


2018 SUSTAINABILITY REPORT SUMMARY

# INVESTED IN OUR COMMUNITIES

Read the complete report online:  
[marathonoil.com/sustainability-report](https://marathonoil.com/sustainability-report)





Marathon Oil is proud to play a role in maintaining U.S. energy security and fueling the world in which we live. Being a safe, responsible and ethical operator, and being mindful of our neighbors and communities, is critical to our ability to run efficiently and create long-term value for shareholders. This is a foundational belief that's rooted deep within our culture and forms the basis of our license to operate.

Our *2018 Sustainability Report* outlines the disciplined approach we take in all aspects of our business. We've made deliberate changes to this report as we continuously seek to improve our disclosure and respond to stakeholder needs on environmental, social and governance (ESG) issues. There's more work to do to meet our own high performance standards as well as our stakeholders' expectations, but we're making meaningful progress.

By living our values to collaborate, take ownership, be bold and deliver results,

we believe we're securing our future with strong operational, financial and nonfinancial performance through a business strategy guided by sustainability. We're committed to continuing to set sustainability goals and make capital investments in ESG-relevant technology. Our 2018 report was developed with you in mind, so we welcome any feedback you may have to help us continue to improve.

Sincerely,



Lee Tillman  
*Chairman, President & CEO*



Marathon Oil is solution driven and we believe we're taking action to continuously improve our ESG performance, while delivering the energy the world needs. We have a variety of stakeholders, and we have to balance their interests and expectations. If we don't operate responsibly and generate a profit, we aren't serving our shareholders and employees. If we don't generate profits, our communities won't garner the jobs and economic strength we bring with our presence. Safety remains at the core of our values and is never part of the balancing act. We believe we've made progress on environmental performance, and Marathon Oil's commitment to social responsibility is genuine and strategic.

We thrive on delivering differentiated performance and have a track record of transformative actions to adapt to business opportunities. This places us in good stead to manage current and future ESG risks such as climate change.

Companies with good governance, strong business ethics, and good safety and environmental performance tend to be the same companies that have good financial results. We believe that this is no coincidence, and that understanding and responding to dynamic ESG risks is part of our broader license to operate.

The board of directors and its Health, Environmental, Safety and Corporate Responsibility (HES&CR) Committee believe the company is moving in the right direction for all of our stakeholders. Marathon Oil will address our ESG issues and risks, and we will be open and forthright with our investors and other stakeholders.

Sincerely,



Lisa Hyland  
Chairman, HES&CR Committee



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## ENVIRONMENT

# MINIMIZING OUR IMPACT ACROSS OUR OPERATIONS

Over the last five years, our methane emissions intensity has declined by 31%.

## Our Commitment to the Environment

We believe protecting the environment is a direct and critical result of operational excellence, and that it's more about earning our license to operate than just about complying with regulations.

Marathon Oil has an obligation to evaluate our impact on the people and communities where we operate, and on the welfare of all living things in those areas. As a publicly traded company, we recognize that our reputation affects our enterprise value and that we must maintain the trust of our stakeholders. We're proud of our long-standing commitment to environmental progress and to harnessing innovation to lessen our environmental impacts.

**FEATURED TOPIC AREAS →**





### Expanding Our Disclosures

Our Environmental Management Standard guides our business units in identifying and mitigating the risks our operations pose to the environment. We’ve developed sound practices for local and regional management of emissions, water and waste to eliminate or reduce operational impacts on the environment.

We’re committed to keeping our stakeholders informed about our practices in these areas. In response to stakeholder interest in global climate change and air quality, our 2018 sustainability report expands disclosures related to our methane and other air emissions. In addition, by year-end 2019 we’ll issue a report on our climate-related governance, strategy, risk management and metrics consistent with the format advocated by TCFD (Task Force on Climate-related Financial Disclosures).

### Innovating to Minimize Environmental Impact

Our industry’s “dual challenge” is to meet energy demand while minimizing our environmental impacts. This complex challenge requires us to look for affordable and practical solutions.

We seek to minimize air emissions from equipment, and we have a fugitive emissions rate of less than 0.1% of leaking components. Over the last five years, our methane emissions intensity has declined by 31%, largely due to meeting our internal goal of eliminating routine use of high-bleed pneumatic controllers ahead of schedule.

Although we believe that oil and gas development will remain crucial for the foreseeable future, we recognize our stakeholders’ increasing interest in carbon-related policies and alternative energy sources. We’ve invested capital in new technologies to ensure we can help deliver the energy the world needs in a cost-effective manner that promotes long-term value creation.

### A Priority from the Top Down

Our sustainability efforts inform our risk management process and our business strategy. The executive vice president of operations has leadership accountability for our environmental performance, with oversight from the HES&CR Committee of the board of directors. We manage and minimize environmental risks using our Responsible Operations Management System (ROMS).

Our cross-functional Sustainability Forum evaluates internally generated emissions reduction projects and makes recommendations to our senior leadership team on projects with the potential to reduce greenhouse (GHG) emissions and climate-related risk.

Reducing our operational impact on air, water and land helps preserve the environment and benefits our business by protecting our reputation, reducing costs, improving efficiency and allowing employees to focus on operating safely. We’re committed to reducing spills and releases, minimizing wastes, and promoting responsible water management and land stewardship.





## SOCIETY

# MAKING OUR COMMUNITIES STRONGER

Our social investments address existing social issues, with a focus on education, public health and the environment.

### Relationships Are the Cornerstone of Our Success

At our core, Marathon Oil is a relationship-driven business. Producing energy in a socially and environmentally responsible way requires a network of strong relationships built on integrity and trust.

We believe social responsibility and evaluating our impact on the people living in the communities where we operate go hand in hand, and that both are critical to our ability to develop and maintain long-term positive relationships, operate efficiently, create enduring value and return capital to shareholders.

**FEATURED TOPIC AREAS →**





### Excellence in Social Stewardship

Engaging with stakeholders and building relationships of trust and mutual understanding are vital to our operations as well. We build relationships with landowners, contractors, suppliers, community organizations, lawmakers, elected officials, regulators, industry peers, business partners and others. This stakeholder engagement is an essential part of risk management and strengthens our ability to manage community impacts, access new resources, operate efficiently and avoid project delays.

When it comes to supply chain management, we believe Marathon Oil excels. We're committed to the tenets of safety, environmental stewardship, ethical business

conduct, sound labor practices and human rights, and we expect our contractors and suppliers to operate in the same manner. Marathon Oil's commercial agreements reinforce our expectations that contractors and suppliers align with our values, adhere to our policies, and comply with all applicable export, anti-corruption and anti-bribery laws and regulations. We seek out suppliers that represent our diverse communities, while offering competitively priced products and services.

In addition, we work to mentor critical and new contractors and suppliers, and those with HES concerns. These efforts are based on our belief that building relationships, helping contractors improve their performance and maintaining a stable workforce is more sustainable than operating with high contractor turnover.

To enhance the quality of life in the communities where our employees live and work, we make social investments targeting identified local issues. The same values that drive our business performance – to collaborate, be bold, take ownership and deliver results – also influence the social programs we choose. We select nonprofit partners that offer research-based programs, and bring our community partners together

whenever possible to amplify our programs and extend their benefits to a broader range of people in our communities.

Our social investments in the U.S. in 2018 totaled \$3 million, with much of this going toward education projects like literacy and science, technology, engineering and math (STEM) programs. The balance was directed toward economic development, health, and conservation and beautification efforts in the communities and regions where we operate.

### Proud of Our Social Responsibility Efforts

We prioritize social responsibility in everything we do, and from the highest levels of our organization. Our executive vice president, general counsel and chief administrative officer is accountable for Marathon Oil's social responsibility at the leadership level, with oversight from the HES&CR Committee of the board of directors. We're proud of all we have accomplished in our corporate social responsibility efforts, and we'll continue to evaluate how we can improve in the future.





## SAFETY

# EARNING OUR LICENSE TO OPERATE, EVERY SINGLE DAY

Our 2018 U.S. recordable injury rate for both employees and contractors was below the AXP average.

### It All Starts with Safety

At Marathon Oil, we believe that everyone deserves a safe workplace. Given our role in the exploration and production of oil and gas, we also recognize that safety plays a critical role in mitigating risk within our company and the communities where we operate.

Safety directly impacts our ability to maintain the trust of our stakeholders. We use a number of systems to integrate a culture of safety throughout the exploration and production lifecycle. Although Marathon Oil aims to be a low-cost, high-margin operator, we recognize that taking the time to run our business properly and safely is more important than doing it quickly. Without safety and operational excellence, the sustainability of our company is compromised.





### Safety is Fundamental to Responsible Stewardship

Marathon Oil maintains our culture of safety and health by attracting, developing and retaining individuals and partners who share our values. We believe a tone of safety and operational integrity is established at the top and must be reinforced at every level.

Our HES and security (HES&S) performance is managed by ROMS, which includes HES&S standards and procedures, Life Critical Expectations & HES Beliefs.

In addition, safety risks and mitigations are identified and assessed as part of ROMS.

We provide training and engage our workforce to reinforce safety leadership. In 2018, employees recorded approximately 55,000 hours of HES training in our Learning Management System. Training for designated contractors who perform safety-sensitive work on our locations totaled approximately 19,500 hours in 2018. Once they’ve received training, employees and contractors are expected to take responsibility for their own safety and the safety of people working around them.

We consistently evaluate the strength of our safety efforts. To improve safety performance in 2018, we addressed contractor performance challenges with a safety leadership program for frontline field employees and contractors, as well as bolstered our contractor management plans. In addition, stronger collaboration among our U.S. assets increased operational efficiency and led to more consistent implementation of safety policies and practices across our operations. The result of our efforts was a decline in our Total Recordable Incident Rate (TRIR) for employees and contractors combined to 0.53 in 2018 compared to 0.64 in 2017.

### Safety Oversight

The executive vice president of operations has overall leadership accountability for our safety performance, with additional oversight from the HES&CR Committee of the board of directors. In addition, seven of our eight directors bring experience in or a strong understanding of HES and industry regulatory issues to their board oversight role. We incorporate key enterprise-wide safety metrics in our annual incentive plan formula.

A superior safety record has been a hallmark of our company’s performance for many years. Yet, we’re never satisfied, and we’ll continue to incorporate lessons learned from recent years to further refine the quality and safety of our operations as we move forward.



## GOVERNANCE

# UNDERSTANDING OUR RISKS

Running our company responsibly means managing and mitigating environmental, social and reputational risks effectively. Marathon Oil prioritizes best-in-class corporate governance, including robust risk management, and processes and principles that govern the way we do business. We believe that strong governance produces a corporate culture and a business environment conducive to sustainability.

Under our Corporate Governance Guidelines, the Marathon Oil board of directors oversees our business and assesses risk to ensure high levels of ESG performance for the benefit of our shareholders.

We believe a strong company culture is important and strive for excellence every day through the way we do business. Our values and expectations are set forth at the top of

the organization. We expect everyone to adhere to our values and policies, and have mechanisms in place to support the reporting of any actions that aren't in line with our culture.

We take seriously our obligation to operate with ethics and integrity, to maintain exemplary corporate governance, and to promote open and transparent communications.

Strong leadership and corporate governance are critical to good stewardship and a company's longevity.





## 5-YEAR PERFORMANCE HIGHLIGHTS

Governance	2018	2017	2016	2015	2014	Society	2018	2017	2016	2015	2014
Independent Board Members - percent	86	89	89	89	89	Social Investments (Global) - million dollars	19.3	21.7	20.5	24.2	29.3
Political Contributions - thousand dollars <sup>a</sup>	289	65	194	165	321						
Environment	2018	2017	2016	2015	2014	Safety and Workforce	2018	2017	2016	2015	2014
<b>GHG Emissions (Global)<sup>b,c</sup></b>						<b>Safety — Global (combined employee and contractor)</b>					
Direct Emissions - million tonnes CO <sub>2</sub> e	5.20	3.91	3.07	3.58	3.55	Fatalities - number	0	0	0	0	0
Indirect Emissions - million tonnes CO <sub>2</sub> e	0.16	0.16	0.19	1.06	0.96	Total Recordable Incident Rate (TRIR) - incidents/200,000 work hours	0.53	0.64	0.35	0.39	0.75
Total GHG Emissions - million tonnes CO <sub>2</sub> e	5.36	4.06	3.26	4.65	4.52	<b>Process Safety Management</b>					
Total Methane Emissions - million tonnes CO <sub>2</sub> e	0.57	0.62	0.67	0.64	0.72	Tier 1 Process Safety Events - number	2	0	0	1	0
GHG Intensity - tonnes CO <sub>2</sub> e on a weighted basis/production (mboe)	25.35	22.06	18.11	24.52	24.47	Tier 2 Process Safety Events - number	0	0	0	3	4
Total Methane Intensity - tonnes CO <sub>2</sub> e on a weighted basis/production (mboe)	2.70	3.35	3.71	3.36	3.89	Tier 3 Process Safety Events - number	22	31	22	18	86
Methane Emissions as a % of Natural Gas Produced	0.19	0.21	0.24	0.26	0.26	Employees (Global) - number <sup>f</sup>	2,437	2,345	2,302	2,642	3,356
Energy Use - trillion BTU	44.86	43.74	49.44	-	-	Turnover - percent <sup>f,g</sup>	11.7	13.2	14.5	19.8	18.3
<b>Other Operational Air Emissions (Global)</b>						Minority Employees (U.S.) - percent <sup>f,h</sup>	33.3	30.1	24.5	24.4	23.2
Sulfur Dioxide (SO <sub>x</sub> ) - tons	560.0	538.1	104.5	497.6	530.8	Minority Professionals (U.S.) - percent <sup>f,h</sup>	31.6	28.8	24.6	24.2	22.3
Nitrogen Oxides (NO <sub>x</sub> ) - tons	29,050	27,923	23,733	23,295	20,974	Minority Supervisors/Managers (U.S.) - percent <sup>f,h</sup>	20.4	16.1	13.2	13.9	12.2
Volatile Organic Compounds (VOCs) - tons <sup>d</sup>	12,959	22,739	16,226	11,127	8,274	Female Employees (Global) - percent <sup>f</sup>	28.1	26.1	25.4	26.0	28.1
U.S. Onshore Water Usage - million barrels used	82	70	29	40	-	Female Professionals (Global) - percent <sup>f</sup>	30.7	28.7	23.1	28.2	28.4
Global Spill Events to the Environment ≥ 1 bbl - number <sup>e</sup>	47	35	29	47	56	Female Supervisors/Managers (Global) - percent <sup>f</sup>	22.4	21.1	19.4	21.2	20.7
Global Spill Volumes to the Environment ≥ 1 bbl - barrels <sup>e</sup>	974	1,028	1,580	3,605	1,153	Percent of Workforce Represented by Unions (Global) - percent <sup>f</sup>	0.0	0.0	0.0	0.0	0.0
Total Off-Site Waste Disposal - thousand tons	73	26	16	-	-						
Orphan Site Remediation and Reclamation - million dollars	1.8	0.9	1.0	4.1	1.3						

These tables contain data relevant to Marathon Oil's governance, society, environmental, safety 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. <sup>a</sup>Includes political action committee and corporate contributions. <sup>b</sup>Greenhouse gas (GHG) carbon dioxide equivalent (CO<sub>2</sub>e) emissions are based on carbon dioxide, methane and nitrous oxide from Marathon Oil-operated facilities only. <sup>c</sup>2017 air emissions have been updated based on a review and resubmittal of emissions data to the EPA. <sup>d</sup>Increase in VOCs is primarily due to accounting changes in the Resource Plays. <sup>e</sup>Data includes spills outside of secondary containment ≥ 1 barrel. <sup>f</sup>Workforce statistics reflect year-end data. <sup>g</sup>Data does not include total retirement rates of 2.4%, 4.2%, 5.1%, 11.1% and 5.2% for 2018, 2017, 2016, 2015 and 2014, respectively. <sup>h</sup>As defined by U.S. Equal Employment Opportunity Commission.





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## Forward-looking Statement

*This report contains forward-looking statements. These are statements, other than statements of historical fact, that give current expectations or forecasts of future events, including, without limitation: the company's future performance, business strategy, air emissions mitigation strategies, asset quality, drilling plans, production, oil growth, cost and expense estimates, leasing and exploration activities, future financial position, tax rates and other plans and objectives for future operations. Words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "future," "guidance," "intend," "may," "outlook," "plan," "project," "seek," "should," "target," "will," "would" or similar words may be used to identify forward-looking statements; however, the absence of these words does not mean that the statements are not forward-looking. While the company believes our assumptions concerning future events are reasonable, a number of factors could cause actual results to differ materially from those projected, including, without limitation: conditions in the oil and gas industry, including supply/demand levels and the resulting impact on price; changes in expected reserve or production levels; changes in political or economic conditions in the jurisdictions in which the company operates, including changes in foreign currency exchange rates, interest rates, inflation rates, and global and domestic market conditions; capital available for exploration and development; risks related to our hedging activities; well production timing; drilling and operating risks; availability of drilling rigs, materials and labor, including the costs associated therewith; difficulty in obtaining necessary approvals and permits; non-performance by third parties of contractual obligations; unforeseen hazards such as weather conditions; acts of war or terrorism, and the governmental or military response to them; cyberattacks; changes in safety, health, environmental, tax and other regulations; other geological, operating and economic considerations; and the risk factors, forward-looking statements, and challenges and uncertainties described in the company's 2018 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other public filings and press releases, available at [www.Marathonoil.com](https://www.marathonoil.com). Except as required by law, the company undertakes no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise.*



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