations are achieving outstanding safety performance and minimizing environmental impact. The 2016 Total Recordable Incident Rate (TRIR) for all of our operations in Equatorial Guinea combined was 0.04 during more than 5.1 million hours worked, well below the international E&P average as reported to API. In 2016, EGLNG reported zero recordable incidents for the fourth consecutive year (over 3.5 million man hours) and Atlantic Methanol Production Company (AMPCO) had zero recordables (over 2.5 million man hours).

We achieved these results through continued focus on hand injuries, which accounted for the largest number of recordable incidents in 2015, and dropped objects because they have the highest potential to be serious events. We communicated our journey to zero incidents with a Personal Responsibility for Safety campaign that trained over 100 people in risk awareness, hazard identification and good toolbox talks. To keep safety top of mind, we held almost 850 leadership safety engagements, more than double our target. Based on 2016 data, our annual risk assessment and a management review, we identified driving, hand safety and working at heights as 2017 focus areas.

Driving remains a high-risk activity on and off our site. In 2016, our National Safety Committee presented a program pointing out high-risk driving behaviors and safe driving precautions to our workforce, and distributed air compressors so employees can check tire pressure. In addition to promoting safe driving on site, committee volunteers will share this program with taxi drivers in the Bioko Island capital of Malabo in 2017.

Our operations in Equatorial Guinea recorded no effluent discharges or spills greater than 1 barrel outside of secondary containment, onshore or offshore, in 2016. We attribute our ability to prevent spills to plant reliability of approximately 94 percent, and strong inspection and preventive maintenance programs. Our key air emissions metric, ratio of gas flared to gas produced, came in 25 percent under target, primarily due to reducing the number of heaters and separators in our operations. This increased operational efficiency and lowered emissions. In addition, we recycled over 485 tonnes of industrial waste in 2016 and are evaluating recycling opportunities for domestic waste in 2017.



MAKING A LASTING IMPACT THROUGH SUSTAINABLE SOCIAL PROGRAMS

Through corporate social responsibility (CSR) programs, Marathon Oil is making lasting impacts in our key focus areas of malaria control and education. To ensure our CSR programs are effective, we regularly assess social risk and engage stakeholders. We frequently collaborate with business partners, nonprofit organizations and governmental agencies to develop and execute social investments, including the [Bioko Island Malaria Control Program](#), the Equatorial Guinean Malaria Vaccine Initiative, long-term training programs supporting national health initiatives and university level ESL instruction, and infrastructure projects. In addition, we support a host of smaller projects that benefit the community such as the employee-driven [Books for Bioko](#) that has raised almost \$850,000 in the past decade for school materials.

Marathon Oil emphasizes capacity building to ensure local partners can sustain social programs beyond our initial involvement. We have invested in training programs and scholarships to provide host nation employees and partner agency staff members with the education they need to take leadership positions in our Company and industry. We also provide university and technical college students with training and practicum opportunities in Equatorial Guinea and abroad.

CONTROLLING MALARIA TO SAVE LIVES

In partnership with the Ministry of Health and Social Welfare (MHSW), Marathon Oil's premier CSR investment in Equatorial Guinea is the Bioko Island Malaria Control Project (BIMCP). This investment, valued at more than \$83.3 million (USD) since inception, is funded through a unique private-public partnership of Marathon Oil, Noble Energy, AMPCO and the Government of Equatorial Guinea.

In its first 10 years, the BIMCP reduced the malaria transmission rate 77 percent in children 2 to 14 years old, while deaths of children under age 5 declined 85 percent. These trends translated to overall reductions in lost time at Punta Europa due to malaria illness. By year-end 2016, the parasite infection rate dropped to just 11 percent of the Bioko Island population, from a high of nearly 50 percent in 2004. The project has built national capacity with a malaria intervention team that employs over 190 Equatoguineans in roles including spray teams, case management doctors and entomology technicians.

These BIMCP outcomes opened the door to fund the development of a candidate vaccine that protects recipients from malaria infection and also breaks the transmission of this disease between humans and mosquitos. Marathon Oil and our BIMCP partners are funding three trials of a highly promising malaria vaccine product developed by Sanaria, Inc., a U.S. biotechnology company, to block malaria transmission in humans and mosquitos. The partners have invested \$22.5 million of a \$48.5 million package for the Equatoguinean Malaria Vaccine Initiative. Two studies have been executed and over 25 Equatoguinean doctors, nurses, lab technicians, pharmacists and other support staff have been trained to run the vaccine trials. As human subject trials are carried out in Equatorial Guinea for the first time, they represent an investment in the health and education of Equatoguinean society and in other parts of Africa where malaria is a persistent scourge. Ultimately, the partners plan to invest \$135.4 million total in the BIMCP from 2002 to 2018.

Whatever the outcome of the vaccine trials, at the end of Phase III the BIMCP will have a respected place in the history of malaria control programs. It has substantially reduced the burden of disease and the negative consequences of malaria-attributable illness, and saved thousands of lives on Bioko Island. The partnership has widely shared its scientific data, successes, challenges and lessons learned, prompting changes in malaria control practices worldwide and strengthening the global effort to eliminate malaria.

The BIMCP has received the following awards:

- Africa Investor Magazine Award (2006)
- US Chamber of Commerce International Community Service Award finalist (2006)
- World Oil Award (2006)
- Global Business Coalition first annual award for malaria control (2007)
- World Foundation for Medical Research and Prevention award (2007)
- Global Business Coalition award for Best Malaria Monitoring and Evaluation Program (2009)
- The Oil and Gas Year (TO&GY) Best Corporate Social Responsibility Project (Equatorial Guinea) (2013)

EDUCATING THE INDUSTRY WORKFORCE IN EQUATORIAL GUINEA

Marathon Oil provides scholarships for Equatoguineans to study at U.S. and Malaysian universities. To date, 12 Marathon Oil scholarship winners have obtained university degrees in geology and engineering at the University of South Carolina in the U.S.

Our internship program allows Equatoguinean college and trade school students to shadow employees and get on-the-job experience in our facilities, with the intent that interns obtain degrees in engineering, geosciences or geology to further build the oil and gas industry in their home country.

In addition, we supported the Equatoguinean Geology and Engineering Education Opportunity (GEGEO) program along with MEGPL, Noble Energy, Hess and South Atlantic Natural Resources. GEGEO funded \$6 million from 2003 until 2013 for over 900 students studying at the National University of Equatorial Guinea and 15 students obtaining bachelor degrees at the University of South Carolina's schools of engineering and geology. Of the 15 students, 10 were successfully recruited by Punta Europa companies.

To further develop the national workforce, Marathon Oil supports the Institute Technological National of Hydrocarbons Equatorial Guinea (ITNHGE). As part of the Alba B3 compression project, we sponsored 20 Equatoguinean students at ITNHGE for a total expected expenditure of \$4.5 million over three years.

ENSURING BUSINESS INTEGRITY AND RESPONSIBLE OPERATIONS

Marathon Oil complies with the U.S. Foreign Corrupt Practices Act (FCPA) and U.K. Bribery Act. We require designated employees with certain job responsibilities in Equatorial Guinea to complete annual anti-corruption training and we perform an annual anti-corruption compliance audit.

In addition to having well-established and effective security and human rights policies in Equatorial Guinea, we employ a proprietary guard force to protect our onshore facilities and engage with the Navy of Equatorial Guinea to protect offshore facilities. There were no known security-related incidents resulting in a human rights violation in these operations in 2016. We will work with the government of Equatorial Guinea and the United States Coast Guard in 2017 on reviews of International Port Ship and Port Facility Security (ISPS) to enhance safety and security at the country's ports.

BRINGING OPPORTUNITIES TO OUR HOST NATION

Marathon Oil's integrated gas business in Equatorial Guinea includes the largest petroleum sector facility in Equatorial Guinea and the largest methanol producer on the African continent. Our operations demonstrate how an oil and gas company can run a world-class enterprise and bring economic progress, educational and employment opportunities, and sustainable social programs to the community and host nation, while building long-term shareholder value.