

**Module: Introduction****Page: Introduction**

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**CC0.1****Introduction**

Please give a general description and introduction to your organization.

Hess Corporation (HES) is a global Exploration and Production (E&P) company that develops, produces, purchases, transports and sells crude oil and natural gas. Prior to 2013, the Corporation also operated a Marketing and Refining (M&R) segment, which it began to divest during the year. The M&R businesses manufacture refined petroleum products and purchase, market, store and trade refined products, natural gas and electricity, as well as operate retail gasoline stations, most of which have convenience stores. Hess permanently closed its one remaining refinery in the first quarter of 2013 and sold its energy marketing business and its terminal network in the fourth quarter of 2013. In the second quarter of 2014, Hess announced an agreement to sell its retail marketing business.

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**CC0.2****Reporting Year**

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

**Enter Periods that will be disclosed**

Tue 01 Jan 2013 - Tue 31 Dec 2013

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**CC0.3**

**Country list configuration**

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response.

Select country
Algeria
Denmark
Equatorial Guinea
Ghana
Indonesia
Iraq
Libya
Malaysia
Norway
Thailand
United Kingdom
United States of America
Virgin Islands

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**CC0.4**

**Currency selection**

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

USD(\$)

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**CC0.6****Modules**

As part of the request for information on behalf of investors, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors, companies in the oil and gas industry, companies in the information technology and telecommunications sectors and companies in the food, beverage and tobacco sectors should complete supplementary questions in addition to the main questionnaire.

If you are in these sectors (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will not appear below but will automatically appear in the navigation bar when you save this page. If you want to query your classification, please email [respond@cdp.net](mailto:respond@cdp.net).

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see <https://www.cdp.net/en-US/Programmes/Pages/More-questionnaires.aspx>.

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**Further Information**

**Module: Management**

**Page: CC1. Governance**

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**CC1.1**

**Where is the highest level of direct responsibility for climate change within your organization?**

Senior Manager/Officer

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**CC1.1a**

**Please identify the position of the individual or name of the committee with this responsibility**

The highest level of direct responsibility for climate change is the Hess Operating Committee (Op-Com) which is led by the Chief Operating Officer and President of Exploration and Production. The Op-Com reports to the Hess Executive Committee which reports to the Board of Directors.

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**CC1.2**

**Do you provide incentives for the management of climate change issues, including the attainment of targets?**

No

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**CC1.2a**

Please provide further details on the incentives provided for the management of climate change issues

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator

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**Further Information**

**Page: CC2. Strategy**

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**CC2.1**

**Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities**

Integrated into multi-disciplinary company wide risk management processes

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**CC2.1a**

**Please provide further details on your risk management procedures with regard to climate change risks and opportunities**

Frequency of monitoring	To whom are results reported	Geographical areas considered	How far into the future are risks considered?	Comment
Annually	Individual/Sub-set of the Board or committee appointed by the Board	All geographical areas where Hess has assets are considered, including the United States, Europe, Africa, Asia, Australia, and the Middle East. In addition, potential new assets and associated geographic regions would also be considered as part of evaluating major new investments.	3 to 6 years	Risks are considered for a longer time period for new investments (>6 years).

#### CC2.1b

##### Please describe how your risk and opportunity identification processes are applied at both company and asset level

At Hess, we have an enterprise risk management program (ERM) that is headed by the Chief Risk Officer, who reports to the Chief Financial Officer. The ERM starts with some key tools: a common language, our "risk dictionary"--which defines technical and non-technical risk terms--and a risk rating matrix. We begin a risk assessment by bringing together business and asset level subject matter experts to establish a holistic risk profile for a particular asset. Findings from recent environment, health and safety and operational excellence audits also inform the process. We use the results of asset-level risk assessments to generate a company-wide portfolio view of risks and impact on value in financial terms. The portfolio view is presented to the Board of Directors.

#### CC2.1c

##### How do you prioritize the risks and opportunities identified?

We utilize a risk rating matrix, which includes levels of risk based on magnitude of impact and likelihood of occurrence. Based on discussions between business and asset level subject matter experts, a "heat map" is generated that identifies each risk and its associated likelihood and potential impact to value, reputation, production, compliance and/or health and safety. The risk profile is then used to prioritize critical risks (those with higher likelihood and impact) and "tail" risks, which are unlikely but would have a significant impact if they did occur. These inform the prioritization for risks in an integrated risk register, which catalogs actions to manage or mitigate each risk. Embedded risk managers work with the asset teams to direct risk mitigation activities and ownership associated with each scenario. Key risks are aligned to annual business plans.

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**CC2.1d**

Please explain why you do not have a process in place for assessing and managing risks and opportunities from climate change, and whether you plan to introduce such a process in future

Main reason for not having a process	Do you plan to introduce a process?	Comment
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**CC2.2**

**Is climate change integrated into your business strategy?**

Yes

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**CC2.2a**

**Please describe the process of how climate change is integrated into your business strategy and any outcomes of this process**

- i) Development of a five-year (2009-2013) climate change strategy helped us to set goals and targets for minimizing our carbon emissions from existing operations and for ensuring consideration of carbon price risk and energy efficiency in major new projects to promote more carbon efficient choices in equipment selection. We track year-on-year GHG emissions at the asset level and forecast GHG emissions to track our progress against our goals, including our emissions reduction targets. We also produce monthly energy use reports, which include flaring data, for senior management. Two of Hess' key enterprise processes, Enterprise Risk Management (ERM) and Value Assurance (VA), incorporate non-technical risk considerations, such as social and environmental risks, including climate change risk. We account for the cost of carbon in the VA process for major new projects, and expanded this in 2013 to include an annual review of all significant existing assets, allowing for a recurring evaluation of carbon risk in ongoing activities. The Hess Operating Committee (Op-Com), composed of senior executive officers, holds the highest direct responsibility for climate change strategy. The outputs of the ERM and VA processes are reviewed by the Op-Com, the Hess Executive Committee and by the Board.
- ii) The key aspects of climate change that have influenced the strategy include physical risks, regulatory changes, and reputational risks and opportunities, as well as energy efficiency opportunities. Consideration of these aspects has helped us to formulate our goals and targets, including our emissions reduction targets.
- iii) The most important components of the short term strategy that have been influenced by climate change are A) reducing GHG emissions (operational/energy efficiency, revenue opportunities and/or regulatory drivers); B) top-quartile climate change transparency; and C) physical risk management. A) We have invested more than \$1.5 billion in the Bakken region in North Dakota in infrastructure to reduce associated gas flaring at the wellhead in 2014 and beyond and to achieve a

wellhead flaring rate target of 10% no later than 2017. We are supplementing the building of long-lasting gas infrastructure capacity with shorter-term wellhead gas capture projects. We belong to the North Dakota Petroleum Association's Flaring Task Force, which has been working with state regulators on flaring reduction. B) We publish information on our climate change programs and performance in our annual sustainability report and CDP response. We participate in international industry initiatives that focus on quantifying and disclosing emissions performance and climate change-related risks and opportunities. C) We have a physical risk management framework in place that includes severe weather management plans and procedures and business continuity plans that address severe weather events. Hess maintains insurance coverage that includes coverage for physical damage to its property and other coverage. The amount of insurance covering physical damage is based on the asset's estimated replacement value or the estimated loss.

iv) The most important components of the long term strategy that have been influenced by climate change include GHG emissions minimization and regulatory changes. We address these through integrating carbon price risk, potential future regulatory constraints and energy efficiency considerations into our value assurance process for major new investments. Beginning in 2013, the value assurance process was expanded from new projects to include an annual review of all significant existing assets. This enables us to address potential regulatory risks and opportunities driven by current and future costs of carbon and to promote more carbon efficient choices for equipment decisions.

v) We believe we have gained some strategic advantage over competitors by being transparent about our climate change programs and performance. We have been included in the CDP Global 500 and S&P 500 leadership indices since 2009 for the quality of our disclosures. Our climate change reporting has been instrumental in our inclusion in various ESG stock indices and in our ranking as the most sustainable U.S. energy producer. In addition, we believe that our transparency led to a much lower percent of votes in favor of a climate change-related shareholder proposal filed at Hess in 2014 compared to those voted on at other independent energy companies (about 8% at Hess compared to 18-30% at other companies). Through our Enterprise Risk Management program and asset-level risk assessment processes, we use various risk ranking models to ensure that new and existing assets evaluate and rank all above-ground non-technical risks, including those related to climate change.

vi) Our primary focus in 2013 has been to decrease our GHG emissions by reducing wellhead flaring of associated gas in the Bakken region of North Dakota. In 2013 we set a goal to reduce our wellhead flaring rate to 10% no later than 2017; this rate reduction will also decrease absolute emissions. Over the past few years, we have invested \$1.5 million in natural gas capture, processing and fractionation capacity, adding much-needed regional capacity for our own production and that of other operators to process and monetize natural gas and to reduce wellhead flaring. In 2012, we incorporated carbon accounting and energy efficiency considerations into the value assurance process for major new projects. Beginning in 2013, the value assurance process was expanded from new projects to include an annual review of all significant existing assets. These analyses enable us to address potential regulatory risks and opportunities driven by current and future costs of carbon and to promote more carbon efficient choices for equipment decisions.

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#### CC2.2b

Please explain why climate change is not integrated into your business strategy

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#### CC2.3

**Do you engage in activities that could either directly or indirectly influence public policy on climate change through any of the following? (tick all that apply)**

- Trade associations
- Funding research organizations

**CC2.3a**

**On what issues have you been engaging directly with policy makers?**

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
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**CC2.3b**

**Are you on the Board of any trade associations or provide funding beyond membership?**

Yes

**CC2.3c**

**Please enter the details of those trade associations that are likely to take a position on climate change legislation**

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
North Dakota Petroleum Council	Consistent	The North Dakota Petroleum Council (NDPC) has been working closely with state regulatory agencies, particularly the North Dakota Industrial Commission (NDIC), to develop strategies and identify measures to reduce flaring from oil and gas development.	Hess is on the Board of the North Dakota Petroleum Council (NDPC). We are a member of the NDPC's Flaring Task Force, we collaborate with other member companies to shape the NDPC's position of wellhead flaring reduction. Our



Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
		<p>In 2013, the NDPC formed a Flaring Task Force which has advocated for a holistic approach to increase natural gas capture and reduce flaring. In January 2014, the Flaring Task Force made a presentation to NDIC which included the following set of recommendations: 1) mandatory gas capture plans for all new wells beginning June 1, 2014; 2) regulatory consequences for failure to comply; 3) policies and legislation to enhance Right of Way access, thereby facilitating timely construction of pipeline infrastructure which is critical to increasing gas capture and reducing flaring; 4) support for infrastructure build-out and new technologies; 5) a "hotline" to provide landowners with an easy notification system to report pipeline-related problems and concerns; and 6) midstream planning and tracking to ensure that the state has current information on gas capture and processing capability.</p>	<p>position is consistent with that of NDPC and the state of North Dakota on the importance of implementing measures to reduce wellhead flaring and increase gas capture and monetization.</p>
American Petroleum Institute	Mixed	<p>The American Petroleum Institute (API) is a national trade association that represents all aspects of America's oil and gas industry. While API's focus is primarily domestic, its work has expanded to include a growing international dimension. API works closely with the public, Congress, the Executive Branch, and state governments to achieve members' public policy goals. API contributes to efforts to address the risks of global climate change through research, advocacy and education. API supports minimizing methane emissions and that, where practical and safe, releases of methane should be captured and recovered. API, in partnership with IPIECA, issued guidance for oil and natural gas companies as they evaluate options for reducing their greenhouse gas emissions and registering project-level GHG emissions reductions. API has also recognized the growing focus on improving the quality of emissions estimation and has provided guidance to companies on technical considerations and calculation methods to assist with GHG mandatory reporting accuracy. API endorses the Natural Gas STAR Program, a voluntary partnership between EPA and the oil and gas industry</p>	<p>Hess' Chief Executive Officer, John Hess, serves on the API Board of Directors and Executive Committee. Hess is a member of API's Methane Task Force, Committee on Federal Relations, and Upstream Issues Committee, among others. In 2014, Hess established an internal Methane Working Group to share information and promote Hess' position on emerging regulatory approaches to methane leakage which will be partially informed by studies coming out of the Environmental Defense Fund that Hess has helped to support.</p>

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
		<p>designed to cost-effectively reduce methane emissions. API and Natural Gas STAR are working together to promote a common goal of profitably reducing methane emissions in the oil and gas industry. The U.S. EPA's Natural Gas STAR program plays an important role in API's mission to work constructively for sound energy and environmental public policies. API encourages all of its member companies to take an active role in protecting the environment by participating in Natural Gas STAR. In 2014, API formed a Methane Task Force to develop an API member position on methane.</p>	

**CC2.3d**

**Do you publically disclose a list of all the research organizations that you fund?**

No

**CC2.3e**

**Do you fund any research organizations to produce or disseminate public work on climate change?**

Yes

**CC2.3f**

**Please describe the work and how it aligns with your own strategy on climate change**

The Environmental Defense Fund (EDF) is leading a large methane leakage research initiative, comprising 16 different projects and involving partnerships with about 100 universities, research institutions and companies, including Hess. Hess is one of six companies collectively providing \$1.9 million in funding to Colorado

State University to lead a field study to quantify methane emissions associated with natural gas gathering and processing. The results of this study will be linked to the other studies of methane emissions already underway under the EDF methane leakage research initiative to provide an accurate, impartial, peer-reviewed and journal-published estimate of methane leakage throughout the entire natural gas supply chain. The science-based, peer-reviewed and journal-published data are anticipated to be utilized in development of U.S. policy and potential future regulation. This is consistent with Hess' position that climate change is a global problem that requires collaborative action and cost-effective solutions--including fair and equitable climate change policy and regulation--that reduce global GHG emissions, address adaptation and do not impede economic growth.

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#### CC2.3g

Please provide details of the other engagement activities that you undertake

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#### CC2.3h

**What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

Hess' position is that climate change is a global problem that requires collaborative action and cost-effective solutions that reduce global GHG emissions, address adaptation, are fair and equitable and do not impede economic growth. In 2013 Hess began building a more robust Government Affairs organization and added a senior manager for Environmental Affairs in early 2014. Government Affairs and Hess' enterprise Environment Health Safety (EHS) function are developing a process to ensure our trade association activities are consistent with the company's position on climate change. Hess belongs to a number of trade associations, primarily to give the company access to the business, technical and industry best practices expertise of these associations. Hess actively engages in various industry and trade groups (organized under section 501(c)(6) of the Internal Revenue Code) in the United States. We recognize that our positions do not always align with all formal positions of the associations, organizations and collaborative working groups in which we participate. Our funding should not be considered a direct endorsement of the entire range of activities undertaken by these membership organizations. To address concerns related to potential misalignment between our positions and those of the associations, organizations and collaborative working groups in which we participate, we publish our positions on key sustainability issues in our annual corporate sustainability report.

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#### CC2.3i

Please explain why you do not engage with policy makers

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#### Further Information

CC3.1

Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?

Absolute and intensity targets

CC3.1a

Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
Abs1	Scope 1+2	95%	40%	2008	10800000	2013	As part of our five year (2009-2013) climate change strategy, we set a net equity GHG emissions intensity target of a 20% reduction from our 2008 baseline year. However, in 2013, Hess announced a major corporate transformation from a vertically integrated oil and gas company to a pure play Exploration and Production (E&P) company. Since the emissions intensity of upstream operations is greater than downstream operations, our net intensity reduction target was no longer feasible. We changed the intensity target to an absolute target of 40% which we achieved through a combination of process improvements, refinery closures and divestitures.
Abs2	Scope 2	95%	10%	2013	640000	2013	As part of our five year (2009-2013) climate change strategy, we set annual absolute targets to purchase at least 10% of net purchased electricity for operated assets from renewable sources. In 2013 we purchased 140,000 Green-e certified Renewable Energy Certificates (RECs) for wind-power projects, equivalent to 14% of net purchased electricity or an approximate decrease of 96,600 tonnes CO2. The information provided in the boxes for % of emissions in scope and base year emissions is based on net purchased electricity, not gross. (The Scope 2 emissions data included in responses to questions CC3.1a Abs1 Scope 1+2, CC10.1a and CC10.2a are based on gross consumption, including efficiency losses at point of generation and during transmission. Net Scope 2

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
							emissions are about 35% of gross Scope 2 emissions.)
Abs3	Scope 1	26%	57%	2008	2750000	2013	As part of our five year (2009-2013) climate change strategy, we set an absolute target of reducing flaring in Algeria and Equatorial Guinea by 50%, equivalent to about 1.2 million tonnes. By year-end 2013, we achieved an absolute Scope 1 emissions reduction of approximately 1.5 million tonnes.

#### CC3.1b

Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions	Target year	Comment
Int1	Scope 1	40%		Other:	2013		2017	Hess has set a goal for our operations in North Dakota to reduce Our wellhead flaring rate of natural gas (natural gas flared divided by natural gas produced) to 10% by 2017. This will come about as we complete about \$1.5 billion in gas capture and processing infrastructure projects that are underway. 2013 is considered the base year and the 10% target reflects a decrease of 17%.

#### CC3.1c

Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comment
Int1	Decrease		No change		We expect to increase oil and associated gas production between 2013 and 2017. Therefore, we cannot provide a % change anticipated in absolute Scope 1+2 emissions. Scope 3 emissions changes have not been considered.

#### CC3.1d

For all of your targets, please provide details on the progress made in the reporting year

ID	% complete (time)	% complete (emissions)	Comment
Abs1	100%	100%	We achieved the absolute target of a 40% reduction in emissions by year-end 2013 from the 2008 baseline. Emissions were reduced from 10.8 million tonnes in 2008 to 6.5 million tonnes in 2013. This decrease was achieved through a combination of process improvements, refinery closures and divestures.
Abs2	100%	100%	We exceeded the absolute target of purchasing at least 10% of net purchased electricity for operated assets from renewable sources by 40%. In 2013 we purchased 140,000 Green-e certified Renewable Energy Certificates (RECs) for wind-power projects. This was equivalent to 14% of net purchased electricity for operated assets, the equivalent of an approximate 97,000 tonne decrease in CO2 emissions.
Abs3	100%	100%	By year-end 2013, we exceeded the flaring reduction target of 50% combined flaring in Algeria and Equatorial Guinea, achieving a 56% from the 2008 baseline year.

#### CC3.1e

Please explain (i) why you do not have a target; and (ii) forecast how your emissions will change over the next five years

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**CC3.2**

**Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?**

No

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**CC3.2a**

Please provide details of how the use of your goods and/or services directly enable GHG emissions to be avoided by a third party

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**CC3.3**

**Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and implementation phases)**

Yes

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**CC3.3a**

**Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings**

Stage of development	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
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Stage of development	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	2	
To be implemented*	1	25000
Implementation commenced*	10	500000
Implemented*	4	127100
Not to be implemented	0	

**CC3.3b**

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative, years	Comment
Fugitive emissions reductions	Installation of vapor recovery units (VRUs) on closed-top tanks used for temporary storage of crude oil at North Dakota oil well sites to capture vapors and reduce direct (Scope 1) emissions from venting. The use of an emissions control device on crude oil storage tanks at the well site is mandatory. Options can include combustion devices or vapor recovery units. The installation of vapor recovery	7200				The lifetime of the field (20-30 years).	Methane reduction calculations based on Natural Gas STAR factors.



Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative, years	Comment
	units on tank batteries in the Bakken region of North Dakota comprised a US EPA Natural Gas STAR qualified methane reduction project.						
Energy efficiency: Processes	Conversion of drilling rig engines from diesel to bifuel and boilers from diesel to natural gas at seven drilling rigs operating in the Bakken play in North Dakota. These conversions facilitated capture of well site natural gas, thus reducing flaring. Direct (Scope 1) emissions from fuel combustion were also reduced by replacing a portion of diesel fuel use with natural gas. These drilling rig conversions were voluntary.	22500	1000000	2500000	1-3 years	Duration of the drilling rig contracts (approximately 1-5 years).	Calculated emissions reduction is based solely on the difference between diesel fuel combustion and natural gas combustion.
Energy efficiency: Processes	Installations of electric drive compressors instead of natural gas-fueled compressors as part of gas gathering infrastructure expansion in North Dakota. The installation of electric drive compressors at two compressor stations are voluntary projects that were also US EPA Natural Gas STAR qualified methane reduction projects.	800	33000	220000	4-10 years	The lifetime of the field (20-30 years).	Methane reduction calculations based on Natural Gas STAR factors. Under the rules of the Natural Gas STAR program, the project will continue to accrue Natural Gas STAR emissions reductions for 10 years.
Low carbon energy purchase	As part of our five year (2009-2013) climate change strategy, we set an annual absolute target to purchase at least 10% of net purchased electricity for operated assets from renewable sources. In 2013 we purchased 140,000 Green-e certified Renewable Energy Certificates (RECs) for wind-power projects, equivalent to 14% of	96600	0	150000	<1 year	1 year, although this is an annual initiative that may be renewed year-to-year.	

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative, years	Comment
	net purchased electricity (140% of target) or an approximate Scope 2 emissions decrease of 96,600 tonnes CO2. This is a voluntary initiative.						

### CC3.3c

What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	
Dedicated budget for other emissions reduction activities	
Internal price of carbon	

### CC3.3d

If you do not have any emissions reduction initiatives, please explain why not

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**Further Information****Page: CC4. Communication**

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**CC4.1**

Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s)

Publication	Page/Section reference	Attach the document
In mainstream financial reports (complete)	9	<a href="https://www.cdp.net/sites/2014/74/8274/Investor%20CDP%202014/Shared%20Documents/Attachments/CC4.1/HESS%202013%20ANNUAL%20REPORT.pdf">https://www.cdp.net/sites/2014/74/8274/Investor CDP 2014/Shared Documents/Attachments/CC4.1/HESS 2013 ANNUAL REPORT.pdf</a>
In other regulatory filings (complete)	15	<a href="https://www.cdp.net/sites/2014/74/8274/Investor%20CDP%202014/Shared%20Documents/Attachments/CC4.1/HessCorporation%202013%2010K%2020140228.pdf">https://www.cdp.net/sites/2014/74/8274/Investor CDP 2014/Shared Documents/Attachments/CC4.1/HessCorporation 2013 10K 20140228.pdf</a>
In voluntary communications (complete)	32-40	<a href="https://www.cdp.net/sites/2014/74/8274/Investor%20CDP%202014/Shared%20Documents/Attachments/CC4.1/HessCSR2013.pdf">https://www.cdp.net/sites/2014/74/8274/Investor CDP 2014/Shared Documents/Attachments/CC4.1/HessCSR2013.pdf</a>

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**Further Information****Module: Risks and Opportunities****Page: CC5. Climate Change Risks**

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**CC5.1**

Have you identified any climate change risks that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Risks driven by changes in regulation  
Risks driven by changes in physical climate parameters

CC5.1a

Please describe your risks driven by changes in regulation

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Cap and trade schemes	Hess' Denmark operations are subject to the European Union Emissions Trading Scheme (EU ETS). Under Phase III, Hess will need to make annual purchases of allowances to make up the gap between free allowances allocated and the verified greenhouse gas (GHG) emissions. This gap between the number of free allowances allocated to Hess (EUAs) and our	Increased operational cost	1 to 3 years	Direct	Virtually certain	Low	Our strategy in 2013 was to carry over surplus allowances from 2012 and to borrow some 2014 free allowances to limit the number of EUAs we needed to purchase to meet our 2013 EU ETS obligations. Our cost to purchase additional allowances was about USD 130,000. In 2014 and beyond, we expect the gap between our annual free allowances and	Hess' Denmark operations banked free allowances under EU ETS Phase II. In order to meet our 2013 obligations, we carried over surplus allowances from 2012 and applied these, as well as a portion of our 2014 free allowances, toward our 2013 obligations. Despite these actions, we still had an allowance gap and utilized a third-party to purchase additional EUAs. Going forward, we expect the gap	There is minimal to no cost for managing the purchase of allowances we need to meet our EU ETS obligations as the cost of using a third party to purchase allowances on our behalf is already included in the price we pay for the EUAs. Annual third party verification of GHG emissions is part of the EU ETS and costs \$20,000-25,000.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	actual GHG emissions is expected to widen in 2015 and subsequent years. This means that we will need to purchase more allowances which will add to routine operational costs.						obligations to widen, with costs increasing to about USD 400,000 to 500,000 per year.	between annual free allowances allocated and allowances we will need to purchase to widen. We already survey the EUA price developments on the spot market in order purchase allowances at a reasonable cost, and plan to continue with this in 2014 and beyond.	

CC5.1b

Please describe your risks that are driven by change in physical climate parameters

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Tropical cyclones (hurricanes and typhoons)	As the ocean surface continues to warm, hurricane intensity will likely continue to increase. To the	Reduction/disruption in production capacity	Unknown	Direct	Virtually certain	Low-medium	Increased storm severity could materially affect our operations in the Gulf of Mexico. The financial impact	Each Hess asset, including Balcpate, maintains an emergency response plan that details	Costs associated with tropical cyclones, hurricanes and storms include emergency

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>extent that climate change may result in more extreme weather related events, Hess could experience increased costs related to preparedness and recovery of affected operations in addition to costs and lost revenues due to business disruption. In addition the potential for more robust metocean structural standards for offshore platforms to withstand storms of increased severity could increase capital costs for offshore facilities. Although we maintain insurance coverage</p>						<p>of recent storms is an indicator of potential future implications. In 2013 Tropical Storm Karen hit the Gulf of Mexico, requiring Hess to shut-in its Baldpate Production Platform. Total gross lost production was approximately 130 thousand barrels of oil equivalent with a market value of about \$9 million. Hess equity share is 50%.</p>	<p>procedures for potential emergency scenarios, including severe weather events. When a hurricane has formed which could affect facility operations, Hess monitors the position and conditions as well as the forecast of movements and intensity. A facility is advised as soon as possible in initiating evacuation of personnel and protecting equipment and environment. In addition to our own experts, Hess has established strategic relationships with third party specialists who are experienced</p>	<p>response staff resources at the enterprise and asset levels, evacuation of platform crews, and weather forecasting services. These costs are part of routine operating expenses and are not considered significant.</p>



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**CC5.1d**

Please explain why you do not consider your company to be exposed to risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

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**CC5.1e**

Please explain why you do not consider your company to be exposed to risks driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

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**CC5.1f**

**Please explain why you do not consider your company to be exposed to risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure**

There are no other climate change risks that have clearly been determined to have a substantive financial and operational impact on our business. To the extent that future other climate change risks are identified by the company, those risks will be addressed in the ordinary course of enterprise risk management.

At Hess, risk management starts with a common language. Our enterprise risk management process is underpinned by a "risk dictionary," which defines technical and non-technical risk terms, and a risk rating matrix. We begin a risk assessment by bringing together business and asset level subject matter experts to establish a holistic risk profile for a particular asset. Findings from recent environment, health and safety and operational excellence audits also inform the process. We use the results of asset-level risk assessments to generate a company-wide portfolio view. Based on this process, no other climate change risks were determined to be substantive.

Other climate change risks can include political risks, such as environmental activism by NGOs and shareholder groups; reputational risks, resulting from gaps in



effective stakeholder engagement; and commercial risks from competitive expansion. These have not been identified as material risks to the corporation.

**Further Information**

**Page: CC6. Climate Change Opportunities**

**CC6.1**

**Have you identified any climate change opportunities that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply**

- Opportunities driven by changes in regulation
- Opportunities driven by changes in other climate-related developments

**CC6.1a**

**Please describe your opportunities that are driven by changes in regulation**

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Voluntary agreements	Pneumatic devices powered by pressurized natural gas are used widely in the natural gas industry as liquid level controllers, pressure	Reduced operational costs	1 to 3 years	Direct	More likely than not	Low-medium	Hess utilized the EPA's Natural Gas STAR estimates of the economic and environmental benefits of voluntarily replacing non-regulated high-bleed unit with	Opportunities for replacing existing high-bleed pneumatics with low bleed devices in North Dakota would go through the following steps to be funded: 1)	Using EPA's Natural Gas Star estimated implementation cost per unit of \$1,850, total implementation costs would be of approximately \$740,000.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>regulators, and valve controllers. Methane emissions from pneumatic devices are one of the largest sources of methane emissions from the natural gas industry. The Natural Gas STAR Program, a voluntary U.S. EPA partnership which Hess has belonged to for 17 years, encourages oil and gas companies to adopt cost-effective technologies, including low/no bleed pneumatics and practices that improve operational efficiency and reduce methane emissions.</p>						<p>low bleed units before end-of-life. Based on this information, we assumed a \$5 per Mcf gas price and a 260 Mcf natural gas savings per unit. The monetized value from reducing natural leakage is approximately \$520,000 per year. Potential additional maintenance cost savings range from \$90,000 to \$520,000 per year.</p>	<p>creating and prioritizing an inventory of pneumatic controllers installed before the compliance obligation; 2) developing a project plan; 3) drafting a budget; 4) securing authorization for expenditures; 5) managing project cost flows; and 6) reporting on asset creation.</p>	

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	Hess has a voluntary opportunity to reduce methane emissions and operational costs at our North Dakota asset by replacing high-bleed pneumatic devices installed before August 2011, when new EPA regulatory requirements came into effect.								
Other regulatory drivers	The North Dakota Industrial Commission (NDIC) has worked closely with the North Dakota Petroleum Council's (NDPC) Flaring Task Force to develop strategies and identify	Increased production capacity	1 to 3 years	Direct	Virtually certain	High	Hess' infrastructure investments will allow us to reduce our flaring rate from 27% to 10% no later than 2017. This also reflects an absolute reduction in the volume of flared gas. Based on the North	Hess has invested \$1.5 million in natural gas capture, processing and fractionation capacity in the Bakken region in North Dakota over the past several years. Most noteworthy, Hess'	Hess has invested \$1.5 billion to construct infrastructure to capture, transport, process and fractionate Bakken natural gas which is rich in natural gas liquids. Costs for staff resources to obtain the

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>measures to develop enabling regulation, policy and legislation that will increase wellhead gas capture, processing and transportation to reduce wellhead flaring of associated gas from oil and gas development in the Bakken and to monetize the gas and natural gas liquids. As part of this approach, the NDIC has adopted a wellhead flaring rate reduction goal of 5% in 2020 from the current industry average of 30%, with interim flaring rate targets along the way. Hess is on the Board of the</p>						<p>Dakota Pipeline Authority's October 2013 estimate of \$6.50-\$8 per thousand cubic foot (mcf) of Bakken raw natural gas, the estimated market value of the amount of wellhead gas that would be captured instead of flared is approximately \$35-45 million per year.</p>	<p>expansion of its Tioga Gas Plant from 115 million cubic feet of natural gas per day (MMSCFD) to 250 MMSCFD and its natural gas liquids processing capacity from 8 thousand barrels per day (MBD) to 60 MBD provides the Bakken region with much-needed capacity, both for Hess and for other operators, to process and monetize the liquids-rich associated natural gas and reduce operational flaring at the wellhead. Hess also has short-term wellhead gas capture projects ongoing. A key constraint to</p>	<p>necessary licenses and permits and to operate new and expanded infrastructure are considered routine. capture and monetize natural gas from our shale energy wells by building gas gathering systems and expanding our Tioga Gas Plant.</p>

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>NDPC. We are a member of the NDPC's Flaring Task Force and have had the opportunity to collaborate with other member companies to shape the NDPC's position on wellhead flaring reduction. We also have the opportunity to reduce our wellhead flaring by increasing our capacity to capture the gas and process it into products, including methane, ethane, butane and natural gasoline, that we can sell and realize additional revenue. Hess began constructing gas gathering</p>							<p>capturing weelhead gas and reducing wellhead flaring is obtaining rights-of-way access and operating permits in a timely manner so that construction of needed pipeline infrastructure can proceed. Hess is member of the North Dakota Petroleum Council's Flaring Task Force, has regulatory and government affairs specialists on staff and has a local landowner notification system. We have also established an internal target to reduce our wellhead flaring rate in North Dakota to 10</p>	

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	and gas processing and fractionation infrastructure several years ago to monetize natural gas and natural gas liquids from both our own production and from third-party production, and to reduce our overall flaring rate to 10% no later than 2017.							percent no later than 2017. We routinely track the flaring rate, flared volumes, and progress toward our flaring target; results are reported internally on a weekly basis.	

**CC6.1b**

Please describe the opportunities that are driven by changes in physical climate parameters

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management

**CC6.1c**

Please describe the opportunities that are driven by changes in other climate-related developments

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Other drivers	Wellhead gas capture at Hess' oil wells in the Bakken play of North Dakota (ND) represents an energy efficiency and operational efficiency opportunity. In 2013, Hess launched a bi-fuel installation project by converting 7 of our 14 contracted drilling rigs operating in the Bakken. The Bi-Fuel conversion system is a retrofit technology allowing diesel engines to operate on a mixture of natural gas and diesel fuel. In addition to drilling rig engine conversions, the boilers on the rigs were converted to operate exclusively on natural gas.	Reduced operational costs	1 to 3 years	Direct	More likely than not	Low-medium	A bi-fuels conversion system, including conversion of drilling rig boilers to natural gas, could potentially have cost savings of approximately \$1 million per rig per annum based on the cost differential between diesel fuel and natural gas. Under actual field conditions, cost savings are considerably lower due to a variety of factors, including the availability of a reliable and cost-effective gas supply at some drilling locations.	Once the opportunity for bi-fuels conversion was identified, a project justification document was prepared. This provided information was integrated into the relevant drilling services contracts. Under the terms of the contract, the drilling contractors are responsible for purchasing, installing and commissioning the bi-fuel system. These activities are overseen by Hess. In addition, Hess provides oversight for other field activities needed to tie-in to a gas supply.	Bi-fuel rig conversions, inclusive of all necessary components, bi-fuel system installation and commissioning, boiler conversion, and other equipment and installation costs at the well site, are approximately \$350,000 per rig conversion. There are no costs for project and contract supervision beyond the normal course of business.

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>Residue gas from Hess' Tioga Gas Plant and wellhead gas was used in the 2013 bi-fuel operation where possible. Hess has a potential opportunity for other drilling rigs under contract for Bakken drilling to be capable of bi-fuel operations. Besides cost saving benefits from utilization of gas over diesel, bi-fuel conversions can also result in environmental benefits including reductions in CO2 and other air emissions reduction, flaring reductions from use of well head gas, and fewer diesel delivery truck trips. All of these benefits contribute to an overall reduction of the</p>								



Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>environmental footprint of the drilling site. Based on 2013 data, the estimated overall benefit analysis of a best-case full year bi-fuel operation (operation of all converted rigs) includes: 1) a reduction of 15,800 tonnes of CO2 emissions from bi-fuel operation based on the CO2 emissions differential between diesel combustion and natural gas combustion; 2) a 1.8% flaring reduction if utilizing 100% wellhead gas; 3) approximately 166 fewer diesel delivery truck trips, equivalent to about 55 tonnes of CO2 reductions; and 4) additional CO2,</p>								

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	flaring, and truck trip reductions due to converting drilling rig boilers to natural gas.								

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**CC6.1d**

Please explain why you do not consider your company to be exposed to opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

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**CC6.1e**

**Please explain why you do not consider your company to be exposed to opportunities driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure**

2013 was a year of significant progress for Hess as we continued our transition from an integrated oil and gas company to a focused pure play exploration and production company (E&P). Thus physical opportunities from climate change that we reported in previous years, which were associated with discontinued businesses, are no longer applicable.

With respect to our new status as a pure play E&P company, we have not identified any physical climate change opportunities that would have a substantive financial and operational impact on our business. For example, Hess does not currently operate in regions that would benefit from a warming scenario and is not an element of our oil and gas exploration and development strategy. Although not applicable to Hess, there could be increased physical access to oil and gas reserves for oil and gas companies that do operate, or plan to operate in the Arctic, due to a warming climate that could increase that rate of ice melt.

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CC6.1f

Please explain why you do not consider your company to be exposed to opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

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**Further Information**

**Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading**

**Page: CC7. Emissions Methodology**

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CC7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Base year	Scope 1 Base year emissions (metric tonnes CO2e)	Scope 2 Base year emissions (metric tonnes CO2e)
Tue 01 Jan 2008 - Wed 31 Dec 2008	10347768	445521

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CC7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use	
IPIECA's Petroleum Industry Guidelines for reporting GHG emissions, 2nd edition, 2011	
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)	
Other	

**CC7.2a**

If you have selected "Other" in CC7.2 please provide details of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Scope 1 and Scope 2 GHG emissions calculations are based on The GHG Protocol (WRI/WBCSD) and also rely on sector specific guidance provided in the "Petroleum industry guidelines for reporting greenhouse gas emissions 2nd edition" (IPIECA/American Petroleum Institute (API)). The majority of emission factors we use are based on the API Compendium of GHG Emissions Estimation Methodologies for the Oil and Gas Industry as integrated into the API tool. This tool, SANGEA, utilizes U.S. Environmental Protection Agency (US EPA) and industry-specific emission factors for stationary and mobile sources. Some exploration and production (E&P) assets in the U.S. are subject to US EPA mandatory greenhouse gas reporting rules and calculate Scope 1 GHG emissions using emissions factors required by U.S. EPA.

**CC7.3**

Please give the source for the global warming potentials you have used

Gas	Reference
CO2	IPCC Second Assessment Report (SAR - 100 year)

Gas	Reference
CH4	IPCC Second Assessment Report (SAR - 100 year)
N2O	IPCC Second Assessment Report (SAR - 100 year)

#### CC7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data at the bottom of this page

Fuel/Material/Energy	Emission Factor	Unit	Reference
Distillate fuel oil No 2	163.05	lb CO2 per million BTU	API Compendium of GHG Emissions
Natural gas	117.07	lb CO2 per million BTU	API Compendium of GHG Emissions
Petroleum coke	225.78	lb CO2 per million BTU	API Compendium of GHG Emissions
Residual fuel oil	171.96	lb CO2 per million BTU	API Compendium of GHG Emissions

#### Further Information

Hess uses the IPCC Second Assessment Report (SAR - 100 year) for GWPs for calculating Scope 1 and 2 emissions. We do so as we established five year targets for 2013 based on a baseline year of 2008 as part of our 2009-2013 five-year climate change strategy. Thus, we want to ensure comparability to our baseline year.

**Page: CC8. Emissions Data - (1 Jan 2013 - 31 Dec 2013)**

#### CC8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Equity share

---

**CC8.2**

**Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e**

6023190

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**CC8.3**

**Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e**

508448

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**CC8.4**

**Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

Yes

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**CC8.4a**

**Please provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure**

Source	Relevance of Scope 1 emissions from this source	Relevance of Scope 2 emissions excluded from this source	Explain why the source is excluded
Bayonne Energy Center	Emissions are not relevant	Emissions are not relevant	The Bayonne Energy Center (BEC) is a natural-gas fired power plant that began operation in June 2012 and is being sold. As such, it has been classified as an asset in transition. In addition, power generation is not part of Hess' core oil and gas exploration and production business. Further, BEC's 2013 GHG emissions were 223,000 tonnes CO <sub>2</sub> e, only about 3% of Hess' total Scope 1+2 emissions.
Samara Nafta	Emissions are not evaluated	Emissions are not evaluated	Estimated 2013 emissions for the Samara Nafta asset in Russia would be less than 2% of Hess' total Scope 1+2 emissions based on production information prior to sale. Samara Nafta was sold in April 2013, and the new owner did not provide data to Hess; therefore we were not able to calculate GHG emissions from this source.

#### CC8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

Scope 1 emissions: Uncertainty range	Scope 1 emissions: Main sources of uncertainty	Scope 1 emissions: Please expand on the uncertainty in your data	Scope 2 emissions: Uncertainty range	Scope 2 emissions: Main sources of uncertainty	Scope 2 emissions: Please expand on the uncertainty in your data
More than 5% but less than or equal to 10%	Assumptions Metering/ Measurement Constraints	Most of our estimates are based on metered fuel flows and gas composition but some are based on engineering estimated flows and composition. When calculating emissions from our use of common fuels we often use standard recognized emission factors, as each batch is not analyzed.	More than 5% but less than or equal to 10%	Assumptions	Quantity of purchased electricity is known but assumptions are made regarding the appropriate utility emission factor to apply.

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**CC8.6**

**Please indicate the verification/assurance status that applies to your reported Scope 1 emissions**

Third party verification or assurance complete

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**CC8.6a**

**Please provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements**

Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported Scope 1 emissions verified (%)
Limited assurance	<a href="https://www.cdp.net/sites/2014/74/8274/Investor_CDP_2014/Shared_Documents/Attachments/CC8.6a/ERM_CVS_Assurance_Statement_27Jun14.pdf">https://www.cdp.net/sites/2014/74/8274/Investor CDP 2014/Shared Documents/Attachments/CC8.6a/ERM CVS Assurance Statement 27Jun14.pdf</a>	page 1 of 1	ISO14064-3	93

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**CC8.6b**

**Please provide further details of the regulatory regime to which you are complying that specifies the use of Continuous Emissions Monitoring Systems (CEMS)**

Regulation	% of emissions covered by the system	Compliance period	Evidence of submission
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**CC8.7**

**Please indicate the verification/assurance status that applies to your reported Scope 2 emissions**



Third party verification or assurance complete

#### CC8.7a

Please provide further details of the verification/assurance undertaken for your Scope 2 emissions, and attach the relevant statements

Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of Scope 2 emissions verified (%)
Limited assurance	<a href="https://www.cdp.net/sites/2014/74/8274/Investor_CDP_2014/Shared_Documents/Attachments/CC8.7a/ERM_CVS_Assurance_Statement_27Jun14.pdf">https://www.cdp.net/sites/2014/74/8274/Investor CDP 2014/Shared Documents/Attachments/CC8.7a/ERM CVS Assurance Statement 27Jun14.pdf</a>	page 1 of 1	ISO14064-3	93

#### CC8.8

Please identify if any data points other than emissions figures have been verified as part of the third party verification work undertaken

Additional data points verified	Comment
No additional data verified	ERM CVS has performed annual assurance engagements for Hess in 2012, 2013 and 2014 respectively for calendar year GHG emissions data for 2011, 2012 and 2013. As part of this engagement, ERM CVS review year-on-year data. However, this is not formally specified within the Terms of Reference for the assurance engagement.

#### CC8.9

**Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?**

No

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CC8.9a

Please provide the emissions from biologically sequestered carbon relevant to your organization in metric tonnes CO2

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**Further Information**

**Page: CC9. Scope 1 Emissions Breakdown - (1 Jan 2013 - 31 Dec 2013)**

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CC9.1

**Do you have Scope 1 emissions sources in more than one country?**

Yes

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CC9.1a

**Please break down your total gross global Scope 1 emissions by country/region**

Country/Region	Scope 1 metric tonnes CO2e
Algeria	271061
Denmark	126454

Country/Region	Scope 1 metric tonnes CO2e
Equatorial Guinea	1221380
Ghana	770
Indonesia	223698
Iraq	3766
Libya	80323
Malaysia	1797710
Norway	88559
Thailand	242205
United Kingdom	15856
United States of America	1898193
Virgin Islands	53215

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**CC9.2**

**Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)**

By business division  
By GHG type

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**CC9.2a**

**Please break down your total gross global Scope 1 emissions by business division**

Business division	Scope 1 emissions (metric tonnes CO2e)
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Business division	Scope 1 emissions (metric tonnes CO2e)
Exploration and Production	5839412
Refining	89109
Retail and Marketing	5034
Storage, transportation and distribution	89635

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**CC9.2b**

Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 emissions (metric tonnes CO2e)	Latitude	Longitude

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**CC9.2c**

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 emissions (metric tonnes CO2e)
CO2	5669936
CH4	320213
N2O	33042

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**CC9.2d**

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 emissions (metric tonnes CO2e)
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CC9.2e

Please break down your total gross global Scope 1 emissions by legal structure

Legal structure	Scope 1 emissions (metric tonnes CO2e)
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**Further Information**

**Page: CC10. Scope 2 Emissions Breakdown - (1 Jan 2013 - 31 Dec 2013)**

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CC10.1

**Do you have Scope 2 emissions sources in more than one country?**

Yes

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CC10.1a

**Please break down your total gross global Scope 2 emissions and energy consumption by country/region**

Country/Region	Scope 2 metric tonnes CO2e	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low carbon electricity, heat, steam or cooling accounted for CC8.3 (MWh)
Algeria	61	758	0
Thailand	316	5450	0
United States of America	508071	2941095	0

### CC10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

By business division

### CC10.2a

Please break down your total gross global Scope 2 emissions by business division

Business division	Scope 2 emissions (metric tonnes CO2e)
Exploration and Production	332703
Refining	21524
Retail and Marketing	144011
Storage, transportation and distribution	10209

### CC10.2b

Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2 emissions (metric tonnes CO2e)
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CC10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2 emissions (metric tonnes CO2e)
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CC10.2d

Please break down your total gross global Scope 2 emissions by legal structure

Legal structure	Scope 2 emissions (metric tonnes CO2e)
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**Further Information**

**Page: CC11. Energy**

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CC11.1

**What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

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**CC11.2**

Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	MWh
Fuel	8285535
Electricity	2946544
Heat	0
Steam	0
Cooling	0

---

**CC11.3**

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Residual fuel oil	67934
Distillate fuel oil No 2	1835845
Natural gas	6374873
Petroleum coke	6883

---

**CC11.4**



Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the Scope 2 figure reported in CC8.3

Basis for applying a low carbon emission factor	MWh associated with low carbon electricity, heat, steam or cooling	Comment
No purchases or generation of low carbon electricity, heat, steam or cooling accounted with a low carbon emissions factor	0	We do not apply a low carbon emission factor. We buy RECs for wind-power projects but do not reduce our calculated emissions because of these purchases.

#### Further Information

Page: **CC12. Emissions Performance**

#### CC12.1

How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Decreased

#### CC12.1a

Please identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year

Reason	Emissions value (percentage)	Direction of change	Comment
Emissions reduction activities	0.5	Decrease	The emissions value decrease is based on 3 of the 4 projects included in our to CC3.3a and CC3.3b. These 3 projects totaled 30,500 tonnes CO2e in Scope 1 emissions reductions. The fourth project, the purchase of 140,000 Renewable Energy Certificates for wind-power projects (the equivalent of a Scope 2 emissions reduction of 96,600 tonnes), has been excluded.
Divestment	12	Decrease	Hess divested eight exploration and production (E&P) assets in 2013.

Reason	Emissions value (percentage)	Direction of change	Comment
Acquisitions	0	No change	There were no acquisitions in 2013.
Mergers	0	No change	There were no mergers in 2013.
Change in output	7	Decrease	The Port Reading refinery was closed in February 2013 as part of Hess' strategy to become a pure play E&P company. Reduced operations also occurred at the HOVENSA terminal in St Croix. Offsetting these reduction, production activity increased 19% in North Dakota with an associated increase in GHG emissions.
Change in methodology	0	No change	
Change in boundary	0	No change	
Change in physical operating conditions	0	No change	
Unidentified			
Other			

## CC12.2

Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO<sub>2</sub>e per unit currency total revenue

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
.000293	metric tonnes CO <sub>2</sub> e	unit total revenue	14	Decrease	GHG emissions decreased by 18% in 2013 while revenues decreased by 5%. The emissions intensity decrease was a result of emissions reduction activities, asset divestitures, and changes in output, among other factors.

**CC12.3**

Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO<sub>2</sub>e per full time equivalent (FTE) employee

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
534	metric tonnes CO <sub>2</sub> e	FTE employee	1	Decrease	GHG emissions decreased by 18% while there was a 17 % reduction in FTE employees due to divestitures, the closure of the Port Reading refinery, and staffing reductions in certain assets. The emissions intensity decrease was a result of emissions reduction activities, asset divestitures, and changes in output, among other factors.

**CC12.4**

Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
.053	metric tonnes CO <sub>2</sub> e	barrel of oil equivalent (BOE)	1	Decrease	GHG emissions decreased by 18% in 2013 while production decreased by 17%. The emissions intensity decrease was a result of emissions reduction activities, asset divestitures, and changes in output.

**Further Information**

CC13.1

Do you participate in any emissions trading schemes?

Yes

CC13.1a

Please complete the following table for each of the emission trading schemes in which you participate

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO2e	Details of ownership
European Union ETS	Tue 01 Jan 2013 - Tue 31 Dec 2013	36203	22500	180858	Facilities we own and operate

CC13.1b

What is your strategy for complying with the schemes in which you participate or anticipate participating?

Strategy for 2013: Hess' Denmark operations banked free allowances under EU ETS Phase II. In order to meet our 2013 obligations, we carried over surplus allowances from 2012 and applied these, as well as a portion of our 2014 free allowances, toward our 2013 obligations. We also received allowances from our partners (Dong 36.8%, Danoil 1.6%). Despite these actions, we still had an allowance gap and utilized a third-party to purchase additional EUAs. We survey the EUA price developments on the spot market in order purchase allowances at a reasonable cost.

Strategy for 2014 and beyond: We plan to use quotas that we have banked and apply them for 2014 and to receive additional allowances from our partners. We will also need to purchase additional allowances in 2014 and in subsequent years to meet our obligations. We will continue to survey the EUA price developments on the spot market in order purchase allowances at a reasonable cost.

**CC13.2**

Has your organization originated any project-based carbon credits or purchased any within the reporting period?

Yes

**CC13.2a**

Please provide details on the project-based carbon credits originated or purchased by your organization in the reporting period

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits cancelled	Purpose, e.g. compliance
Credit Purchase	Landfill gas	CAR456 Blue Ridge Landfill - Landfill Gas Capture/Combustion CAR501 Windsor-Bloomfield Methane Reduction Project - Landfill Gas Capture/Combustion	CAR (The Climate Action Reserve)	25617		Yes	Voluntary Offsetting

**Further Information**

Page: **CC14. Scope 3 Emissions**

**CC14.1**

Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
Purchased goods and services	Relevant, calculated	10400000	The reporting boundary for this Scope 3 category is operational control. From purchase records, we obtained total volumes of refined petroleum products Hess purchases and resells to customers and consumers. We utilized life cycle GHG emissions factors from the U.S. Department of Energy (DOE) National Energy Technology Laboratory (NETL) document DOE/NETL 1009-1346) for stage 1 (raw material acquisition), stage 2 (raw material transport) and stage 3 (liquid fuels production). GWPs for CO2, methane and N2O were 1, 25 and 298 respectively (IPCC Fourth Assessment Report AR4-100 year). Data quality: The numbers used for the sales volumes of each type of refined petroleum product purchased for resale were from the company's enterprise software system; these numbers may be overstated as they may include commodities that were traded rather than taken into Hess' custody for sale by Hess' Retail and Energy Marketing businesses. The DOE NETL study provides detailed information on data quality for life cycle stages 1, 2 and 3 (see pages 123-127).	100.00%	
Capital goods	Not relevant, calculated	75000	The reporting boundary for this Scope 3 category is operational control. We obtained information on the purchase of steel tubulars, a high volume capital good that is energy intensive due to the steel-making process, from internal purchasing records. We calculated GHG emissions based on the total weight of the steel multiplied by the average steel manufacturing CO2 emission factor of	100.00%	Our most significant Scope 3 emissions are associated with customer and consumer use of our fuel and other products. We have established a threshold of 5% of Scope 3 Use of Sold Products emissions (equivalent to approximately 695,000 tonnes CO2e) for determining the materiality/relevance of other Scope 3 categories. We performed our calculation in 2012 and did not recalculate in 2013 as purchases of

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
			1.8 tonnes CO2 per tonne of steel produced (World Steel Association publication "Steel's Contribution to a Low Carbon Future," March 2013). The GWP of CO2=1. Data quality: The uncertainty range for the total weight of the purchased steel tubulars is between 20% and 30%.		steel tubulars would not change enough to push associated GHG emissions above our materiality threshold.
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Not relevant, calculated	127000	The reporting boundary for this Scope 3 category is operational control. From purchase records, we obtained total volumes of third-party fuels consumed by Hess. We utilized life cycle GHG emissions factors from the U.S. Department of Energy (DOE) National Energy Technology Laboratory (NETL document DOE/NETL 1009-1346) for stage 1 (raw material acquisition), stage 2 (raw material transport) and stage 3 (liquid fuels production). GWPs for CO2, methane and N2O were 1, 25 and 298 respectively (IPCC Fourth Assessment Report AR4-100 year). Data quality: The DOE NETL study provides detailed information on data quality for life cycle stages 1, 2 and 3 (see pages 123-127).	100.00%	Our most significant Scope 3 emissions are associated with customer and consumer use of our fuel and other products. We have established a threshold of 5% of Scope 3 Use of Sold Products emissions (equivalent to approximately 695,000 tonnes CO2e) for determining the materiality/relevance of other Scope 3 categories. Scope 3 emissions from fuel and energy-related activities are well below our materiality threshold.
Upstream transportation and distribution	Not relevant, calculated	94000	The reporting boundary for this Scope 3 category is operational control. Third-party ocean transport of third-party refined petroleum products for resale by Hess Retail and Hess Energy Marketing. Methodology: We used shipping records to obtain the number of transoceanic travel days for third-party cargoes. Using this information, we calculated GHG emissions using emissions factors for marine transportation in section 4.8 of the API Compendium of GHG emissions	100.00%	Our most significant Scope 3 emissions are associated with customer and consumer use of our fuel and other products. We have established a threshold of 5% of Scope 3 Use of Sold Products emissions (equivalent to approximately 695,000 tonnes CO2e) for determining the materiality/relevance of other Scope 3 categories. Scope 3 emissions from ocean transport of refined petroleum products are well below our materiality threshold.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
			Methodologies for the Oil and Gas Industry. The GWPs we used for CO2, methane, and N2O were from the IPCC Fourth Assessment Report (AR4-100 year); these were 1, 25 and 298 respectively. Data quality: Shipping records were from the company's cargo scheduling software and there can be discrepancies between scheduled vs. actual shipping and delivery dates. The uncertainty is between 10% and 20%.		
Waste generated in operations	Not relevant, calculated	182000	The reporting boundary for this Scope 3 category is operational control. We reviewed our 2013 enterprise-wide waste generation amounts and waste management methods, and entered waste volumes by management method into the U.S. EPA's Waste Reduction Model (WARM version 12). The GWPs for CO2, methane, and N2O were from the IPCC Fourth Assessment Report (AR4-100 year); these were 1, 25 and 298 respectively. Data quality: The WARM model is typically used to compare CO2e emissions between one type of waste management method and alternative and there can be a high degree of uncertainty.	100.00%	Our most significant Scope 3 emissions are associated with customer and consumer use of our fuel and other products. We have established a threshold of 5% of Scope 3 Use of Sold Products emissions (equivalent to approximately 695,000 tonnes CO2e) for determining the materiality/relevance of other Scope 3 categories. Scope 3 emissions from waste generated in operations are well below our materiality threshold.
Business travel	Relevant, calculated	20000	The reporting boundary for this Scope 3 category is operational control. We utilize our travel agency's records which include flight segments flown and total flight segment miles. We calculate CO2e emissions in accordance with the US EPA Climate Leaders GHG Inventory Protocol, Table 7 Business Travel Emissions Factors. GWPs used for CO2, CH4 and N2O were 1, 25 and 298 respectively. Data quality(flight miles): The uncertainty is	100.00%	Our most significant Scope 3 emissions are associated with customer and consumer use of our fuel and other products. We have established a threshold of 5% of Scope 3 Use of Sold Products emissions (equivalent to approximately 695,000 tonnes CO2e) for determining the materiality/relevance of other Scope 3 categories. In 2009 we began quantifying Scope 3 emissions from employee business travel on commercial air carriers due to stakeholder



Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
			between 5% and 10%.		interest and relative ease in obtaining primary data from our corporate travel agency. Although businesss travel emissions are well below our Scope 3 materiality threshold of 5% of Use of Sold Products emissions (695,000 tonnes CO2e), we consider this category relevant by exception and annually purchase carbon credits to offset these emissions.
Employee commuting	Not relevant, explanation provided				Our most significant Scope 3 emissions are associated with customer and consumer use of our fuel and other products. We have established a threshold of 5% of Scope 3 Use of Sold Products emissions (equivalent to approximately 695,000 tonnes CO2e) for determining the materiality/relevance of other Scope 3 categories. We took the following steps in 2012 to investigate and identify the relevance of this Scope 3 category. We determined that employee commuting by air carrier is already included in or Scope 3 Business Travel emissions; employee commuting via company-contracted services is already included in our Scope 1 emissions; and made conservative assumptions regarding potential employee commuting by car. The conclusion of our investigation was that Scope 3 emissions from employee commuting are well below our materiality threshold.
Upstream leased assets	Not relevant, explanation provided				Our most significant Scope 3 emissions are associated with customer and consumer use of our fuel and other products. We have established a threshold of 5% of Scope 3 Use of Sold Products emissions (equivalent to approximately 695,000 tonnes CO2e) for determining the materiality/relevance of other Scope 3

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
					categories. We reviewed our Hess operated assets to determine if there were upstream leased assets that were not included in our Scope 1 emissions and determined that there were none.
Downstream transportation and distribution	Not relevant, explanation provided				Our most significant Scope 3 emissions are associated with customer and consumer use of our fuel and other products. We have established a threshold of 5% of Scope 3 Use of Sold Products emissions (equivalent to approximately 695,000 tonnes CO2e) for determining the materiality/relevance of other Scope 3 categories. Emissions from downstream transportation and distribution of refined petroleum products were calculated in 2009, 2010 and 2011, and never exceeded 32,000 tonnes per year. Since Scope 3 emissions from downstream transportation and distribution activities have been well below our materiality threshold and Hess' downstream businesses have been discontinued, we conclude that these emissions are not relevant..
Processing of sold products	Not relevant, calculated	282000	The reporting boundary for this Scope 3 category is equity share. We obtained the volume of natural gas exported from our Malaysia/Thailand Joint Development Area joint venture to third-party gas processing for power generation. We relied on the Deutsche Bank Group DB Climate Change Advisors study "Comparing Life Cycle Greenhouse Gas Emissions from Natural Gas and Coal" Exhibit 8 to obtain an emission factor of 3.2 kg CO2e/MMBTU, which was developed based on US EPA 2011 Methane Emissions	100.00%	Our most significant Scope 3 emissions are associated with customer and consumer use of our fuel and other products. We have established a threshold of 5% of Scope 3 Use of Sold Products emissions (equivalent to approximately 695,000 tonnes CO2e) for determining the materiality/relevance of other Scope 3 categories. Scope 3 emissions from processing of sold products are well below our materiality threshold.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
			Methodology. GWPs for CO2, CH4 and N2O were 1, 25 and 298 respectively. Data quality: Since an emission factor is used, uncertainty could be 10-30%.		
Use of sold products	Relevant, calculated	13900000	The reporting boundary for this Scope 3 category is operational control for refined petroleum products and equity share for natural gas. Sales volumes of each type of refined petroleum product (residual oil, diesel, and gasoline) and natural gas were multiplied by EPA GHG emission factors from Table MM-1 and NN-1 in Subparts MM and NN of US EPA's Mandatory Reporting of Greenhouse Gases rule. The EPA factors for natural gas combustion were adjusted upwards to account for our gas production in Southeast Asia which has higher than average CO2 content. The GWPs we used for CO2, methane, and N2O were from the IPCC Fourth Assessment Report (AR4-100 year); these were 1, 25 and 298 respectively. Data quality: Sales volumes numbers were taken from the company's 2012 SEC Form 10-k. Southeast Asia gas composition data are based on actual measurements. The uncertainty of our emissions estimate is 5% or less.	100.00%	
End of life treatment of sold products	Not relevant, explanation provided				Our most significant Scope 3 emissions are associated with customer and consumer use of our fuel and other products. We have established a threshold of 5% of Scope 3 Use of Sold Products emissions (equivalent to approximately 695,000 tonnes CO2e) for determining the materiality/relevance of other Scope 3 categories. We took the following steps to

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
					investigate and determine the relevance of this Scope 3 source: 1) reviewed GHG life cycle assessments of petroleum fuels; 2) established that these studies do not include an "end-of-life treatment of sold products" stage since fossil fuel products are consumed during use; and concluded that this Scope 3 source is not relevant to Hess.
Downstream leased assets	Not relevant, explanation provided				Our most significant Scope 3 emissions are associated with customer and consumer use of our fuel and other products. We have established a threshold of 5% of Scope 3 Use of Sold Products emissions (equivalent to approximately 695,000 tonnes CO2e) for determining the materiality/relevance of other Scope 3 categories. In 2012 we took the following steps to investigate and determine the relevance of this Scope 3 source: 1) reviewed information on the number and type of downstream leased assets; 2) determined that Hess has very few leased locations and all are retail gas stations which have de minimis emissions; and 3) concluded that emissions from this Scope 3 source are well below our materiality threshold.
Franchises	Not relevant, explanation provided				Our most significant Scope 3 emissions are associated with customer and consumer use of our fuel and other products. We have established a threshold of 5% of Scope 3 Use of Sold Products emissions (equivalent to approximately 695,000 tonnes CO2e) for determining the materiality/relevance of other Scope 3 categories. Scope 3 emissions from franchises are well below our materiality threshold.
Investments	Not relevant,				Our most significant Scope 3 emissions are

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
	explanation provided				associated with customer and consumer use of our fuel and other products. We have established a threshold of 5% of Scope 3 Use of Sold Products emissions (equivalent to approximately 695,000 tonnes CO2e) for determining the materiality/relevance of other Scope 3 categories. In 2012 we took the following steps to investigate and determine the relevance of this Scope 3 category. We reviewed information on the number and type of downstream leased assets and found that there was one investment, the Wilco-Hess retail joint venture, that was not already included in our Scope 1 and 2 emissions inventory. Based on known emissions from Hess Retail operations, we extrapolated that Scope 3 emissions from this source are well below our materiality threshold.
Other (upstream)					
Other (downstream)					

**CC14.2**

Please indicate the verification/assurance status that applies to your reported Scope 3 emissions

Third party verification or assurance complete

**CC14.2a**

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of Scope 3 emissions verified (%)
Limited assurance	<a href="https://www.cdp.net/sites/2014/74/8274/Investor_CDP_2014/Shared_Documents/Attachments/CC14.2a/ERM_CVS_Assurance_Statement_27Jun14.pdf">https://www.cdp.net/sites/2014/74/8274/Investor CDP 2014/Shared Documents/Attachments/CC14.2a/ERM CVS Assurance Statement 27Jun14.pdf</a>	page 1 of 1	ISO14064-3	100

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**CC14.3**

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

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**CC14.3a**

Please identify the reasons for any change in your Scope 3 emissions and for each of them specify how your emissions compare to the previous year

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Purchased goods & services	Unidentified	5	Increase	In February 2013, Hess closed its Port Reading refinery and exited the refining business. This resulted in discontinuing the supply of Hess-produced refined petroleum products to our downstream retail businesses and increased purchases from external suppliers.
Upstream transportation & distribution	Change in physical operating conditions	6	Decrease	Purchases of refined petroleum products increased from U.S. domestic suppliers and decreased from overseas suppliers.
Business travel	Unidentified	13	Decrease	The company encourages the use of IT tools, such as video-conferencing and telepresence. The use of these tools may have had an impact on the amount of employee business travel on commercial air carriers.
Use of sold products	Change in output	37	Decrease	In February 2013, Hess closed its Port Reading refinery and exited the refining business.

#### CC14.4

**Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)**

Yes, our suppliers  
Yes, our customers

#### CC14.4a

**Please give details of methods of engagement, your strategy for prioritizing engagements and measures of success**

Our suppliers: Hess joined the CDP supply chain program for the 2013 CDP reporting cycle. Our goal was to obtain source data from key suppliers. For our downstream retail businesses, this included 10 of our top 25 suppliers of refined petroleum products based on commodity spend. For our upstream business, we focused on 3 key suppliers of services critical to our business success. These upstream suppliers included 2 in energy services and 1 in crude-by-rail transportation. An additional consideration for the majority of suppliers we invited to participate was their previous experience in responding to the CDP Climate Change core module. Three downstream suppliers requested one-on-one engagement in lieu of completing the supply chain module; however, these suppliers and an additional

three downstream suppliers did complete the 2013 CDP core module. All of the upstream suppliers completed the supply chain module and provided GHG emissions that were allocated based on revenues earned from Hess. However, our measure of success was to obtain primary data and this was not achieved. We conclude from our experience that emissions from commodity purchases can more easily be calculated based on factors obtained from well-accepted well-to-wheel life cycle studies. Approximately half of the suppliers we invited to respond to the 2013 CDP Supply Chain module are members of IPIECA, the global oil and gas industry association for environmental and social issues, as is Hess. We engage with these companies through our participation in IPIECA's Climate Change Working Group and its task forces. Going forward, we will use this engagement as our primary means to understand these, and other oil and gas companies, climate change strategies and best practices.

Our customers: For several years, Hess has provided information to customers of its energy marketing business via the CDP supply chain program. In late 2013, Hess divested Hess Energy Marketing; thus, moving forward, participation is not relevant to our business.

**CC14.4b**

**To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent**

Number of suppliers	% of total spend	Comment
13	22%	

**CC14.4c**

**If you have data on your suppliers' GHG emissions and climate change strategies, please explain how you make use of that data**

How you make use of the data	Please give details
Other	Of the 13 suppliers targeted by Hess as part of joining the 2013 CDP Supplier initiative, almost half are members of IPIECA, the global oil and gas industry association for environmental and social issues. Hess, along with other member companies, belongs to the IPIECA Climate Change Working Group (CCWG). This provides us an opportunity to share climate change strategies and best practices, and to benchmark our programs and performance. We participate in several CCWG task forces such as the IPIECA Scope 3 Task Force, which is working on developing a more standardized sector-specific approach to Scope 3 emissions identification, prioritization and methodology and the Climate Reporting Task Force. This



How you make use of the data	Please give details  will inform our Scope 3 strategy and reporting in future.
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CC14.4d

Please explain why you do not engage with any elements of your value chain on GHG emissions and climate change strategies, and any plans you have to develop an engagement strategy in the future

Further Information

Module: Sign Off

Page: CC15. Sign Off

CC15.1

Please provide the following information for the person that has signed off (approved) your CDP climate change response

Name	Job title	Corresponding job category
Michal Pelzig	Senior Manager Reporting	Environment/Sustainability manager

Further Information

Module: Oil & Gas

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OG0.1

Please give the gas types included in "All nonconventional gas"

Hydrocarbon group	Gas types in this group
All nonconventional gas	Tight gas

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OG0.2

Please give the oil types included in "All conventional oil"

Hydrocarbon group	Oil types in this group
All conventional oil	Light & medium oils

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OG0.3

Please give the oil types included in "All nonconventional oil"

Hydrocarbon group	Oil types in this group
All nonconventional oil	Shale oil

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Further Information

OG0.3 -- All nonconventional oil does not give tight oil as an option, therefore we checked shale oil instead. However, our production of nonconventional oil from the Bakken play in North Dakota is technically tight oil.

OG1.1

Is your organization involved with oil & gas production or reserves?

Yes

OG1.2

Please provide values for annual production by hydrocarbon type (in units of BOE) for the reporting year in the following table. The values required are aggregate values for the reporting organization. The values required for 2014 are forward-looking estimates

Product	Production (BOE) - Reporting year	Production (BOE) - 2014 estimate
Light & medium oils	66065000	
Conventional natural gas	29747500	
Shale oil	22265000	
Tight gas	2311545	

OG1.3

Please provide values for reserves by hydrocarbon type (in units of BOE) for the reporting year. Please indicate if the figures are for reserves that are proved, probable or both proved and probable. The values required are aggregate values for the reporting organization

Product	Country/region	Reserves (BOE)	Date of assessment	Proved/Probable/Proved+Probable
Light & medium oils	Algeria			
Light & medium oils	Australia			
Light & medium oils	Denmark			
Light & medium oils	Equatorial Guinea			

Product	Country/region	Reserves (BOE)	Date of assessment	Proved/Probable/Proved+Probable
Light & medium oils	Ghana			
Light & medium oils	Indonesia			
Light & medium oils	Libya			
Light & medium oils	Malaysia			
Light & medium oils	Norway			
Light & medium oils	United States of America			
Conventional natural gas	Denmark			
Conventional natural gas	Malaysia			
Conventional natural gas	Norway			
Conventional natural gas	United States of America			
All nonconventional oils	United States of America			
All nonconventional gas	United States of America			

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**OG1.4**

Please explain which listing requirements or other methodologies you have used to provide reserves data in OG1.3. If your organization cannot provide data due to legal restrictions on reporting reserves figures in certain countries, please explain this

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**OG1.5**

Please provide the average breakeven cost of current production used in estimation of proven reserves

Hydrocarbon/project	Breakeven cost/BOE	Comment

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**OG1.6**

**Do you conduct any scenario analysis based on a low-carbon scenario consistent with reducing GHG emissions by 80% by 2050 to achieve the 2°C goal in your assessment of the economic viability of proved undeveloped and undeveloped reserves?**

No

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**OG1.6a**

Please describe your analysis and the implications for your capital expenditure plans

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**OG1.6b**

**Please explain why you have not conducted any scenario analysis based on a low-carbon scenario**

Please refer to our Carbon Asset Risk Report on page 34 of the Hess Corporation 2013 Corporate Sustainability Report. This report is attached to our CDP Climate Change response. Please see question CC4.1 in the core module.

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**Further Information**

OG1.2 Hess does not produce "shale oil" but we do produce "tight oil" from shale reservoirs. Since "tight oil" was not an available classification we chose "shale oil". We do not provide production forecasts as this information is considered business sensitive.

**Page: OG2. Emissions by segment in the O&G value chain - (1 Jan 2013 - 31 Dec 2013)**

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**OG2.1**

Please indicate the consolidation basis (financial control, operational control, equity share) used to report the Scope 1 and Scope 2 emissions by segment in the O&G value chain. Further information can be provided in the text box in OG2.2

Segment	Consolidation basis for reporting Scope 1 emissions	Consolidation basis for reporting Scope 2 emissions
Exploration, production & gas processing	Equity Share	Equity Share
Refining	Equity Share	Equity Share
Storage, transportation & distribution	Equity Share	Equity Share
Retail & marketing	Equity Share	Equity Share

#### OG2.2

Please provide clarification for cases in which different consolidation bases have been used and the level/focus of disclosure. For example, a reporting organization whose business is solely in storage, transportation and distribution (STD) may use the text box to explain why only the STD row has been completed

#### OG2.3

Please provide masses of gross Scope 1 GHG emissions in units of metric tonnes CO<sub>2</sub>e for the organization's owned/controlled operations by value chain segment. The values required for 2014 are forward-looking estimates

Segment	Gross Scope 1 emissions (metric tonnes CO <sub>2</sub> e) - Reporting year	Gross Scope 1 emissions (metric tonnes CO <sub>2</sub> e) - 2014 estimate
Exploration, production & gas processing	5839412	
Refining	89109	

Segment	Gross Scope 1 emissions (metric tonnes CO2e) - Reporting year	Gross Scope 1 emissions (metric tonnes CO2e) - 2014 estimate
Storage, transportation & distribution	89635	
Retail & marketing	5034	

#### OG2.4

Please provide masses of gross Scope 2 GHG emissions in units of metric tonnes CO2e for the organization's owned/controlled operations by value chain segment. The values required for 2014 are forward-looking estimates

Segment	Gross Scope 2 emissions (metric tonnes CO2e) – Reporting year	Gross Scope 2 emissions (metric tonnes CO2e) – 2014 estimate
Exploration, production & gas processing	332703	
Refining	21524	
Storage, transportation & distribution	10209	
Retail & marketing	144011	

#### Further Information

Prior to 2008, Hess did not report GHG emissions on a net equity basis; thus, this information cannot be provided for 2006-2007. Hess also does not provide 2014 forecasted data as we consider these business sensitive data.

**Page: OG3. Scope 1 emissions by emissions category - (1 Jan 2013 - 31 Dec 2013)**

#### OG3.1

Please confirm the consolidation basis (financial control, operational control, equity share) used to report Scope 1 emissions by emissions category

Segment	Consolidation basis for reporting Scope 1 emissions by emissions category
Exploration, production & gas processing	Equity Share
Refining	Equity Share
Storage, transportation & distribution	Equity Share
Retail & marketing	Equity Share

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### OG3.2

Please provide clarification for cases in which different consolidation bases have been used to report by emissions categories (combustion, flaring, process emissions, vented emissions, fugitive emissions) in the various segments

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### OG3.3

Please provide masses of gross Scope 1 GHG emissions released into the atmosphere in units of metric tonnes CO<sub>2</sub>e for the whole organization broken down by emissions categories: combustion, flaring, process emissions, vented emissions, fugitive emissions. The values required for 2014 are forward-looking estimates

Category	Gross Scope 1 emissions (metric tonnes CO <sub>2</sub> e) – Reporting year	Gross Scope 1 emissions (metric tonnes CO <sub>2</sub> e) – 2014 estimate
Combustion	2096967	
Flaring	3720009	
Process emissions	41829	



Category	Gross Scope 1 emissions (metric tonnes CO2e) – Reporting year	Gross Scope 1 emissions (metric tonnes CO2e) – 2014 estimate
Vented emissions	179	
Fugitive emissions	164206	

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#### Further Information

Prior to 2008, Hess did not report GHG emissions on a net equity basis; thus, this information cannot be provided for 2006-2007. Hess also does not provide 2014 forecasted data as we consider these business sensitive data.

#### Page: OG4. Transfers & sequestration of CO2 emissions - (1 Jan 2013 - 31 Dec 2013)

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#### OG4.1

**Is your organization involved in the transfer or sequestration of CO2?**

No

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#### OG4.2

Please indicate the consolidation basis (financial control, operational control, equity share) used to report transfers and sequestration of CO2 emissions

Activity	Consolidation basis

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#### OG4.3

Please provide clarification for cases in which different consolidation bases have been used (e.g. for a given activity, capture, injection or storage pathway)

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OG4.4

Using the units of metric tonnes of CO<sub>2</sub>, please provide gross masses of CO<sub>2</sub> transferred in and out of the reporting organization (as defined by the consolidation basis). Please note that questions of ownership of the CO<sub>2</sub> are addressed in OG4.6

Transfer direction	CO <sub>2</sub> transferred – Reporting year

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OG4.5

Please provide clarification on whether any oil reservoirs and/or sequestration system (geological or oceanic) have been included within the boundary of the reporting organization. Provide details, including degrees to which reservoirs are shared with other entities

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OG4.6

Please explain who (e.g. the reporting organization) owns the transferred emissions and what potential liabilities are attached. In the case of sequestered emissions, please clarify whether the reporting organization or one or more third parties owns the sequestered emissions and who has potential liability for them

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OG4.7

Please provide masses in metric tonnes of gross CO2 captured for purposes of carbon capture and sequestration (CCS) during the reporting year according to capture pathway. For each pathway, please provide a breakdown of the percentage of the gross captured CO2 that was transferred into the reporting organization and the percentage that was transferred out of the organization (to be stored)

Capture pathway in CCS	Captured CO2 (metric tonnes CO2)	Percentage transferred in	Percentage transferred out
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**OG4.8**

Please provide masses in metric tonnes of gross CO2 injected and stored for purposes of CCS during the reporting year according to injection and storage pathway

Injection and storage pathway	Injected CO2 (metric tonnes CO2)	Percentage of injected CO2 intended for long-term (>100 year) storage	Year in which injection began	Cumulative CO2 injected and stored (metric tonnes CO2)
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**OG4.9**

Please provide details of risk management performed by the reporting organization and/or third party in relation to its CCS activities. This should cover pre-operational evaluation of the storage (e.g. site characterisation), operational monitoring, closure monitoring, remediation for CO2 leakage, and results of third party verification

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**Further Information**

**Page: OG5. Sales and emissions intensity of production by hydrocarbon type - (1 Jan 2013 - 31 Dec 2013)**

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**OG5.1**

Please provide values for annual sales of the hydrocarbon types (in units of BOE) for the years given in the following table. The values required are aggregate values for the reporting organization. The values for 2014 are forward-looking estimates

Product	Sales (BOE) - Reporting year	Sales (BOE) - 2014 estimate
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**OG5.2**

Please provide estimated emissions (Scope 1 + Scope 2) intensities for the a) exploration, production and gas processing, b) storage, transportation and distribution, and c) refining associated with different hydrocarbon types based on the current production and operations

Year ending	Hydrocarbon type	Emissions intensity: exploration, production & gas processing (metric tonnes CO2e per thousand BOE)	Emissions intensity: storage, transportation & distribution (metric tonnes CO2e per thousand BOE)	Emissions intensity: refining (metric tonnes CO2e per thousand BOE)
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**OG5.3**

Is your organization involved in the extraction of bitumen from oil sands?

No

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**OG5.3a**

Please explain the techniques you have most commonly used and their relative energy intensity

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**OG5.4**

Please clarify how each of the emissions intensities has been derived and supply information on the methodology used where this differs from information already given in answer to the methodology questions in the main information request

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**Further Information**

**Page: OG6. Development strategy - (1 Jan 2013 - 31 Dec 2013)**

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**OG6.1**

For each relevant capital allocation area, please provide financial information for the reporting year

Capital allocation area	Sales generated	Earnings Before Interest, Taxation, Depreciation, Amortization (EBITDA)	Net assets	Capital expenditure	Comment
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**OG6.2**

Please describe your future capital expenditure plans for different capital allocation areas

Capital allocation area	Capital Expenditure	Total return expected from capital expenditure investments	Comment
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**OG6.3**

Please describe your current expenses in research and development (R&D) and future R&D expenditure plans for different capital allocation areas

Capital allocation area	R&D expenses – Reporting year	R&D expenses – Future plans	Comment
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**Further Information**

**Page: OG7. Methane from the natural gas value chain - approach & quantification**

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**OG7.1**

Please indicate the consolidation basis (financial control, operational control, equity share) used to prepare data to answer the questions in OG7 and OG8

Segment	Consolidation basis
Production	Operational Control
Gathering	Operational Control
Processing	Operational Control

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**OG7.1a**

Please provide clarification for cases in which different consolidation bases have been used

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**OG7.2**

**Does your organization have written operating procedures and/or policies covering the reduction of methane leakage and venting?**

No

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**OG7.2a**

Please attach the relevant document(s) in the further information field or describe how the written procedures/policies cover these emissions sources

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**OG7.3**

**Has your organization set quantitative or qualitative goals for reducing methane leakage and venting?**

No

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**OG7.3a**

Please describe any quantitative or qualitative goals for reducing methane leakage and venting

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**OG7.4**

**Has your organization published a policy position on the regulation of methane emissions?**

No

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**OG7.4a**

Please attach your organization's published policy position on the regulation of methane emissions

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**OG7.5**

**Does your organization inventory and quantify the methane emissions associated with your operations?**

Yes

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**OG7.5a**

**Please indicate the proportion of methane emissions inventory estimated using the following methodologies (+/- 5%)**

<b>Methodology</b>	<b>Proportion of total methane emissions estimated with methodology</b>	<b>What area of your operations does this answer relate to?</b>
Direct detection and measurement	0%	All
Engineering calculations		All
Source-specific emission factors (IPCC Tier 3)		All
IPCC Tier 1 and/or Tier 2 emission factors	>75%	All

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**OG7.5b**

**Do your operations include the production, gathering and processing stages?**

Yes

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**OG7.5c**

**Please use the following table to report the proportion of your organization's natural gas production that is emitted into the atmosphere during production (differentiating if possible between production from hydraulically-fractured wells and non-hydraulically-fractured wells), gathering and processing**

<b>Stage</b>	<b>Estimate gas leaked or vented expressed as % of gas produced</b>
Overall figure for production (all wells), gathering and processing	
Gathering	



Stage	Estimate gas leaked or vented expressed as % of gas produced
Processing	

**Further Information**

OG7.4 We have published a discussion of methane emissions, "Improving our Understanding of Methane Emissions," on page 39 of the Hess Corporation 2013 Corporate Sustainability Report. This is attached.

**Page: OG8. Methane from the natural gas value chain - control measures**

**OG8.1**

**Are reduced emission completions relevant to your operations?**

No

**OG8.1a**

For natural gas wells that are hydraulically-fractured, please complete the table

What proportion of completions and work-overs in the reporting year used reduced emission completion technology for these wells?	If gas is not utilized via reduced emission completion technology, please explain if it is flared or vented	What area of your operations does this answer relate to?

**OG8.2**

**Is liquids unloading (de-watering) of natural gas wells relevant to your operations?**

No

**OG8.2a**

For gas wells with liquids accumulation requiring venting into the atmosphere or some form of artificial liquids unloading, please complete the table

What proportion has technologies in place that reduce methane venting from the liquids unloading process?	If you wish, please add context to this figure	What area of your operations does this answer relate to?
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**OG8.3**

**Does your organization have a program for identifying and replacing or retrofitting high-bleed rate pneumatic controllers powered by natural gas (i.e. controllers that vent more than 6 standard cubic feet per hour)?**

No

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**OG8.3a**

Please complete the table on high-bleed rate pneumatic controllers

What proportion of the organization's high-bleed controllers have been replaced with low-emission alternatives?	If you wish, please add context to this figure	What area of your operations does this answer relate to?
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**OG8.4**

**Are natural gas compressors relevant to your operations?**

Yes

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**OG8.4a**

Please complete the table on natural gas compressors

What proportion of compressors, including those at the wellhead and in gathering and processing, are either reciprocating compressors or centrifugal compressors operating wet seals?	What proportion of these compressors is vented to the atmosphere?	What area of your operations does this answer relate to?
82%	Hess uses 57 compressors in our gas gathering and gas processing operations. Of these, 47 compressors are either reciprocating compressors or centrifugal compressors with wet seals. All reciprocating and centrifugal compressors with wet seals vent to the atmosphere.	USA only

**OG8.4b**

**Please explain measures you are taking to reduce emissions from these sources**

Hess has belonged to the US EPA's Natural Gas STAR program for 17 years, and has installed methane emissions reduction projects over that time period. In 2013, our qualifying Natural Gas STAR projects included installing 1,500 horsepower electric motors at two of our compressor stations in North Dakota. Electric motors were used instead of natural gas engines, thereby reducing methane leakage and improving operational efficiency, according to the EPA. According to the requirements of the Natural Gas STAR program, these projects will continue to accrue emission reductions for 10 years, although the project lifetime is ongoing. We also typically use instrument air for pneumatic controllers, although an unknown number of high-bleed pneumatic controllers powered by natural gas are in service. We are currently preparing to engage a third party to conduct an inventory.

**OG8.5**

**Is associated gas relevant to your organization?**

Yes

**OG8.5a**

**What is your organization's overall approach for dealing with associated gas in terms of its relative use of venting, flaring and capture (e.g. for sale, re-injection or use as a fuel)? Organizations may differentiate their approach between circumstances where there is/is not a market**

Historically, Hess has had the lowest wellhead flaring rate in North Dakota for conventional wells. We achieved a wellhead flaring rate of less than 1% by consistently building out the infrastructure necessary to gather and commercialize natural gas associated with oil production. The rapid expansion of our unconventional business resulted in a significant increase in oil production from the Bakken formation and wellhead flaring of associated gas. We have invested more than \$1.5 billion to capture and monetize natural gas from our unconventional wells by building out gas gathering and compression infrastructure and expanding the gas processing capacity of our Tioga Gas Plant (TGP) from 115 million standard cubic feet per day (MMscf/d) to 250 MMscf/d and our natural gas liquids processing capacity from 8 thousand barrels per day (MBD) to 60,000 MBD. This will allow not only Hess to reduce its associated gas flaring at the wellhead, but third-party operators as well. In 2013 and early 2014, we completed gas gathering projects in four major production areas that are expected to add up to 60 MMCF/D of capacity. In addition, 10 gas gathering projects are planned to be completed by year-end 2015, which will add an estimated 170 MMscf/d of capacity. We also have implemented projects and pilots to use gas at well sites. During 2013, we converted 7 drilling rigs to bi-fuel (natural gas and diesel) to allow use of natural gas and to achieve cost savings. We have also piloted third-party services at the well site to capture, compress and transport wellhead gas and light liquids, and plan to scale up those activities that have been successful.

During drilling and completion activities in the Bakken, we use flaring to control fugitive methane emissions. We employ dedicated crews and equipment to separate hydraulic fracturing fluid flowback into solids, liquids (water and oil) and gas in a closed system. Natural gas is contained and sent to a gas gathering system if available or flared if not. The closed loop system offers the added safeguard of containing the liquids and solids.

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**OG8.5b**

**Outline the measures undertaken to reduce venting for example from tank and casing-head gas**

We equip crude oil storage tanks with vapor recovery units, combustors or flares to minimize venting of gas. We have converted 7 of the drilling rigs under contract in the Bakken to bi-fuel to enable use of natural gas at the well site and to achieve cost savings. We have also piloted third-party services at the well site to capture, compress and transport stranded Bakken gas and light liquids, and plan to scale up those activities that have been successful.

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**Further Information**

**CDP 2014 Investor CDP 2014 Information Request**