

HALLIBURTON

HAL

2016

SUSTAINABILITY REPORT





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To Our Stakeholders

In 2016, we have executed in a challenging market through a strategy focused on managing costs and aligning our resources to strengthen our market position. The results are impressive: Halliburton outperformed the industry, increasing our market share in North America, and making robust preparations for the inevitable turnaround.

We attribute our successful adaptation to one factor: we focused on the essentials. We kept our mission, vision and values at the forefront, with execution that was consistently safe and economical. We made our organization more efficient and supported our team members throughout the Company. Our employees met every challenge and took the steps needed to help their Company succeed in the toughest of circumstances. Together, we made it work.

When we say we succeeded, we are referring to much more than simple financial durability. Our performance in both safety and service quality has continued to improve, including reductions in total recordable incident rate and lost-time incident rate; vehicle incident rates also improved. Non-productive time was reduced. We continued to lead the industry in American Petroleum Institute (API) Specification Q2 certifications – an industry-respected standard for quality management systems in the upstream oil and natural gas industry. With our facilities in Azerbaijan and Nigeria earning certification, we have a total of 38 facilities certified in nine countries – by far the highest number among our competitors.

In addition to these achievements, we continued to generate innovations, with the introduction of several award-winning technologies. Recognized with prestigious *World Oil Awards* were: Integrated Sensor Diagnostics™ service, DrillingXpert™ software, and the Quasar Trio™ service.

Equally important, we continued our connection to the communities where we live and work, giving financial support to a variety of charities and participating in local charitable activities. For example, in Pune, India, working with Deenanath Mangeshkar Hospital and Research Centre, Halliburton sponsored surgery for 25 children whose families otherwise could not have afforded it. Throughout 2016, Halliburton employees participated in fundraising events and volunteer projects across the globe.

By maintaining our dedication to our core values and by making sustainability a driving influence in every decision, we remained strong throughout the industry’s toughest year in decades and laid the groundwork for a leadership position as the recovery gathers momentum. We will continue on the same course, with every reason to expect that we will be well-placed to outperform, wherever the market takes us.

David J. Lesar
Chairman of the Board and
Chief Executive Officer

Lawrence J. Pope
Executive Vice President
of Administration and
Chief Human Resources Officer

James S. Brown
President, Western Hemisphere

Jeffrey A. Miller
President and Chief Health,
Safety and Environment Officer

Robb L. Voyles
Executive Vice President,
Interim Chief Financial Officer,
Secretary and General Counsel

Joe D. Rainey
President, Eastern Hemisphere

Eric Carre
Executive Vice President,
Global Business Lines

About Halliburton

Founded in 1919, Halliburton is one of the world’s largest providers of products and services to the energy industry. With approximately 50,000 employees, representing 140 nationalities, and operations in approximately 70 countries, the Company serves the upstream oil and gas industry throughout the life cycle of the reservoir – from locating hydrocarbons and managing geological data, to drilling and formation evaluation, well construction, completion and production optimization.

Our Business

Halliburton comprises 14 product service lines (PSLs). The PSLs operate in two divisions: Drilling and Evaluation, and Completion and Production. Our Consulting and Project Management PSL works across both divisions and is the spearhead of our integrated-services strategy.

The Company is organized into four regions: North America, Latin America, Middle East/Asia and Europe/Africa/Commonwealth of Independent States (CIS). The regional teams, with their close knowledge of customers and local conditions, hold the primary responsibility for sales, execution, and health, safety and environment (HSE). The PSLs are primarily responsible and accountable for strategy, technology development, process development and capital allocation.



Drilling and Evaluation Division

- Baroid
- Drill Bits & Services
- Landmark
- Sperry Drilling
- Testing & Subsea
- Wireline & Perforating

Completion and Production Division

- Artificial Lift
- Cementing
- Completion Tools
- Multi-Chem
- Pipeline & Process Services
- Production Enhancement
- Production Solutions

Supporting Both Divisions

- Consulting & Project Management

Sustainability at Halliburton works within the context of our overall value proposition, supported by our Guiding Principles for Sustainability. These principles rest on a foundation of ethics and integrity, and align with Halliburton values.

Continuous engagement with stakeholders, as described on page 28, enables us to identify the sustainability topics that matter most to our investors, our customers, our employees and our communities, and to concentrate our efforts on those areas. These are our material topics – the focus of our reporting in this document.

Mission, Vision and Values

At Halliburton, we collaborate and engineer solutions to maximize asset value for our customers – this is our value proposition. Our mission identifies what we do today, why we do it and for whom. Our vision defines what we aspire to be and what success will look like. Our values are our corporate DNA, the foundation for how we relate to each other and to all those with whom we interact. These are the fundamentals that every Halliburton employee is expected to embody, every day.

Mission

To achieve superior growth and returns for our shareholders by delivering technology and services that improve efficiency, increase recovery, and maximize production for our customers.

Vision

To deliver a customer experience second to none, as globally competitive, creative and ethical thought-leaders.

Values

- *Integrity:* Ethics and integrity are the foundation of our brand and the guiding principles for all we do.
- *Safety:* Priority number one. We are focused on our own personal safety as well as the safety of others.
- *Collaboration:* We work together with customers and understand that everyone has a role in providing the best solution.
- *Competition:* We compete to win. We know that competition makes everyone stronger.
- *Creativity:* We are resourceful. We are innovative and strive to apply the right technology and solution every time.
- *Reliability:* We deliver what we promise. We believe the quality of our service defines who we are.
- *Respect:* We are honest with ourselves and each other. We value our diverse skills and talents, and know we are stronger together as one family.

Integrating Sustainability

Sustainability is integral to our overall mission as we seek to deliver long-term financial value while minimizing our environmental footprint and making a positive impact on society. Our Guiding Principles for Sustainability, as set out on pages 6 and 7, are tightly interlinked with our mission, vision and values. They provide the framework to embed sustainability in our actions while achieving our goals. Each principle is paired with a clearly defined intent, to which we hold ourselves accountable and by which we measure our success.

Material Topics

Our material topics are the areas of our activities that are most important to the Company’s overall sustainability impact. They are aligned to industry best practices, including the Global Reporting Initiative, the Dow Jones Sustainability Indices, the Carbon Disclosure Project, the IPIECA oil and gas industry guidance on sustainability reporting, and the Sustainability Accounting Standards Board: Oil and Gas Services Standard.

Material topics are selected based on their significance to Halliburton and to our stakeholders, taking into account factors including the magnitude of potential impacts, and regulatory and customer expectations. This assessment determines the metrics we report in this document, and indicates the areas where we concentrate our sustainability efforts.

Material Topics		
Economic Corporate governance and business ethics Economic performance Supply chain sustainability	Social Health and wellness Diversity and inclusion Community engagement	Environment Energy and greenhouse gases Environmental stewardship

Our Reporting

This document is structured to align with the Global Reporting Initiative (GRI) G4 reporting standard, with three chapters discussing our impacts in the GRI sustainability categories of economic, social and environment. Within each chapter, sections address the specific material topics for that category.

Two areas of our activities have positive impacts across all three categories of sustainability performance, and we start our discussion with these in the following two sections of this document. The first of these areas is our Journey to ZERO vision to drive performance improvement across health and safety, environment, and service quality.

The second is technology and innovation in our products, services and processes. Constant innovation enables Halliburton to continuously improve efficiency in our own operations – and to bring to market products and services that enable our customers to do the same, while maximizing the value of their assets.

Our Guiding Principles for Sustainability

PRINCIPLE ▼

Financial Performance

Deliver superior value for our shareholders

INTENT ▼

To outperform our competitors by delivering superior growth, margins and returns to our shareholders

ACHIEVEMENTS ▼

\$1 billion

We succeeded in making structural cost reductions of \$1 billion in 2016.

5 percent

We achieved 5 percent sequential growth in revenues in the fourth quarter of 2016.

\$620 million

Halliburton distributed \$620 million in dividends in 2016.

Health, Safety & Environment

Conduct operations that are safe and environmentally responsible

To advance on our Journey to ZERO, toward our vision of zero health, safety, environment or service quality incidents

7.5 percent

In 2016, we reduced our total recordable incident rate by 7.5 percent.

5

Five consecutive years of improvement in health and safety incident rates.

38

We had an industry-leading 38 API Q2 certifications at the end of 2016.

Technology & Innovation

Lead the industry in innovation and conscientious stewardship of global resources

To develop solutions that give our customers economic access to new hydrocarbon resources and maximize the value of their existing assets

590

In 2016, Halliburton was granted 590 patents, bringing our active total to 4,668.

2.1 percent

Research and development spend was 2.1 percent of revenue in 2016.

40+

Halliburton collaborated on more than 40 research and development projects with universities worldwide.

Global Citizenship

Enhance the economic and social well-being of our employees and the communities in which we operate

To be a preferred employer and make a positive impact in the communities where we live and work

33

Our employees completed an average of 33 hours of training in 2016, a total of over 2 million hours.

\$2.7 billion

The total value of Halliburton corporate philanthropy in 2016, including in-kind donations, Halliburton Foundation and employee giving, was \$2.7 billion.

Top 50

Halliburton was recognized as a Top 50 employer by *Woman Engineer* and *Minority Engineer* magazines.

Transparency

Be transparent in reporting and validating our progress

To provide our stakeholders with thorough and timely information on our progress

109,000

Halliburton discloses approximately 109,000 chemical safety documents in 32 languages.

14

Our Code of Business Conduct is publicly available in 14 languages.

11

Investor Relations and executives participated in 11 major shareholder events in 2016.

Collaboration

Engage our stakeholders to help achieve results that are compatible with our stated principles

To actively communicate with key stakeholders to help achieve mutual objectives

\$615 million

Our total spend with small and diverse suppliers in the U.S. was \$615 million in 2016.

7 years

We had the industry-leading score in Human Capital Development in the Dow Jones Sustainability Indices for the seventh consecutive year.

80+

We collaborated with customers on more than 80 research and development projects in 2016, innovating to meet their specific needs.

Ethics and integrity are the foundation for our Guiding Principles.

Built on a solid foundation of ethics and integrity, our Guiding Principles for Sustainability provide the framework for our operations and our future. To ensure that these principles guide every aspect of our decisions, plans and actions, we have matched each with a clearly defined intent.

JOURNEY TO ZERO

15%
DECREASE

Non-productive time
down 15 percent year
on year

Lost-time
incident rate
down 9 percent
year on year

9%

7.5
PERCENT

TOTAL RECORDABLE
INCIDENT RATE
DOWN 7.5 PERCENT
YEAR ON YEAR

Health and safety, environmental management, and service quality are fundamental to Halliburton operations. Our ability to collaborate with our customers and engineer solutions to maximize the value of their assets depends on industry-leading performance in each of these areas.

Health, Safety and Environment comprise one of our Guiding Principles for Sustainability. Health and safety performance is a material sustainability topic for Halliburton, as is environmental stewardship. As we work to excel in all our key areas of focus, we are driven by and deeply engaged in our Journey to ZERO.



Journey to ZERO

Journey to ZERO is the Company's vision to achieve zero safety incidents, zero environmental incidents and zero non-productive time. This vision encompasses our commitment to our employees, our customers and our communities, and expresses our priorities – to set the highest standards, embrace the challenge, and make no compromises in executing our work.

We believe that the behaviors driving our success in health, safety and environment (HSE) complement those for service quality, and that combining them within this journey enables us to maximize our performance gains. We have defined six elements that provide a roadmap for achievement. While specific focus areas evolve annually, these elements remain consistent each year:

- Leadership commitment
- Continuous improvement of Halliburton Management System (HMS)
- Training and competency
- Communicate and address risk
- Technology and process improvement
- Performance verification

Halliburton Management System

The Halliburton Management System (HMS) is how we work, and it is central to putting our Journey to ZERO into action. HMS defines our work by providing reliable processes that equip employees to work safely, consistently and effectively. The standards, processes, guidelines and work methods that make up HMS enable us to address the risks that are inherent in our business. A key element of the system is control points, which are defined requirements or activities in the job plan that provide confidence that the job purpose will be achieved.

We verify performance to HMS through monthly inspections, an operations-led internal audit program, and audits by Halliburton Internal Assurance Services, our independent internal audit function.

HMS incorporates major management system standards, including those for quality management (ISO 9001), environmental management (ISO 14001), and health and safety management (OHSAS 18001). The system also meets and exceeds the requirements of the industry-specific American Petroleum Institute (API) standards for manufacturing and service quality (API Q1 and API Q2), and the API RP 75 standard for offshore safety and environmental management.

Health, Safety and Environment Programs

Sending every employee home safe and healthy at the end of every day is a goal to which all Halliburton team members are absolutely committed. Adherence to HMS, and the programs that are a part of it, resulted in consistent improvement in our safety performance in 2016.

Two of the global programs that enable us to achieve these goals are Driving Safety and Dropped Objects Prevention.

STOP!

Stop Work Authority

Our global Stop Work Authority (SWA) program plays a key role in preventing incidents. All employees and contractors have the authority – and the responsibility – to stop a task if they observe an unsafe action or condition at a worksite, or have a concern regarding the control of an HSE risk.

Journey to ZERO, continued

Awards and Recognition

- The crew of the *Halliburton 301* marine stimulation vessel in Qatar was honored by a major customer for reaching the safety milestone of 16 years of operations without a single lost-time incident.
- Halliburton employee Eldrick Saw received the national Workplace Safety and Health (WSH) Gold Award for Supervisors, presented annually by the WSH Council of Singapore to honor supervisors who take effective steps toward better safety and health performance in the workplace.
- The Halliburton Pipeline and Process Services team in China received an award for excellent HSE performance on a project for a major client, achieving more than 200,000 work hours without a lost-time incident.
- The Carbon Disclosure Project recognized Halliburton as an industry leader in emissions reduction, naming Halliburton as one of 62 global companies across all industries to have decoupled emissions growth from financial growth.

Process Safety – Critical Focus Areas

Critical Focus Areas are those areas that present the biggest risk for HSE, process safety, and service quality incidents. When conducting operations involving any of these areas, extra attention and absolute adherence to our processes are imperative.

The Critical Focus Areas are:

Barriers –The physical measures such as packers, plugs, blowout preventers (BOPs), surface valves, drilling fluids or cement that prevent gas or oil from flowing into the well from the formation and traveling to the surface

Hydrocarbons to the Surface – Flow of gas or oil to the surface, such as in well testing or well cleanup operations

Trapped Pressure – Equipment in which a release of pressure could occur (such as discharge iron, lab machinery, BOPs, cement heads, swages, wellhead pressure control equipment, pipelines, hoses, tanks or silos)

Well Proximity –The potential for collision with a producing or existing wellbore while drilling

Radiation and Explosives – Any surface activities concerning a radioactive source or an explosive material

Driving Safety

Driving is the largest single risk for Halliburton. We address this risk through our ongoing Journey Management and in-vehicle monitoring systems initiatives, and through our global culture of land transportation safety based on sharing valuable information and best practices across the Company. Our Journey Management program focuses on risk management, requiring drivers to log journeys and assess them according to pre-defined risk factors. Another key focus area is driver competencies to ensure that our drivers have the training and education to recognize and manage driving risks.

These measures have enabled us to further improve driving safety performance, with vehicle incident rates 23 percent lower in 2016 than in 2015.

Dropped Objects Prevention

The Halliburton global Dropped Objects Prevention program is designed to address a primary risk at the wellsite. The program is structured around rigorous risk assessment and hazard elimination, along with the implementation of engineering and administrative controls to mitigate risk. These include conducting site assessments to identify objects with the potential to drop and identifying work zones where employees could be exposed to risk. We also designate a dropped objects lead for each worksite, who is responsible for implementing controls. Engineering controls include safety lines and nets, while administrative controls include restricting entry to work zones where there is a risk of dropped objects. Personal protective equipment, such as hard hats, is also utilized. These measures are reinforced with training for employees and with ongoing communication of the risks and controls at each worksite.

Health and Safety Performance

Halliburton has continued to improve performance across health and safety (H&S) in 2016. We achieved historic lows in our total recordable incident rate (TRIR), our lost-time incident rate (LTIR) and our recordable vehicle incident rate (RVIR). This was a fifth consecutive year of improvement in TRIR and LTIR, and a third consecutive year in RVIR. These performance records reflect the commitment of all Halliburton team members to our Journey to ZERO vision.

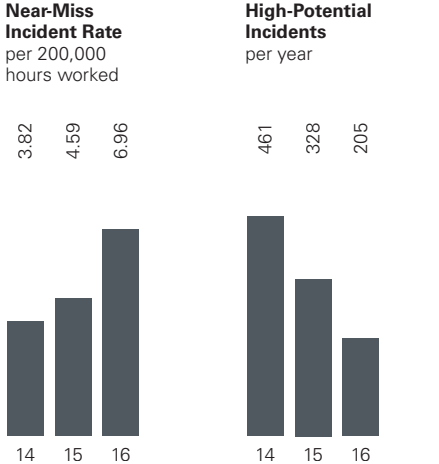
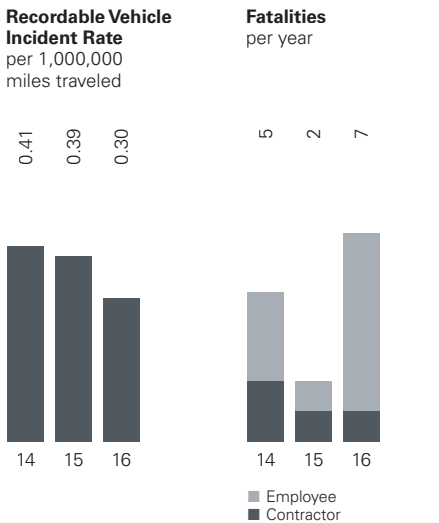
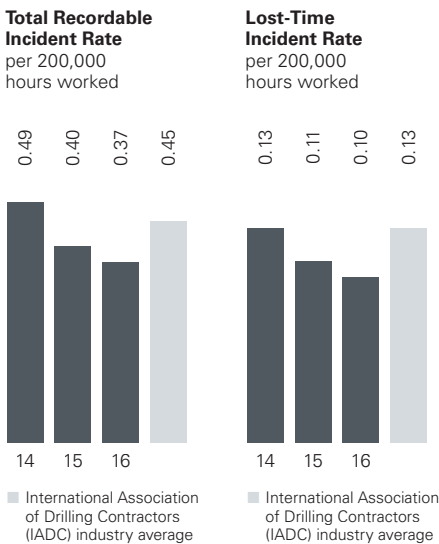
A key leading indicator of H&S performance is the near-miss incident rate. The increasing near-miss rate that we report for 2016 and 2015 is a positive outcome of improved capture of these incidents. We analyze near-miss data to identify causal factors and proactively address hazards before a recordable incident occurs.

We are saddened that, in 2016, six Halliburton employees lost their lives while working. Four of these fatalities were the result of a third-party helicopter crash in the North Sea. Our thoughts and condolences are with the families, friends and colleagues of all who lost their lives.



Personal Safety – Halliburton Life Rules

The Halliburton Life Rules are 10 key factors that affect employee safety. Based on our HSE standards, they are a tool to communicate critical requirements to our employees. The Halliburton Life Rules are used in all our businesses and operations. They apply to every employee and every contractor, in every region and operation.



Health and Safety Case Studies



Duncan Manufacturing Center: Star Among Stars

In 2016, the U.S. Occupational Safety and Health Administration (OSHA) named the Duncan (Oklahoma) Manufacturing Center (DMC) a “Star Among Stars,” recognizing its exceptional safety performance – with rates 50 percent below the U.S. industry average.

The DMC team achieved its safety record through consistent, focused effort. Employees lead the behavior-based safety performance process. Management is visibly engaged through weekly safety walkabouts and discussions, and provides for training and resources to help employees do their jobs safely.



Safety Leadership Award, Center for Offshore Safety

Halliburton won the prestigious 2016 Safety Leadership Award from the Center for Offshore Safety. The annual award recognizes outstanding contributions to the development and sharing of effective safety management practices in the U.S. offshore oil and gas industry.

Halliburton won in the contractor category for the implementation of its Dropped Objects Prevention program, which seeks to prevent dropped-object incidents, and to protect people and equipment should they occur.

Service Quality

With its goal of zero non-productive time, our Journey to ZERO reflects the importance of service quality to our mission.

Four key practices drive our service quality performance, and, through process adherence and continuous improvement, enable us to deliver excellence in execution. They are:

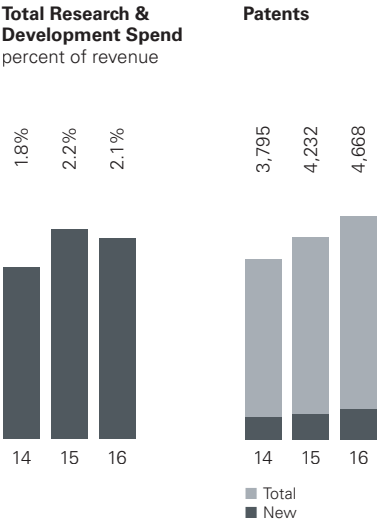
- How we plan our work:** Our Design of Service process defines the documentation that captures the operational plan and outlines how we will execute to customer requirements.
- How we verify our work:** Our system of control points has defined requirements that provide assurance that the job purpose will be achieved.
- How we ensure that our people have the skills they need:** Our global competency program provides our employees with the knowledge, skills, behavior and experience they need to do the job.
- How we improve performance:** Our incident investigation process ensures that all job-related incidents are subjected to thorough and timely investigation to identify root causes and prevent incidents from recurring.

Our Management of Change (MOC) process is designed to control change-related risk when new risks are identified or the operations plan is adjusted. The MOC process requires that all operational and process changes be reviewed, planned and approved before implementation to reduce the potential for service disruption and the creation of new hazards.

We have received external assurance that our processes are effective through API Q2 certification – an industry-respected standard for quality management systems in the upstream oil and natural gas industry. In 2016, operations in Azerbaijan and Nigeria received certification, bringing the total number of API Q2-certified facilities to 38, located in nine countries.

These programs enabled us to reduce our non-productive time rate by 15 percent in 2016, a third consecutive year of performance improvement.

Technology and Innovation



Technology and innovation comprise one of our Guiding Principles for Sustainability, and our aim is to lead our industry in innovation and in the conscientious stewardship of global resources.

To achieve this, our technology team is constantly looking for ways to develop solutions that enable our customers to maximize the value of their assets. Safety and environmental performance are key components of the development process, as we discuss below.

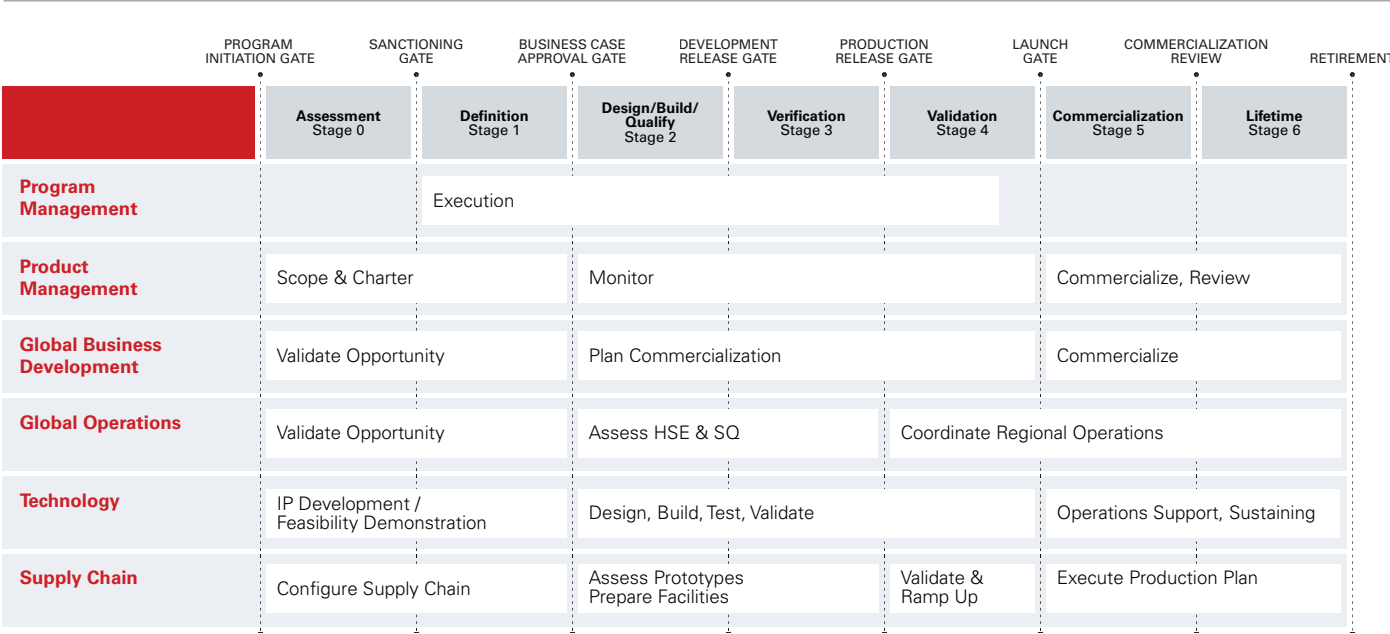
Product Development and Sustainability

The Halliburton LIFECYCLE process (as shown below) is a systematic approach for innovation that integrates every aspect of success – from HSE and service quality to compliance and supply chain – at every step in the process. The resulting advances are products and services that are safe, and that have reduced environmental impacts, enabling customers to maximize asset value.

LIFECYCLE 2.0, a process update introduced in 2016, enables us to further integrate customer input into product development, collaborate more effectively with global business development, converge cross-functional value streams, and improve manufacturability.

Since 2011, Halliburton has launched more than 184 LIFECYCLE programs. The resulting tools, software and services have consistently reduced customers’ cost of ownership and decreased time-to-market.

LIFECYCLE Process



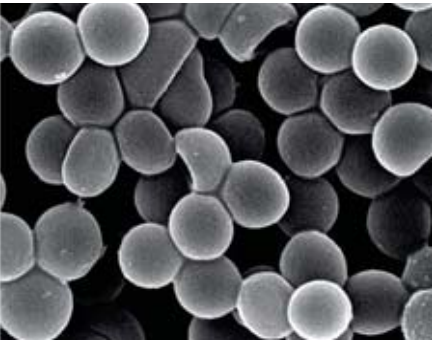
Technology Highlights

Detailed below are some of the key technologies Halliburton brought to market in 2016 that have already demonstrated their value in reducing sustainability impacts and enhancing outcomes for our customers.



Xaminer Sonic® Imager Service

Our Xaminer Sonic imager service provides measurements of the earth’s mechanical rock properties through the transmittance of unique modes of acoustic energy into the formation rock. Complex analysis of the acoustic energy received by high-fidelity sensors in the wellbore provides key inputs to our efforts to increase drilling efficiencies and optimize formation stimulation programs. Increasing the efficiency of these processes lowers cost per barrel of oil equivalent (BOE) for our customers, while reducing our physical and environmental footprint at the wellsite.



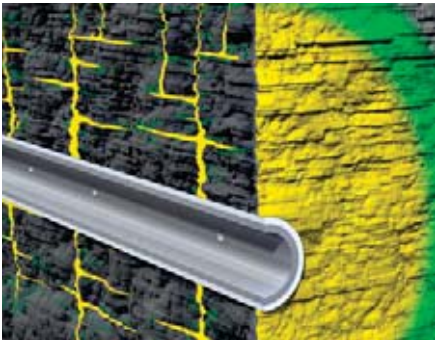
Polymeric Microbubbles

Polymer microbubble technology enables Halliburton to safely and efficiently deliver chemicals to where they are needed in the rock formation. The microbubbles encapsulate reactive chemistries such as acids in polymers that are stable and inert at the surface of the wellsite, but are engineered to break down when they reach the target zone in the well. The technology can also be used to remove potentially harmful metals from brine solutions. This innovation reduces the amount of material needed to achieve the desired result in the well, and reduces the risk to people and the environment of exposure to potentially hazardous substances.



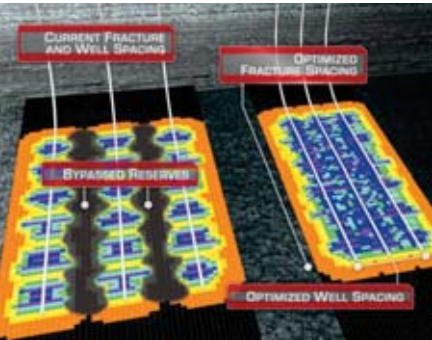
Conductor® Fracturing Service

The new Conductor fracturing service from Halliburton makes it possible to maximize hydrocarbon production by stimulating wells using locally sourced, natural sand as the proppant. The cost and environmental impact of transportation are significantly reduced. Conductor fracturing service uses a lower proppant volume in stimulation treatments, which further reduces the number of trucks needed to transport proppant to location, and also reduces sustainability impacts through improved surface efficiency at the wellsite.



Ascend™ Surfactants

Ascend surfactants comprise a new additive package that enables surfactant-based fracturing fluids to penetrate farther into the formation, enhancing oil and gas recovery and reducing the amount of surfactant required in the hydraulic fracturing job. It has been successfully applied in the liquids-rich Wolfcamp shale play in the Permian Basin. This technology makes it possible for more reserves to be economically accessed and improves recovery rate, while reducing chemical usage and associated costs and risks.



Integrated Sensor Diagnostics

Integrated Sensor Diagnostics is a customized service designed to dramatically improve recovery in unconventional resources. The service focuses on key challenges: optimized fracture spacing, well spacing, well placement, completion process and completion timing. The sensor diagnostics are analyzed for a single set of wells on a pad, and the recommendations can be implemented on subsequently drilled wells. This shortens the learning curve for success and optimizes development of the field, thus driving down the cost per BOE and reducing the physical and environmental footprint of operations through enhanced surface efficiency.

590 PATENTS granted in 2016, an increase of 19 PERCENT from 2015

Managing Sustainability:
Impacts, Programs
and Performance

The following chapters of this document discuss the programs that we have in place and our key performance indicators in each of the three GRI categories: Economic, Social and Environment.

ECONOMIC

98%
COMPLETION RATE
FOR REQUIRED COBC
TRAINING IN 2016

80%
FIELD OPERATIONS SPEND
WITH LOCAL SUPPLIERS

5%
SEQUENTIAL
REVENUE
GROWTH IN
4Q 2016

The economic aspects of sustainability that are material to Halliburton encompass our own financial performance – one of our Guiding Principles for Sustainability – and the impacts that we have on stakeholders through our governance structures, our supply chain and our employees.

Allied to our uncompromising commitment to ethical conduct, a focus on our broader economic effects creates positive outcomes that drive long-term value creation for Halliburton and all our stakeholders.

Material Topics – Economic

- Corporate governance and business ethics
- Economic performance
- Supply chain sustainability



Corporate Governance and Business Ethics

Ethics is a core value at Halliburton, and is a foundation of our Guiding Principles for Sustainability. In practical terms, this commitment is expressed and enforced through our Corporate Governance Guidelines and the oversight provided by our board of directors, our Code of Business Conduct (COBC), our employment practices, and our internal assurance function.

Corporate Governance

Board Composition and Diversity

The Halliburton board of directors provides broad oversight of the management and governance of our Company. In 2016, our board had 13 members. All directors stand for election at our annual meeting of shareholders, and, except for the chairman of the board and the Company president, all directors are independent as defined by the New York Stock Exchange and our Corporate Governance Guidelines.

The board of directors has determined that the interests of our shareholders are best met through combining the positions of chairman of the board and chief executive officer (CEO). This decision is reviewed annually and the board retains the authority to separate the positions. The board has also designated one of its senior independent members to act as Lead Director.

The board's Nominating and Corporate Governance Committee annually reviews the Company's director criteria and the composition of the board of directors to evaluate diversity profiles, as well as skills and experience. The committee performs assessments of the board, committees and directors; considers recommendations from shareholders and directors; and proposes directors for the Company's annual board elections. Appropriate director candidates are typically identified by board members, our management, or a third-party executive search firm.

Board Oversight and Committees

The board of directors is guided by the Halliburton Corporate Governance Guidelines, which are reviewed annually. Topics pertaining to corporate citizenship, governance and sustainability are routinely reviewed at meetings of the board and committees. The board and committees also carry out ongoing reviews of HSE performance, financial results and current risks facing the Company. All directors can call executive sessions or request a special meeting of the board or of a committee.

The board is also committed to enhancing and developing its collective knowledge of sustainable development, and of the economic, social and environmental factors that may affect the Company's success. The board achieves this through a variety of measures including expert briefings, training seminars and reading.

Communication with the Board of Directors

Halliburton management and our board of directors encourage open and transparent communication with shareholders, employees and other interested persons. To make this possible, a phone number and listings of postal and email addresses are provided on the Halliburton website. In addition, our corporate secretary and our Investor Relations group interact with shareholders regularly and make themselves available for calls or meetings.

IN 2016, 7
the board of directors
met seven times,

five
the Compensation Committee and
the HSE Committee met five times,

9
the Audit
Committee met
nine times,
4
and the
Nominating
and Corporate
Governance
Committee met
four times.

Board of Directors

The board of directors, from left to right:

James R. Boyd
Retired Chairman of the Board,
Arch Coal, Inc.

J. Landis Martin
Founder and Managing Director,
Platte River Equity

José C. Grubisich
Chief Executive Officer,
Eldorado Brasil Celulose

Abdulaziz F. Al Khayyal
Retired Senior Vice President of
Industrial Relations, Saudi Aramco

Debra L. Reed
Chairman of the Board and Chief Executive Officer,
Semptra Energy

Murry S. Gerber
Retired Executive Chairman of the Board,
EQT Corporation

David J. Lesar
Chairman of the Board and Chief Executive Officer,
Halliburton Company

Nance K. Dicciani
Non-Executive Chair of the Board of
AgroFresh Solutions, Inc.

Jeffrey A. Miller
President and Chief Health, Safety and
Environment Officer, Halliburton Company

Alan M. Bennett
Retired President and Chief Executive Officer,
H&R Block, Inc.

William E. Albrecht
Non-Executive Chairman of the Board of
California Resources Corporation

Robert A. Malone
Executive Chairman, President, and Chief Executive
Officer, First Sonora Bancshares, Inc.

Milton Carroll
Executive Chairman of the Board,
CenterPoint Energy, Inc.



HSE and Sustainable Development Executive Committee

The HSE and Sustainable Development (SD) Executive Committee is charged with oversight of HSE and SD matters – including annual strategies, HSE statistics and the HSE audit program – and is accountable to the board of directors’ HSE Committee. The Company’s president is the chief HSE officer and chair of the HSE and SD Executive Committee, and reports to each meeting of the board of directors’ HSE Committee.

Any significant HSE incidents are examined by the committee, with particular attention to violations of laws or regulations, or of the Halliburton Code of Business Conduct (COBC). The committee may request further information or call on individuals involved to provide additional detail, and may recommend follow-up actions.

Executive Compensation

The executive compensation program features market-driven compensation within a common total-compensation framework, with flexibility to accommodate differences in business drivers and objectives among the varied Halliburton business units. Our executive compensation includes a base salary, a balanced mix of long- and short-term incentives, supplemental discretionary retirement, and benefits. This program is regularly reviewed to ensure that it supports the Company’s strategies and generates value for our shareholders. Additional information is published in our proxy statement.

Business Ethics

Code of Business Conduct

Our Code of Business Conduct delineates the kind of behavior required of employees in all circumstances, and designates potential consequences for violations – up to and including termination. It addresses the standards, principles, laws and regulations that impact our business, and applies to all employees, officers and directors of the Company. We also require others who act on our behalf (such as suppliers, agents and consultants) to abide by the COBC. To ensure broad awareness, we provide the COBC in 14 languages, and a web page on our intranet houses the COBC and various complementary materials. We perform regular audits to promote compliance with COBC requirements.

Each employee is required to complete COBC-related training. In 2016, employees completed more than 49,000 hours of COBC-related training. In addition to training, employees receive communications in the form of Red Way articles and Ethics Tips that inform and engage employees on COBC-related topics.

Employees are expected to report any real or possible violations, and may remain anonymous in doing so. Reports may emerge through various sources, including management review, the Corporate Security department, or through the Ethics Helpline. A third-party phone service, the Ethics Helpline is available in several languages, 24 hours a day, seven days a week. Retaliatory actions against employees who report violations are not tolerated.

The COBC Practice group, part of the Halliburton Law Department, fully investigates all submitted reports of misconduct, and management is responsible for taking corrective action as needed, up to and including termination. During 2016, the COBC Practice group received 139 reports of alleged misconduct; however, investigations revealed that the majority of these were not violations of the COBC. Of the remaining reports, the allegations were related to discrimination or harassment, fraud or theft, conflicts of interest, kickbacks or sensitive transactions, health, safety and environment, or unauthorized disclosure of confidential information. Corrective actions resulting from these investigations included terminations, written and verbal reprimands, referrals for counseling, resignations, restitutions, suspensions and probations.

The chief ethics and compliance officer makes an annual report to the board’s Audit Committee on issues related to ethics and the COBC. The Audit Committee is also informed of any fraud that has been uncovered involving \$50,000 or more.

Foreign Corrupt Practices Act

As part of the COBC, we have in place business practices and policies designed to minimize risk of violating the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act, and other similar laws and regulations. Halliburton employees are prohibited from securing contracts for the Company by paying or offering bribes, kickbacks or any other illegal, unethical or immoral compensation or accommodation to foreign government officials.

Halliburton expects its employees to behave professionally and ethically when dealing with governmental entities or companies. We provide in-person and online training on the FCPA in numerous languages. Managers and all expatriate employees are required to complete this training.

Employment Practices

We work to provide a professional environment free of discrimination, harassment, intimidation or coercion relating directly or indirectly to race, color, religion, gender, citizenship, marital status, veteran status, genetic information, age, disability, national origin, sexual preference or orientation, or any other status protected by law or regulation. Our COBC states that any behavior that creates an intimidating, hostile or offensive work environment will not be tolerated – and this applies to all employees and contractors. We follow all local laws regarding employee wages, and we frame our compensation practices based on market and industry standards. We do not employ child labor, and we prescreen potential suppliers, vendors and contractors to confirm their legal compliance by requiring that their proposals include a statement of their intent to adhere to laws and regulations regarding forced or child labor and the payment of wages. As of December 31, 2016, 15 percent of our employees were covered by collective bargaining agreements.

Internal Assurance Services

Internal Assurance Services provides assurance and insight on the management system of control. This function has responsibility for audits of financial controls, corporate, service quality and HSE. The independent internal audit is a critical part of our governance of HSE and Service Quality.

A risk-based approach is used to develop the audit plan and define audit scope. Audit outcomes are finalized in a formal report, and actions are required to address reported audit observations.

Audit findings, trends and insights are reported within the organization and to board committees, as applicable.

Taxation

The Company’s tax strategy is consistent with our commitment to integrity and ethics, and with our Guiding Principle on global citizenship, which is to enhance the economic and social well-being of our employees and the communities where we operate. We are committed to meeting our legal obligations in the payment of taxes, and in the disclosure of taxes paid and effective rates. This information is set out in the notes to our financial statements.

Economic Performance

Our financial performance as a business and the development of our employees are significant aspects of our overall economic performance. Financial performance is one of our Guiding Principles for Sustainability and is fundamental to our mission as an organization. Employee development is one of the foundations of our ability to create sustainable long-term value.

Financial Performance

Despite a turbulent year for the industry, we have been able to reinforce the long-term health of our global business and position the Company for growth as the market improves. We have gained market share through the downturn, notably in North America. As the market has stabilized, we have made use of this share to drive margin improvement, returning to operating profitability in North America in the fourth quarter.

Strengthening Our Market Position

The Company's ability to outperform in the downturn is based on lessons learned from past industry cycles. We focused our strategy on managing cost and on aligning our resources to strengthen our market position. We succeeded in making structural cost reductions, removing \$1 billion in annual costs from the business. We executed on operating and strategic cash flow management, and generated almost \$1 billion of cash during the second half of 2016. We also grew our market share in North America to historically high levels.

Our revenues in 2016 were \$15.9 billion, a 33 percent decrease from 2015, and we reported an operating loss of \$6.8 billion for the year, compared to a loss of \$165 million in 2015. These results were driven by global activity and pricing reductions, combined with Baker Hughes related costs and impairments and other charges. We recorded \$4.1 billion of Baker Hughes related costs during 2016, including a \$3.5 billion termination fee. We also recorded \$3.4 billion of impairments and other charges, consisting of fixed asset impairments and write-offs, severance costs, inventory write-downs, impairments of intangible assets, and country and facility closures, and other charges. Unfortunately, the actions necessary to rightsize our cost structure included a global headcount reduction of approximately 20 percent in 2016.

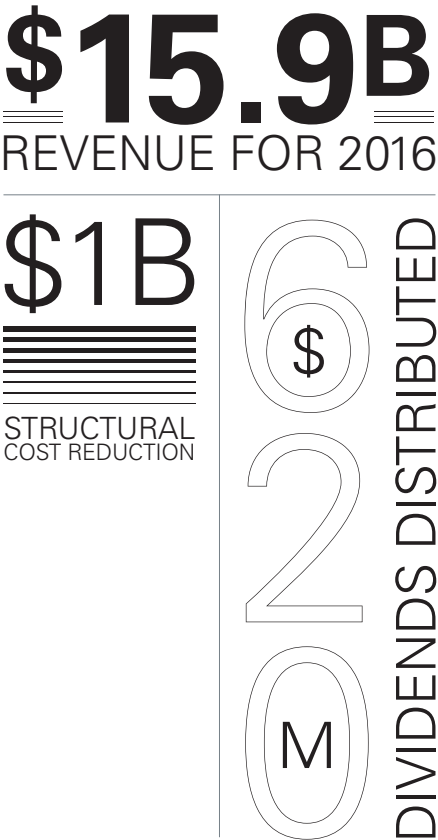
The North America market has begun to show signs of recovery, and we returned to operating profitability in the fourth quarter of 2016. This was the result of our structural cost savings initiative, a sequential increase in the North America rig count for the fourth quarter, and improved pressure pumping pricing and utilization. We are continuing to collaborate with customers to engineer solutions that deliver the lowest cost per barrel of oil equivalent and will continue to focus on increasing equipment utilization, managing costs and expanding our surface efficiency model.

In our international business, the downward cycle is still playing out, and pricing and activity levels remain under pressure as we near the bottom of the cycle. However, despite pricing headwinds we have maintained margins in our Eastern Hemisphere operations in the fourth quarter of 2016.

Our market share has given us the power of choice, and we have made the strategic choice not to pursue greater market share at the expense of profitability. We will continue to work with customers with fairway acreage who want to make better wells. We will also continue to align our asset base to market conditions – an area where our ability to reactivate cold-stacked equipment and our manufacturing capabilities are a competitive advantage.

Looking to the Future

2016 was a year of transition, and as we move into 2017 our focus will be on driving industry leading returns. We will achieve this by focusing on service quality and execution, and by continuing to work with our strong customer portfolio. Above all, we will continue to deliver on our value proposition – to collaborate and engineer solutions to maximize asset value for our customers.

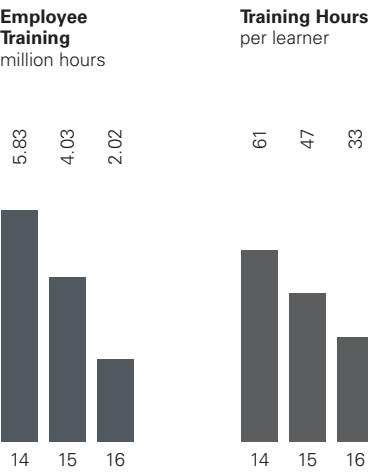


Employees: Percentage of Local Nationals in Workforce

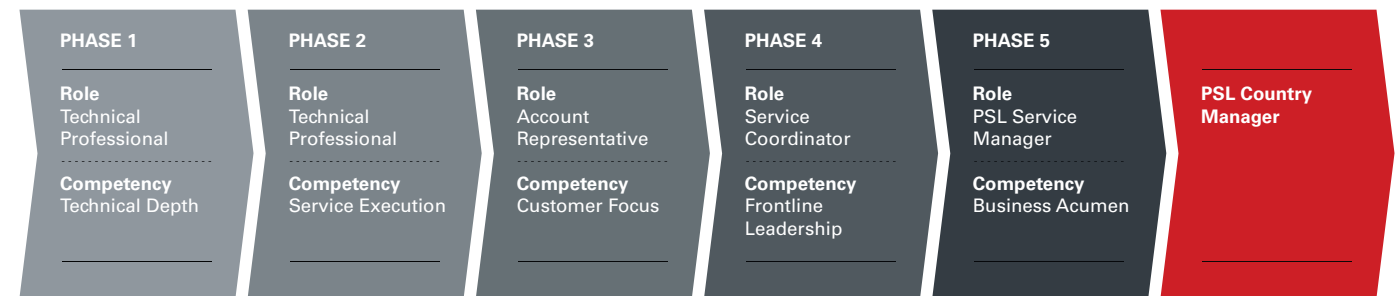
	13	14	15	16
North America	99%	99%	99%	99%
Latin America	93%	93%	93%	93%
Europe/Africa/CIS	88%	88%	88%	88%
Middle East/Asia	72%	72%	72%	72%

Business Leadership Development Courses
Number of Attendees

Year	Level I Attendees	Level II Attendees	Level III Attendees
2013	762	289	82
2014	871	319	88
2015	879	351	90
2016	509	148	48



Hire to Country Manager Process



Hire to Country Manager is one of our core development processes. It is designed to guide employees on a clearly defined track to PSL Country Manager with rigorous assessment at each phase.

Employee Development

Halliburton views employee development as a smart, long-range investment that fits with our corporate strategy, our sustainability approach and our core values. Employee development at Halliburton encompasses learning and training, performance management and programs designed to foster individual well-being.

Learning, Training and Development

Learning, training and development are delivered through Halliburton University, a comprehensive learning management system that presents a variety of technical and non-technical training options, and documents career development activities. Required competencies are tied to job roles and to HSE requirements, and are proactively managed based on business needs and our service quality framework to ensure that employees get the training they need.

Employees can also independently register for training and other development activities. They can identify competency gaps and determine the development they need to advance to the next career level. Managers assign and assess their employees' competence for current roles and next roles of interest.

Our Global Competency Assurance Program, of which Halliburton University is a key component, was again granted full accreditation in 2016 by the International Association of Drilling Contractors, with full competency accreditation for positions across all PSLs and support functions globally. We are the only full-spectrum oilfield services company to have global accreditation with no restrictions.

In addition to the online courses provided by Halliburton University, our network of training centers offers employees technical, operational and leadership training in both classroom and hands-on workshop settings.

Average training hours per learner have declined in 2015 and 2016 due to market conditions. This led to reduced recruitment and, therefore, less demand for intensive training programs for new employees.

Specialized programs that prepare selected employees for leadership roles include the Supply Chain Management Program, the Technology Professional Development Program, the Human Resources Leadership Program, and the Hire to Country Manager (H2CM) process.

Halliburton also offers customized leadership development opportunities for employees already in leadership positions. These include stretch assignments, leadership development plans with coaching, and training programs developed and facilitated internally and externally.

HIGHEST RATED

Halliburton was named the most highly rated employer in the oil and gas services sector in the 2016 *Rigzone* Ideal Employer Survey.

1.8 million

The largest support function within Halliburton, Supply Chain is responsible for some 1.8 million logistics moves every year.

Economic, *continued*

Performance and Succession Management

In late 2016, the Company initiated an overhaul of elements of the performance management process centered around frequent discussions between employee and supervisor on status of work, priorities, feedback about performance and development. One new addition to the process is the semi-annual Employee Pulse survey. These surveys sample employee views on important issues, providing valuable feedback and encouraging leaders to focus on areas for improvement.

The active interface between employees and managers is the basis for the Company’s annual succession management process. A proven method for assessing the skills, talent and potential of employees, the process targets top talent for accelerated development within Halliburton and helps the organization pinpoint possible gaps in individuals’ skill sets or experience. This system enables Halliburton to identify, develop and maintain a reliable succession of skilled leaders.

Employee Well-being Programs

Halliburton realizes the importance of providing for the overall well-being of its employees. In addition to a safe work environment and comprehensive employee benefits, we offer programs that help employees cope constructively with well-being issues that arise at work and in their personal lives. These programs include the:

- Dispute Resolution Program
- Employee Assistance Program
- Employee Wellness Program

Supply Chain Sustainability

Our Supply Chain function – comprising procurement and materials, manufacturing and logistics – manages a global network of suppliers, warehouses and cross docks, and has 22 manufacturing facilities around the world. The largest support function within Halliburton, Supply Chain is responsible for some 1.8 million logistics moves every year.

The Supply Chain function is a major part of the Company’s sustainability footprint. For example, there are environmental impacts from manufacturing operations and from logistics, and many of these are discussed elsewhere in this report. However, the most significant area for our Supply Chain is the economic interaction with our suppliers and with the communities where we operate.

We strive to minimize the environmental impacts of our supply chain through operational efficiencies and through demanding the highest standards of everyone we work with, all backed by rigorous governance.

Halliburton also seeks to ensure that the communities where we work share the economic benefits of our operations. One way we achieve this is through the use of local and diverse suppliers. This has the business benefit of adding resilience to our supply chains.

Supply Chain Governance

Halliburton uses four regional cross-docks and procurement Business Support Centers (BSCs) strategically located across the globe to minimize the risks and costs associated with freight movements. The BSCs drive efficiencies in order placement, decrease waste by reviewing inventory prior to posting additional materials, and reduce the risks associated with moving dangerous goods.

Halliburton complies with all applicable laws and regulations, and requires suppliers to maintain compliance at the same conscientious level. Suppliers must also adhere strictly to the Halliburton COBC requirement to conduct business with fairness and integrity, observing high standards of personal and business ethics.

Suppliers are evaluated on risks related to safety, quality, environment, social responsibility, economy and governance. The Company manages risk and assesses supplier performance through audits of quality, HSE and finances; performance evaluations; and due diligence in regard to international noncommercial agents (such as customs brokers, freight forwarders, or immigration and visa agents).

Halliburton is also in full compliance with Dodd-Frank disclosure practices related to sourcing conflict minerals from the Democratic Republic of Congo and adjoining countries.

In 2016, Development International (DI), a not-for-profit organization that conducts an annual benchmarking study on conflict minerals, ranked Halliburton within the top 10 percent of all participating major companies in terms of responsible conflict mineral practices. Halliburton was also rated as “strong” by the Responsible Sourcing Network in its 2016 evaluation of conflict minerals disclosure.

Local Content and Supplier Diversity

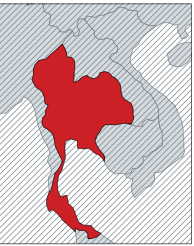
More than 80 percent of the Company’s regional field operations spend goes to suppliers with locations within each region. Our teams focus on sourcing suppliers that can provide a strategic and competitive advantage to our local operations while growing the capacity and competency of national and local industry suppliers. We tailor local sourcing efforts to the governmental, cultural and economic needs of each country. Halliburton supports small, minority-owned and women-owned businesses, and reports second-tier diverse supplier spend to our customers.

Local supply chain teams support the development of supplier relationships and engagement around the world based on local objectives and needs. Examples of our supply chain engagement in 2016 include:



Indonesia

We trained local suppliers to acquaint them with Halliburton HSE and service quality standards. Sharing new procedures and best practices, and identifying current challenges, help to minimize material-handling incidents.



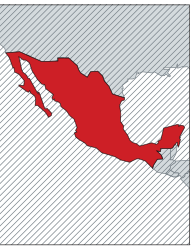
Thailand

Halliburton Trucking Safety Day was an opportunity to improve suppliers’ safety performance by strengthening their commitment to Halliburton HSE standards and best practices. Suppliers also participated in benchmarking activities.



Brazil

Halliburton held a supplier day with 140 suppliers in Brazil to share Halliburton best practices in HSE and service quality, building capacity of local suppliers and driving performance improvement.



Mexico

The Halliburton Certified Quality Representative program provides training, on-the-job coaching, evaluation and certification for local suppliers.



SOCIAL

TOP 50
EMPLOYER

Woman
Engineer
Magazine

Material Topics – Social

- **Health and wellness**
- **Diversity and inclusion**
- **Community engagement**

five consecutive years

Improvement in Health & Safety incident rates

\$5.4M Donated to good causes by the Halliburton Foundation

Halliburton has always made it a priority to have a positive impact on the larger world around us. This is reflected in the social aspects of sustainability that we consider to be material. These are underpinned by our core values of Safety, Integrity, Collaboration and Respect, and are linked by our Guiding Principles for Sustainability – particularly Health, Safety and Environment; Global Citizenship, and Collaboration.

We strive to improve safety performance across our industry, through the industry partnerships discussed on page 28 and through our Journey to ZERO vision. Our aim is to ensure that all our people work safely, on every job, every day.

With a diverse workforce that represents 140 nationalities and operations in approximately 70 countries, Halliburton provides tools and opportunities to help every employee to feel valued and respected in the workplace, and to have a positive impact on their communities.

This section provides information on our safety and social performance in 2016.

- Diversity Partnerships**
- Catalyst Inc. – Global
 - Society of Women Engineers (SWE) – Corporate Partnership Council Board member
 - National Diversity Council – U.S.
 - Pink Petro – Global

- Diversity Events**
- Title Sponsor of the Celebrate SWE Banquet at the SWE National Conference, Philadelphia, Pennsylvania, October 2016. Welcome speech given by Kristen Lipski, region manager for the Production Enhancement PSL in the Gulf of Mexico
 - Sponsored nine SWE events on campuses across the U.S.
 - Hosted the Pink Petro HERWorld Energy Forum in Houston, February 2016
 - Title sponsor of Introduce a Girl to Engineering Day at the University of Texas at Austin

- Diversity Awards**
- Recognized as Top 50 Employer by *Woman Engineer* Magazine
 - Recognized as Top 50 Employer by *Minority Engineer* Magazine
 - Recognized as Top Military Employer by Victoria Media
 - Women in Engineering Initiative Award – Halliburton and Colorado School of Mines – Women in Engineering ProActive Network
 - Myrtle Jones – 2016 Houston Woman of the Year – National Diversity Council
 - Myrtle Jones – Top 50 Most Powerful Women in Oil & Gas – National Diversity Council
 - Laura Schilling, Lisa Modica – Top 50 Women in Energy – Women to Watch Honorees – *Houston Business Journal*
 - Beth Gutweiler – Women in Energy Innovator Honoree – *Houston Business Journal*

Health and Wellness

Halliburton is committed to the well-being of our employees with a global wellness program to increase awareness and create opportunities for employees and their families to take ownership of their health. The initiative focuses on five key elements:

- Nutrition
- Physical health
- Emotional health
- Financial wellness
- Community involvement

This supplements our Journey to ZERO vision health and safety programs. Journey to ZERO and our health and safety performance in 2016 are discussed on pages 8–11.

Diversity and Inclusion

Diversity and inclusion are central to the long-term success of Halliburton. Embedded in our Code of Business Conduct and in our employment practices is a commitment to involve all employees in creating a positive work environment for everyone. We encourage a global culture of inclusion with an ongoing internal campaign highlighting the value of differing perspectives. This is reinforced by the requirement for our global leadership to complete diversity and inclusion training that is designed to help leaders educate their teams on diversity and inclusion.

Employee Resource Groups

Employees are encouraged to consider initiating resource groups of employees who share the goal of advancing their careers and networking with colleagues and leaders. Open to all employees, these groups create connections that are valuable both professionally and personally.

WSE
Women Sharing Excellence

Women Sharing Excellence (WSE) is an internal professional network dedicated to promoting employee development, building leadership competencies and increasing employee retention. The organization is open to all Halliburton professionals, and has more than 900 members globally. WSE provides support in career planning and self-development through mentoring, training, community-service events, spotlight recognition and a workplace conversation series.

HAANF
Halliburton African American Network Forum

Halliburton African American Network Forum (HAANF) supports the Company's diverse workforce through networking, mentoring, and promoting professional growth, with the mission to educate, motivate and empower its members. Participants engage in community service events and lead career development workshops. Although HAANF comprises primarily African-American employees, the organization is open to all employees who seek to cultivate a diverse environment that provides opportunities for advancement, success and growth.

VLF
Veterans Leadership Forum

Veterans Leadership Forum (VLF) provides tools and opportunities for professional development to veterans so they can maximize their contributions to the Company's success. Started by and for veterans in 2013, VLF membership is open to all Halliburton employees who seek to enhance their careers.

2016 Charitable Giving
\$671,000
Halliburton Corporate Giving
\$5,416,000
Halliburton Foundation
\$1,294,000
Employee Giving (Giving Choices)
\$2,739,334,000
Landmark In-Kind Donations
\$2,746,715,000
Total

Social, *continued*

PRIDE is dedicated to creating a positive and inclusive work environment for people of all sexual orientations and gender identities. The organization achieves its goal through education, awareness and results that add business value through industry relations. Founded in January 2016, PRIDE membership is open to all Halliburton employees.

Community Engagement

Community engagement encompasses our Guiding Principles of Global Citizenship, Transparency and Collaboration, and these shape many of the ways we interact with our external stakeholders, from our commitment to philanthropy to our support for human rights. The section below discusses some of the ways we engage with the world, including the communities we work in, the industry bodies we participate in and our commitment to dialogue with our investors.

Community Relations

Our commitment to our communities dates back to the early 1900s, when founder Erle P. Halliburton established a heritage of service and charity. Today, the Company creates opportunities to benefit the communities where we live and work. Our commitment to good corporate citizenship is fundamental to creating sustained value for our Company, our stakeholders and the world.

Four Pillars of Giving

Halliburton corporate philanthropy includes our employee giving program and employee volunteer activities, corporate giving and community investment, and donations made through the Halliburton Foundation. Our strategy for philanthropy is built around our four Pillars of Giving: Education, Environment, Health and Safety, and Social Service.

Pillars of Giving



Education

Every year, we enhance the futures of thousands of students around the world through our support for educational institutions at all levels.

Building schools and futures in Egypt

Through Springboard, a program established by a key customer, we are providing educational opportunities to underserved communities in Egypt. The Springboard initiative received a contribution from Halliburton to help build schools in cooperation with the Girls’ Education Initiative of Egypt’s National Council for Childhood and Motherhood.

Springboard has built seven coeducational schools for the Bedouins, a desert-dwelling nomadic tribe. Approximately 300 students now attend these schools. With financial help from Halliburton, the organization also has built 201 one-room schools in areas where educational opportunities for girls are scarce, opening a better future for about 7,000 girls in remote rural areas.



Environment

Our Company owes its success to the resources and vitality of its home planet. Good stewardship demands that we not only manage our own impact, but also educate and equip others for responsible conduct.

Greens Bayou conservation

Houston’s Greens Bayou Corridor Coalition received a \$25,000 grant from the Halliburton Foundation. The funds will support programs in the area where the Halliburton Houston campus is located, and will also be used for the organization’s water quality initiative. The Coalition is working with Halliburton on a concept for trail and paddle access near the campus, which would benefit Halliburton employees and local residents. In April 2016, Halliburton volunteers joined local community members and Boy Scout troops for a bayou clean-up and tree planting event at Crowley Park, part of the Greens Bayou park system near our Houston North Belt campus.

Community Relations Case Studies



The Energy to Help™ grant program provides support to Halliburton volunteer teams that partner with local charitable organizations to perform community service projects.

Organized Halliburton volunteer teams may apply for an annual grant of \$500 to \$1,500 that will go to a charitable organization for which a volunteer team plans to perform a community service project.



The Halliburton Foundation has paid \$1 million to the Houston Super Bowl Host Committee to support the Touchdown Houston Charitable Fund, which provides funding for local nonprofit organizations in the focus areas of Community Enhancement, Education and Health. In addition to financial support, Halliburton is giving employees time to volunteer for up to three days.



The Saudi Arabia Human Resources group partnered with Saad Specialist Hospital in Al Khobar to conduct a blood donation campaign at Halliburton locations in Saihat and Dhahran Techno Valley. Dozens of Halliburton employees and managers queued up to donate blood for Saad Specialist Hospital. Many Halliburton facilities hold blood drives on a regular basis, boosting the local supply of blood needed for transfusions, emergencies and other medically challenging events.



Health and Safety

We believe that we owe it to the neighbors in the locations where we do business to help them live better, healthier lives. In areas where health resources are scarce, disease claims many lives that could be saved with proper care and treatment. Halliburton works with local charities and medical facilities to ease the shortages of caregivers, materials, equipment and medicines.

Providing free medical treatment for children

Dr. Ashish Ranade, an orthopedic surgeon at Deenanath Mangeshkar Hospital and Research Centre in Pune, India, once visited Shriners Hospital for Children in Chicago, where disadvantaged children are given medical treatment free of cost. It gave him an idea – that in India children in need should also be able to receive free and timely treatment. Today, Deenanath Mangeshkar Hospital, with help from Halliburton, is making Dr. Ranade’s dream a reality.

Deenanath Mangeshkar Hospital is a charitable, multi-specialty hospital that offers state-of-the-art diagnostic, therapeutic and intensive care facilities. In 2016, working with the hospital, Halliburton sponsored surgery for 25 children whose families otherwise could not have afforded it.



Social Service

Halliburton supports a variety of charities and other organizations that are working to end homelessness, protect abused women and children, and eradicate hunger – in short, to help communities address their most pressing social issues. Through donations and volunteer programs, we are making a difference in Houston – our hometown – and around the world.

Supporting the Houston Food Bank

As a founding sponsor of the Houston Super Bowl Host Committee, Halliburton recently came together with other sponsor companies to support the Houston Food Bank. Alongside customers and competitors, 65 Halliburton volunteers stocked shelves, sorted canned goods and packed boxes of food that will become some of the 79 million meals provided through the food bank in a year.

Human Rights

From our board of directors to our business development professionals to the field employees on every job site, conducting ourselves honorably is our most important and most conscientiously held priority.

Halliburton and its board of directors support universal human rights as defined by the United Nations Universal Declaration of Human Rights, and we preserve these rights for our employees in all our locations. We believe that safeguarding basic human rights is primarily the responsibility of local governments, and, as an employer of a multinational workforce, we require that all our employees be treated with dignity and respect.

Stakeholder Engagement

Halliburton engages with a range of external stakeholders, including investors, legislators and regulators, industry groups, and the general public. We build relationships through employees’ and executives’ participation in conferences and industry groups, and by publishing thought-leadership pieces in mainstream media and trade publications.

Halliburton works with government officials to provide in-depth information on our operations, examine emerging technologies and contribute to the discussion of regulatory standards. For example, Company representatives have been involved in the policy discussions surrounding the development of shale gas and oil resources in the U.S., Canada, Mexico, Europe and Australia.

As an industry leader, Halliburton is well represented on industry bodies that set standards and guide best practices. In 2016, Company collaborations included:

- American Petroleum Institute (API)
- Bilateral U.S.–Arab Chamber of Commerce
- Center for Offshore Safety
- Colorado Oil & Gas Association
- Greater Houston Partnership
- Houston Technology Center
- Houston World Affairs Council
- Independent Petroleum Association of America
- National Association of Manufacturers
- National Foreign Trade Council (U.S.)
- National Ocean Industries Association (NOIA)
- Offshore Energy Center
- Petroleum Equipment & Services Association
- Society of Petroleum Engineers
- Texas Independent Producers and Royalty Owners Association
- U.S. Oil & Gas Association
- Western Energy Alliance
- World Petroleum Council

Security & Training by Country

Malaysia
<i>Type of Security:</i> Auxiliary Police
<i>Training:</i> Malaysia Police training
Nigeria
<i>Type of Security:</i> Police
<i>Training:</i> Nigeria Police training
Iraq
<i>Type of Security:</i> Private Contractor
<i>Training:</i> Voluntary Principles on Human Rights, Montreux Document; regular firearm and executive protection training
Pakistan
<i>Type of Security:</i> Private Contractor
<i>Training:</i> Weapons handling, basic guard duties, incident reporting

Senior management, our Investor Relations team and operational managers hold regular meetings and conference calls with analysts, institutional investors and others. In 2016, Halliburton executives made presentations, participated in panels, or had other key roles at the following events:

- Bank of America Merrill Lynch Global Energy Conference
- Barclays CEO Energy-Power Conference
- Deutsche Bank Energy Summit
- Jefferies Energy Conference
- Johnson Rice Energy Conference
- Morgan Stanley E&P and Oil Services Conference
- RBC Capital Markets’ Global Energy & Power Executive Conference
- Simmons European Energy Conference
- TPH Summer Energy Conference
- UBS Global Oil & Gas Conference
- Wells Fargo Energy Symposium

Security

We aim to keep employees, contractors and facilities safe, while respecting the human rights and security of local communities. The Company uses third-party armed security in a small minority of the countries in which we operate, and we make significant efforts to ensure that all security providers uphold our high standards of integrity and ethics.

The countries, the type of security provider, and the training provided are listed on the left. All third-party security providers are required to ensure that security personnel complete all necessary training, and to have procedures in place that are consistent with the parameters specified in our COBC.

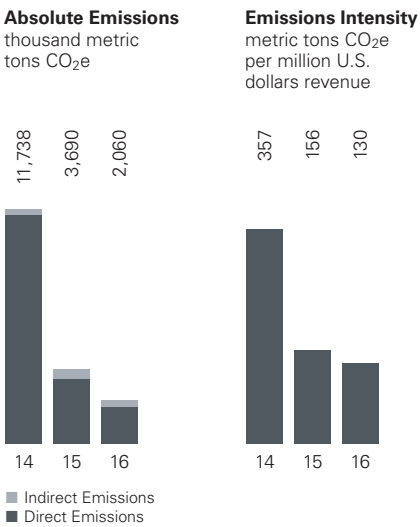
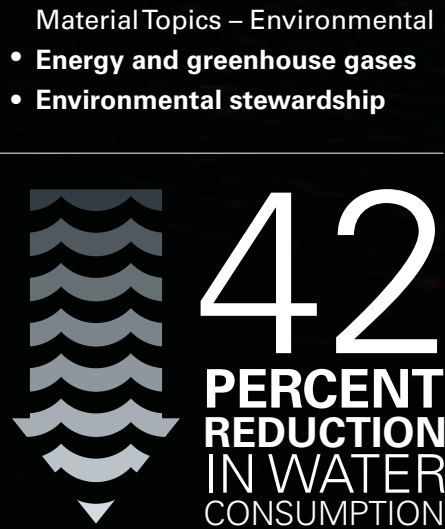
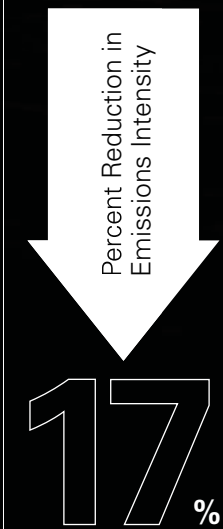




ENVIRONMENT

As a company whose very existence relies completely on the resources of our planet, we are keenly aware of the responsibility we bear not only to minimize our impact on the environment, but to continually develop better and cleaner ways to do our work.

We have processes and systems in place that guide those efforts, and all of our team members take responsibility for day-to-day stewardship, a reflection of the importance we place on being constantly diligent in improving our environmental performance.



Energy Consumption
thousand GJ



Sustainable Building Awards

LEED – Gold

Houston North Belt – Life Center

LEED – Silver

Houston North Belt – Child Care Center
Houston North Belt – Plaza 1
Houston North Belt – Plaza 2
Houston North Belt – Technology Center
Houston North Belt – Administration Building

LEED – Certified

Rio de Janeiro – Technology Center

GreenMark Gold

Singapore – Facility 3

Energy and Greenhouse Gases

Energy

Energy consumption is significant to Halliburton, both as a driver of environmental impacts, including greenhouse gas (GHG) emissions, and as a cost. As we seek to reduce both cost and environmental impact, we aim to use energy as efficiently as possible. We achieve this by working to minimize the environmental footprint of our manufacturing and field operations, of our corporate real estate, and of the products and services we offer.

To address the environmental impact of our global real estate, sites are designed and built to Leadership in Energy and Environmental Design (LEED) guidelines and similar standards. Several of our key sites, including our main Houston location, known as the North Belt campus, hold current certifications. All certifications as of the end of 2016 are listed on this page.

Halliburton also works to provide global energy solutions that go beyond conventional energy sources. We are leading the field in geothermal energy and in carbon capture and storage, and we have been service providers in these areas for decades.

We constantly innovate to provide the products and services that enable our customers to reduce the environmental footprint of their activities. Examples of new sustainable technologies developed in 2016 are discussed on page 13.

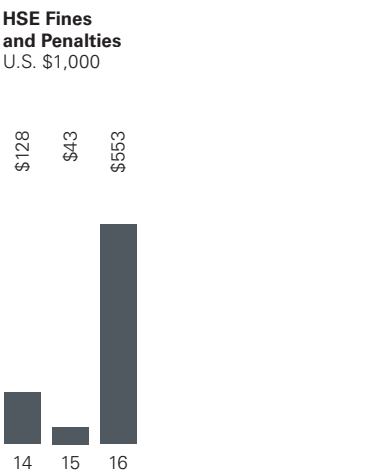
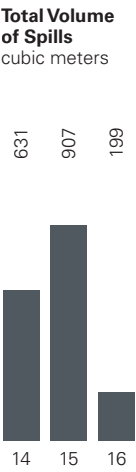
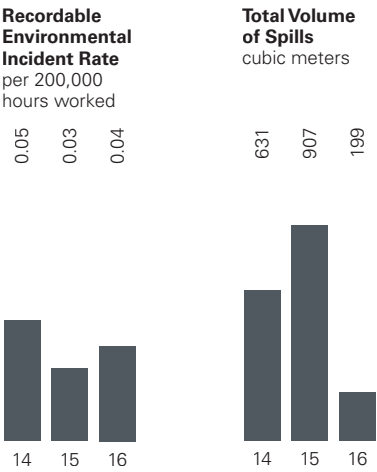
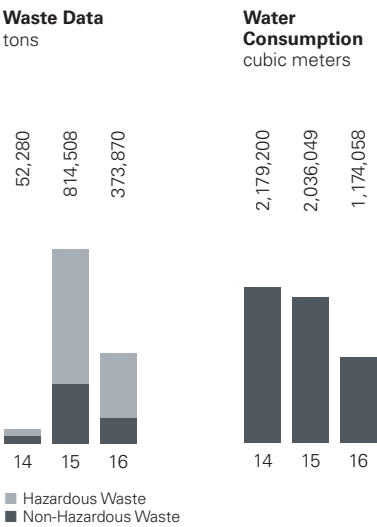
Greenhouse Gases

Halliburton is continually working to reduce the emissions to air that result from our activities, including GHG emissions across our value chain.

One element in this effort has been our leadership in the deployment of diesel engines that meet the U.S. Environmental Protection Agency (EPA) Tier 4 standard. The Tier 4 standard sets stringent requirements for non-road diesel engines to lower emissions of particulates, nitrogen compounds and other pollutants by as much as 90 percent. We are unique in the oilfield services sector in designing and manufacturing our own equipment that uses these engines, working with engine manufacturers, and making significant investments in research and development to reduce emissions. Today, Halliburton surface equipment is among the cleanest available, and it comprises the largest fleet of Tier 4-compliant diesel engines currently in operation in the U.S. and Gulf of Mexico.

Greenhouse gas emissions decreased by 44 percent in absolute terms year on year; this is primarily driven by reduced operational activity in the year and by ongoing continuous improvement in operational efficiency. This is also reflected in our lower emissions intensity in 2016, with emissions per million dollars of revenue down by 17 percent on 2015 to 130 metric tons. Total 2015 emissions have been restated to include Scope 3 emissions from business travel.

Our primary source of GHG emissions is diesel use in equipment in the field. The improvement in carbon intensity seen in 2016 is predominantly the result of more efficient equipment across the fleet as we continue the rollout of Tier 4 engines, and preferentially bring our most efficient cold-stacked equipment back into service as we manage our fleet to match operational activity levels. Energy consumption and GHG emissions have also been positively impacted by ongoing efforts to optimize and streamline our logistics operations and global real estate.



Environment, *continued*

Environmental Stewardship

Environmental stewardship is an expression of the Company’s commitment to reducing environmental impacts across the value chain, including the direct impacts of our own activities. The environmental aspects discussed in this section include water, waste, spills and our global chemical stewardship processes.

Environmental Performance

Important aspects of environmental performance for Halliburton, in addition to energy use and GHG emissions, are waste disposal, water consumption and spills.

Waste generated by Halliburton decreased by 54 percent from 2015 to 2016. This is primarily the result of 2015 having had exceptionally high levels of waste generation as Halliburton reduced inventory levels and rationalized our global real estate in response to market conditions. The waste generated in 2016 was also of different types from the waste generated in 2015 and this resulted in the use of different disposal methods, with a higher percentage of 2016 waste being disposed of through energy recovery than in 2015.

Water consumption data covers our fixed facilities and excludes field operations as water use in the field, for example in hydraulic fracturing, is typically supplied and managed by our customers. The 42 percent year on year reduction in consumption in 2016 was driven by operational activity levels and changes to our global real estate.

Recordable environmental incident rate (REIR) has increased to 0.04 incidents per 200,000 working hours in 2016 from a rate of 0.03 in 2015. Despite the slight increase in REIR, total spill volume decreased by 78 percent from 2015 to 2016 because of reduced operational activity and improved controls. 2015 spill data have been restated to reflect the recategorization of a small number of incidents that occurred in late 2015.

The increase in HSE fines and penalties is largely the result of a single penalty paid in 2016 related to historical air emissions in California. In 2014, the Environmental Protection Agency (EPA), acting on information supplied by Halliburton, alleged that on-road diesel-fuelled vehicles in the Company’s fleet had operated from 2012 to 2014 without particulate filters required by California regulations. In September 2016, Halliburton agreed to pay a penalty and conduct two supplemental environmental projects: (1) to install a school air filtration system in the South Coast Air Basin and (2) to implement a program in the San Joaquin Valley Air Pollution Control District that would distribute data regarding student exposure to unhealthy outdoor air. All of the actions required under the agreement between Halliburton and the EPA had been completed at the end of 2016.

Chemical Stewardship

Chemical Stewardship plays a key role at Halliburton in our overall commitment to sustainability and the management of the HSE aspects of the products and services that we provide to our customers worldwide.

The Chemistry Scoring Index (CSI) is a risk assessment process that compares the relative risks associated with the use of Halliburton chemical products in oil and gas operations. Scores are assigned to products and ranked on the severity of their potential hazards in several key HSE categories. The CSI is aligned with the hazard determination principles of the United Nations Globally Harmonized System of Classification and Labeling of Chemicals (GHS), and with other international regulatory standards.

Using the CSI, our customers can compare Halliburton chemical products within the same class of use and application, enabling them to choose those products that optimize performance and minimize potential HSE risks.

Every Halliburton chemical product is backed by a Safety Data Sheet (SDS) which complies with the latest regulatory requirements, including GHS. Our SDSs identify the chemical content of our products and their potential health and environmental hazards. Halliburton publicly discloses the information about the chemicals used in our operations, providing a value-added resource for customers, employees, regulators and the communities in which we operate. Approximately 109,000 SDSs and labels in 32 languages are available through our internet website.

Halliburton continues to invest in the systems, processes and infrastructure that support our commitment to Chemical Stewardship and product transparency. This investment fuels our continuous improvement toward providing market-leading sustainable products, services, and expert safety and regulatory support to our stakeholders.

Environment Case Study

Waste Management

Chemical waste disposal for our U.S. facilities was standardized and consolidated to one service provider in late 2016. Standardization of the waste disposal process included consolidation and standardization of waste types and the streamlining of waste transport logistics. Waste handling guidance and training were also improved and further tailored to each of our facilities.

This process has led to efficiency gains in waste-handling processes and enhanced compliance with waste regulations. In addition to the sustainability benefits, we estimate that this program will generate approximately \$1.6 million in annual cost savings.

Environmental & Social Data

	2016	2015
Environmental Data		
Energy Consumption (GJ)		
Fuel Consumption		
Diesel	22,639,373	41,711,467
Coal	970,467	956,470
Natural Gas	584,445	842,909
Other	4,492	223,294
Electricity Consumption	1,487,228	1,786,346
Total	25,686,005	45,520,486
Greenhouse Gas Emissions (TCO ₂ e)		
Direct (Scope 1)	1,770,698	3,210,371
Indirect (Scope 2)	205,273	286,465
Indirect (Scope 3)	84,142	193,104
Total	2,060,113	3,689,941
Greenhouse Gas Emissions Intensity (TCO ₂ e/\$M Revenue)		
Scope 1, 2 and 3	130	156
Waste Disposal (Metric Tonnes)		
Non-hazardous	269,880	756,011
Hazardous	103,990	58,497
Total	373,870	814,508
Incineration	180,421	4,921
Total Landfill	73,851	85,851
Total Recycled	60,473	667,081
Total Reuse	41,321	2,077
Composting	7,337	25,293
Total Energy Recovery	4,381	19,118
Onsite Storage	3,471	2,140
Deep Well Injection	2,615	8,016
Other	0	11
Total	373,870	814,508
Water Consumption (m³)		
Total	1,174,058	2,036,049
Spills and Discharges		
REIR (Incidents per 200,000 hours worked)	0.04	0.03
Total Volume of Spills (m³)	199	907
Social Data		
Fatalities		
Employee	6	1
Contractor	1	1
Total	7	2
Injuries and Process Safety Incidents		
LTIR (Incidents per 200,000 hours worked)	0.10	0.11
TRIR (Incidents per 200,000 hours worked)	0.37	0.40
RVIR (Incidents per million miles traveled)	0.30	0.39
Charitable Giving (\$'000)		
In-kind Donations	2,739,334	3,477,149
Halliburton Foundation	5,416	6,139
Employee Giving	1,294	3,377
Halliburton Charity Golf Tournament	–	3,000
Corporate Giving	671	1,228
Total	2,746,715	3,490,893
Procurement (\$M)		
Spend with Small and Diverse Suppliers	615	1,158
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GRI G4 Content Index

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	PAGE NUMBER
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G4-39	Report whether the Chair of the highest governance body is also an executive officer
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Report Information

Halliburton is a publicly traded corporation registered in Delaware and headquartered in Houston, Texas. There were no significant changes to the structure or ownership of the Company in 2016.

In this report, the data encompasses all of our product service lines, countries, joint ventures and non-wholly-owned subsidiaries.

This report contains descriptions of our 2016 sustainability initiatives. Wherever possible, assessments of performance trends from 2014 to 2016 are provided to better highlight the trends' significance over time. Topics covered in this report are those most pertinent to our business sector, and they arise from the context and expectations of the sector. Our analysis of the materiality of topics is described on page 5.

The boundaries of this report correspond to those of the 2016 Halliburton Annual Report.

The data included in this report come from the Company's official management and reporting systems for the various functions described in this document. No external assurance has been sought for the contents of this report.

The 2016 Corporate Sustainability Report was drafted in accordance with the Core Requirements of the Reporting Guidelines of the Global Reporting Initiative Version G4.

Previous Reports

2015 Sustainability Report
CalendarYear 2015

Big Vision
CalendarYear 2014

What Moves Us
CalendarYear 2013

Look Beneath the Surface
CalendarYear 2012

**Integrating Sustainability –
Expanding Our Commitment**
CalendarYear 2011

Sustainability is in Our DNA
CalendarYear 2010

Report Parameters

Reporting period:
CalendarYear 2016

Published date of previous report:
March 2016

Reporting cycle: Annual

Printed on FSC-certified paper that contains post-consumer recovered fiber. FSC certification ensures that this paper meets Forest Stewardship Council standards for responsible forest management.

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Printed in the USA

H012464