**HESS VALUES**

Our purpose is to be the world’s most trusted energy partner. Hess Values set the framework and establish the ethical standards by which we conduct our business.

**INTEGRITY**
We are committed to the highest level of integrity in all our relationships.

**PERFORMANCE**
We are committed to a culture of performance that demands and rewards outstanding results throughout our business.

**SOCIAL RESPONSIBILITY**
We are committed to meeting the highest standards of corporate citizenship by protecting the health and safety of our employees, safeguarding the environment and creating a long lasting, positive impact on the communities where we do business.

**INDEPENDENT SPIRIT**
We are committed to preserving the special qualities and unique personality that have made us a successful independent enterprise.

**VALUE CREATION**
We are committed to creating shareholder value based on sustained financial performance and long term profitable growth.

**PEOPLE**
We are committed to attracting, retaining and energizing the best people by investing in their professional development and providing them with challenging and rewarding opportunities for personal growth.

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**REPORTING STANDARDS AND ASSURANCE**

**GLOBAL REPORTING INITIATIVE (GRI) STANDARDS**
This report has been prepared in accordance with the GRI Standards: Core option. Our declaration of conformance with the GRI Standards has been reviewed and confirmed by our external verifier, ERM Certification and Verification Services. See the assurance statement on page 64.

**UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS**
This is our Communication on Progress in implementing the principles of the United Nations Global Compact. We welcome feedback on its contents.

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**INDEX OF REPORTING INDICATORS**

An index of our sustainability reporting indicators, including those from the GRI Standards, with cross reference to the Ten Principles of the United Nations Global Compact, IPIECA (the global oil and gas industry organization for environmental and social issues) sector specific guidelines and Sustainability Accounting Standards Board oil and gas industry metrics, can be found at [hess.com/sustainability/sustainability-reports/GRI-index](http://hess.com/sustainability/sustainability-reports/GRI-index). The index includes all indicators required for a GRI Standards Core report, as well as a number of additional indicators for which we are able to provide supporting information.

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**REQUESTS FOR INFORMATION**

For copies of our Environment, Health and Safety Policy, Social Responsibility Policy or Human Rights Policy, or for more information regarding our operations, please visit our website at [hess.com/sustainability/how-we-operate](http://hess.com/sustainability/how-we-operate).

We invite your questions, comments and suggestions regarding this report. To send us your questions or comments, or to request more information or additional copies of this report, please contact:

Vice President,
Environment, Health and Safety
Hess Corporation
1501 McKinney Street
Houston, TX 77010

You can also send us an email at [sustainability@hess.com](mailto:sustainability@hess.com).
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### ON THE COVER
Offshore Operations, Gulf of Thailand

Note: Some photos that appear in this report were taken prior to the COVID-19 pandemic.
MESSAGE FROM THE CEO

Our longstanding commitment to sustainability supports our company’s purpose to be the world’s most trusted energy partner and guides our strategy and actions to create business and societal value. In keeping with our company values, we are focused on building a sustainable enterprise that helps meet the world’s energy needs in a safe, environmentally responsible, socially sensitive and profitable way.

Our strategy has been – and continues to be – to grow our resource base, have a low cost of supply and sustain cash flow growth. Producing and enabling access to affordable, reliable energy is key to creating economic prosperity and raising standards of living across the globe, especially as the world begins to recover from the effects of the COVID-19 pandemic.

At the same time, the world is faced with the significant challenge of addressing climate change. Our strategy aligns with the energy transition needed to achieve the International Energy Agency’s (IEA’s) Sustainable Development Scenario, which assumes all the pledges of the Paris Agreement are met and projects oil and gas will still be 46% of the global energy mix in 2040. Our current asset portfolio is robust, and our pipeline of forward investments is projected to provide strong financial returns under the Sustainable Development Scenario.

We believe sustainability practices create value for the benefit of all stakeholders. Our commitment to sustainability starts with our Board of Directors and senior management and is reinforced at every level of our organization. Our Board of Directors is climate change literate and actively engaged in overseeing Hess’ sustainability practices. The Board’s Compensation Committee has tied executive compensation to advancing the company’s environmental, health and safety goals.

In 2020, we completed a review and update of our environment, health, safety and social responsibility (EHS & SR) strategy, beginning with a materiality assessment, and established new targets through 2025 to drive progress in high priority areas including climate change. The Board’s EHS Committee was actively involved in this process, approved the new targets and will continue to oversee management’s implementation.

Our 2020 Sustainability Report shows how we are addressing sustainability issues and integrating sustainable business practices into our strategy, goals and daily operations. Several key areas are highlighted below, with detailed information in this report and on our company website at www.hess.com.

ENVIRONMENT AND CLIMATE CHANGE

We see climate change as one of the greatest scientific challenges of the 21st century. We believe climate risks can and should be addressed while at the same time providing the safe, affordable and reliable energy necessary to ensure human welfare and global economic development in the context of the U.N. Sustainable Development Goals. We support the aim of the Paris Agreement and also a global ambition to achieve net zero emissions by 2050. We support a carbon price to encourage the investments needed to accelerate decarbonization across all sectors of the economy while keeping energy affordable.

Our Board and senior leadership have set aggressive targets for greenhouse gas (GHG) emissions reduction. In 2020, we significantly surpassed our five year targets to reduce Scope 1 and 2 GHG emissions intensity by 25% and flaring intensity by 50% from our operated assets – reducing GHG emissions intensity and flaring intensity by 46% and 59%, respectively, compared to 2014 levels. We recently announced our new five year GHG reduction targets for 2025, which are to reduce operated Scope 1 and 2 GHG emissions intensity by approximately 44% and methane emissions intensity by approximately 52% from 2017. These targets are designed to exceed the 22% carbon intensity reduction by 2030 in the IEA’s Sustainable Development Scenario, which is consistent with the Paris Agreement’s less than 2°C ambition.

In addition, we are investing in technological and scientific advances designed to reduce, capture and store carbon emissions, including groundbreaking work being conducted by the Salk Institute to develop plants with larger root systems that according to the Salk Institute are capable of absorbing and storing potentially billions of tons of carbon per year from the atmosphere.

Our climate strategy and reporting are closely aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) established by the G20 Financial Stability Board. Our efforts to support the transition to a low carbon economy and mitigate climate change in line with TCFD recommendations have been independently assessed by the Transition Pathway Initiative, and we were the only U.S. oil and gas company to be awarded a Level 4 star rating in their September 2020 report.

We understand that a substantive climate strategy requires companies to look beyond a five year timeframe. We have established an executive led taskforce to consider our medium and longer term climate strategy.

SAFETY

We work closely with our employees and contractors to promote a strong safety culture and continuously improve our performance. Since early 2020, a multidisciplinary Hess emergency response team has been overseeing our plans and precautions to reduce the risks of COVID-19 in our work environment.
In 2020, in the midst of the pandemic and the most active Atlantic hurricane season on record, our company achieved a 19% reduction in our workforce total recordable incident rate compared with 2019 driven by a decrease in contractor incidents, and a 50% reduction in our workforce lost time incident rate. We reached a five year low in our severe and significant safety incident rate, achieving a nearly 10% reduction from 2019. We also continued to improve our process safety performance in 2020 with zero Tier 1 process safety incidents.

The safety performance of our contractors, who represent approximately 70% of our total workforce hours, is critical to achieving our safety goals. In 2020, we progressed our engagement efforts with many of our contractors to ensure alignment on the standards expected in Hess operations and to work together on opportunities for improvement.

SOCIAL RESPONSIBILITY

Being a trusted energy partner means making a positive impact on the communities where we operate. Through our community investments, we strive to help address societal inequities in keeping with Hess Values and create opportunities with a particular focus on education and work skill development. In 2020, we also provided financial and volunteer support for a variety of COVID-19 community relief efforts.

In Houston, we continued to invest in our LEAP (Learn, Engage, Advance, Persevere) educational program and related initiatives to support students in Houston’s underserved Magnolia Park and Second Ward communities, where we have contributed approximately $7.4 million since 2013. Over the next three years, Hess will invest $9 million to fund education programs and support services for children in three economically disadvantaged Houston communities – Magnolia Park, Second Ward and, starting in 2021, the nearby Third Ward neighborhood. Earlier this year, we donated $2 million to Houston’s emergency relief efforts following a severe winter storm that significantly impacted underserved communities already suffering from the economic effects of the pandemic.

In Guyana, Hess and our partners contributed more than $3 million in 2020 as part of ongoing efforts to build capacity in the local Guyanese economy as well as COVID-19 relief efforts. In Malaysia, we contributed more than 60,000 units of personal protective supplies in response to the pandemic including face masks, hand sanitizers and medical gloves to the country’s frontline workers, and donated approximately 4,000 meals to frontline workers and underserved communities. In North Dakota, for the third year in a row, we provided Hess toy trucks to every elementary school in the state together with a science, technology, engineering and math (STEM) curriculum designed by Baylor College of Medicine’s Center for Educational Outreach.

We have endorsed or formally joined a number of international voluntary initiatives designed to advance transparency, environmental protection, human rights and good governance, including our continued support for the U.N. Global Compact and the Global Compact U.S. Network, which share best practices in sustainable business conduct across the private sector. We are also guided in our activities by the U.N. Sustainable Development Goals, which were considered as part of the development of our updated EHS & SR strategy.

PEOPLE

Our success as a company depends on having a world class workforce and a culture defined by our values. In 2020, we continued to focus on making Hess a great place to work through quality leadership, learning and engagement, and diversity, equity and inclusion for all employees.

To foster employee engagement, our leadership team regularly shares strategic updates, explains the rationale for business decisions and listens to the views of our workforce through a robust employee communications program. In 2020, we increased our cadence of communications and leveraged new virtual platforms to help our workforce feel supported and connected in the midst of the pandemic and internal organizational changes as we reduced our workforce headcount to better align with activity levels.

As part of our commitment to diversity, equity and inclusion, Hess leaders began hosting a series of listening sessions in 2020 with small groups of underrepresented employees to better understand their experiences and shape our actions moving forward.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE DISCLOSURE

We see transparency in reporting as an important part of being a trusted energy partner and are proud to have been recognized by a number of leading sustainability organizations as an industry leader in our environmental, social and governance performance and disclosure. We have been publishing a sustainability report since 1997, which is prepared in accordance with the Core option of the Global Reporting Initiative (GRI) Standards. Our reporting aligns with a number of frameworks including oil and gas industry metrics from the Sustainability Accounting Standards Board (SASB) and TCFD recommendations.

As we continue to execute our strategy, our Board, our leadership team and each of our employees will be guided by our Hess Values and our purpose. We want to thank our employees, communities, customers, business partners and investors for your ongoing support. Together, we are building a sustainable enterprise that makes a positive difference for all our stakeholders and the world around us.

John B. Hess
Chief Executive Officer
June 2021
2020 Highlights

- In response to lower oil prices, we safely reduced activity in the Bakken from six operated rigs at the start of 2020 to one rig by June. Bakken 2020 net production averaged 193,000 barrels of oil equivalent per day, well above our original guidance and 27% above 2019 levels.

- Through the continued application of technology and Lean manufacturing techniques, we reduced our average drilling and completion costs in the Bakken to $6.2 million per well in 2020, down from $6.8 million in 2019.

- On the Stabroek Block in Guyana, where Hess has a 30% interest, 2020 was another outstanding year. Three oil discoveries during the year brought total discoveries on the block to 18.

- In October, the estimate of gross discovered recoverable resources on the Stabroek Block was increased to approximately 9 billion barrels of oil equivalent with multibillion barrels of future exploration potential remaining.

- Production from the Liza Phase 1 development on the Stabroek Block reached its nameplate capacity of 120,000 gross barrels of oil per day in December 2020, and the Liza Phase 2 development, with a capacity of 220,000 gross barrels of oil per day, is expected to achieve first oil in early 2022.

- In September 2020, we sanctioned our third oil development on the Stabroek Block at the Payara Field, which will have a capacity of 220,000 gross barrels of oil per day and is expected to achieve first oil in 2024.

- In the Gulf of Mexico, the Esox-1 well was brought online as a low cost tieback to the Tubular Bells production facilities in February 2020, less than four months after discovery.
CREATING VALUE FOR SOCIETY

Hess’ purpose is to be the world’s most trusted energy partner. We seek to help meet the world’s energy needs and address key challenges facing the world today, including climate change, and to create value for the benefit of all our stakeholders – our shareholders and business partners, our employees, the local communities and economies where we operate – which in turn benefits society at large. We believe our company is well positioned, with our low cost of supply and high return investments, to deliver strong performance under a wide range of market conditions.

MAINTAINING FOCUS ON SOCIETY’S GREATEST CHALLENGES

We integrate sustainable business practices, corporate citizenship and environmental stewardship into our operations and long term strategy. Our sustainable business practices are guided by the United Nations Sustainable Development Goals (SDGs), and our recently updated environment, health, safety and social responsibility strategy is aligned with the SDGs that are most relevant to our business (see pages 10–11). Producing and enabling access to affordable, reliable energy is key to creating opportunity and raising living standards across the globe. At the same time, the world is faced with the significant challenge of addressing climate change and achieving the energy transition to a lower carbon economy. We believe the oil and gas industry can play a vital role in helping to address these challenges.

We have significantly surpassed our aggressive 2020 targets for greenhouse gas (GHG) emissions reductions and have set new 2025 GHG reduction targets that are consistent with the Paris Agreement’s less than 2°C ambition (see page 46). We remain committed to doing our part to limit GHG emissions while supporting sustainable global development and the transition to a lower carbon economy.

Delivering Value for Our Stakeholders

The following are some of the primary ways Hess delivered value for our stakeholders in 2020.

**Workforce**
We generate value through the jobs we create directly as well as those we support indirectly – both in our supply chain and in the broader economy, where the energy we produce is essential to industries across the globe. We extend our high ethical and safety standards throughout our supply chain by requiring suppliers and contractors to abide by our Code of Business Conduct and Ethics and our Voluntary Commitments regarding labor and human rights (see pages 19 and 35–37).

- 1,621 Hess employees globally
- $591 million in employee wages and benefits (U.S.)
- $2,800 million in total supplier spend across 3,400 suppliers
- 60% of employees in underrepresented groups reached through Hess VOICES engagement sessions with senior leaders

**Communities**
Our community investments are designed to make long lasting, positive impacts on the communities where we operate. We seek to develop the local workforce to enable upward mobility into higher paying jobs in our industry and supply chain (see pages 19, 24–25, 36).

- $5 million in social investments directed toward communities in Louisiana, North Dakota and Texas
- $3 million by our joint venture in support of capacity building initiatives in Guyana
- 20,000 hours of volunteering by our workforce, with the majority in Texas
- 97% local nationals employed in Denmark and 91% in Malaysia
- 92% of our total supplier spend was on purchases made within the same country in which we were doing business

**Shareholders**
Hess is committed to delivering long term value to our shareholders. We continue to successfully execute our long term strategy of disciplined capital allocation, focusing only on low cost, high return opportunities, while investing in our people and business. Furthermore, our efforts to lower our costs and our emissions intensity are aligned with the energy transition needed to achieve long term sustainable development (see page 46).

- $309 million in dividends paid to investors
- Three year total shareholder return first among peers (For peer list, see page 34 of Hess’ 2021 proxy statement.)

**Society**
We contribute value to society at large through the direct economic value we generate, the affordable energy we produce and our commitment to operate responsibly and advance sustainable development (see pages 10–11, 21–25, 49).

- $2,039 million in capital and exploration expenditures
- $388 million in royalties and other payments
- $11 million in social investments, including $5 million going toward the Salk Institute's Harnessing Plants Initiative research and development program
In this report, we provide descriptions of Hess’ strategy and 2020 performance regarding material economic, social, and environmental issues. Our annual report, U.S. Securities and Exchange Commission Form 10-K filing and proxy statement detail our financial and governance information and can be found on our website.

Additional sustainability and investor information is available at hess.com/investors

REPORTING STANDARDS
This report was prepared in accordance with the Core option of the Global Reporting Initiative (GRI) Standards. Our reporting is also informed by:

- The Sustainability Reporting Guidance for the Oil and Gas Industry, which was jointly developed by IPIECA (the global oil and gas industry organization for environmental and social issues), the American Petroleum Institute and the International Association of Oil & Gas Producers
- The United Nations (U.N.) Global Compact's Ten Principles
- Recommendations from the Task Force on Climate-Related Financial Disclosures
- Oil and gas industry metrics from the Sustainability Accounting Standards Board (SASB)
- Key external environmental, social and governance ratings and scorecards

An index of GRI, IPIECA, SASB and U.N. Global Compact reporting indicators is available at hess.com/sustainability/sustainability-reports/gri-index

MATERIALITY
We determined the content for this report by applying the GRI's reporting principles; for example, we considered our operations and performance in the wider context of sustainability issues as well as ensured stakeholder inclusiveness and completeness of information. Consistent with the GRI Standards’ materiality guidance, we identified and prioritized new and emerging issues important to our stakeholders. Engagement with our stakeholders – which include employees, suppliers, customers, communities, shareholders, government bodies, nongovernmental organizations, industry peers and academics – enables us to strengthen our license to operate and brings increased focus to our transparency goals.

In 2020, we completed an updated materiality assessment, facilitated by third party experts, to help us prioritize the key sustainability topics most relevant to our company. The assessment was consistent with approaches and guidance provided by leading standards bodies, including GRI, IPIECA and the International Organization for Standardization; it also considered the SASB materiality profile for the oil and gas industry as an additional reference point.

The prioritization process helped us to determine the top eight material issues, which were then used to develop focused initiatives aimed at driving continuous improvement in our environment, health, safety and social responsibility (EHS & SR) strategy for the next five years. The materiality assessment and strategy development effort is described more fully in the section Strategy and Progress (see pages 10–11). While these eight topics will be the focus of our strategic sustainability actions through 2025, many of the other relevant topics included in our materiality assessment are still important to our stakeholders and our company and will continue to be addressed in our business processes and external reporting.

Based on the materiality assessment, the eight most material sustainability issues for our company are as follows:

- Climate Related Risk and Greenhouse Gas (GHG) Emissions
- Community and Stakeholder Engagement
- Diversity, Equity and Inclusion
- Emergency Preparedness and Response
- Occupational Health and Safety
- Process Safety and Release Prevention
- Supply Chain and Contractor Management
- Water Management

These material issues have not only informed our forward looking EHS & SR strategy, but have also helped to define the boundaries of this report.

As has been our practice, we plan to continue annual, document based assessments of key stakeholder perspectives and Hess’ operational and regulatory risks to validate our top material issues for our sustainability reporting and strategy.

See reporting boundaries for each of these issues at hess.com/sustainability/approach-to-reporting/boundaries-for-material-issues
BOUNDARY SETTING
Included within the scope of this report are the facilities and assets operated by Hess Corporation and our subsidiaries during calendar year 2020, unless otherwise indicated. Data presented are gross figures from operated facilities, unless specified otherwise.

We report GHG emissions on both an operated and equity share basis in accordance with the GRI G4 Oil and Gas Sector Supplement and the IPIECA Sustainability Reporting Guidance for the Oil and Gas Industry (4th edition, 2020), Module 3: Climate Change and Energy, as well as IPIECA’s 2016 report Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas Emissions. We report social investments for our operated assets, joint ventures and nonoperated facilities in which we hold a significant interest. Our workforce metrics include data for contractors whose hours we track.

See our expanded performance data at hess.com/sustainability/performance-data/key-sustainability-metrics

RESTATEMENTS
We believe our approach to restating data complies with the GRI Standards’ principle of comparability and specific disclosure regarding restatements of information, as well as IPIECA guidance. For GHG emissions, in cases of acquisitions and divestitures and other source ownership and control changes, we adjust our base year emissions if the change exceeds 10% of the original base year emissions total. The exact timing of the adjustment depends on several factors, as described in the Hess GHG Inventory Protocol. We also review and adjust targets included as part of our annual incentive plan formula to account for divestitures as needed. In 2017 and 2018, this included restating our targets and associated annual metrics for severe safety and environmental incident rates to account for the Permian, Equatorial Guinea and Utica divestitures.

Access the Hess GHG Inventory Protocol at hess.com/sustainability/climate-change-energy

INTERNAL QUALITY ASSURANCE
Our internal information systems promote the centralized collection of data from Hess operated and joint venture assets around the world. In order to evaluate accuracy and reliability, we conduct quality assurance/quality control reviews and validation of both aggregated and facility level data. Individual numbers in the charts, tables and text may not precisely sum to the total amounts shown due to rounding. All currency references in the report are in U.S. dollars.

EXTERNAL ASSURANCE
This report, including our sustainability data and self declared GRI “in accordance” status, was assured by ERM Certification and Verification Services (see page 64). This external review helps to ensure consistent and objective data collection and reporting of our sustainability performance.

In addition to providing assurance in relation to our sustainability report, ERM Certification and Verification Services also conducts a separate verification of the GHG emissions data provided in the report and in our CDP Climate Change response.
## STRATEGY AND PROGRESS

### FINAL PROGRESS REPORT ON 2020 GOALS

Our environment, health, safety and social responsibility (EHS & SR) strategy is designed to improve our understanding and management of nontechnical risks in our day-to-day operations while addressing the material sustainability issues facing Hess and the oil and gas industry at large. Following is a final progress report on the priority areas and goals established in 2015. The goals and targets for our most material sustainability topics through 2025 are shown on pages 10–11.

### Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Goals for 2020</th>
<th>END 2020 STATUS</th>
<th>DISCUSSION (PAGE #)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory Assurance</td>
<td>Revisit the draft compliance standard as part of the Hess Operational Management System (HOMS) streamlining exercise; continue to conduct Tier II assurance activities on routine, high volume compliance obligations in 2020*</td>
<td></td>
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<tr>
<td></td>
<td>Continue providing our assets with routine updates and discussions on emerging regulatory risks and changes through the use of existing communication methods and operating rhythms in 2020*</td>
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<td></td>
<td></td>
<td>☑</td>
<td>14, 28, 61</td>
</tr>
<tr>
<td>Transparency in Business Conduct</td>
<td>Continue to refine our sustainability disclosures to align with stakeholder expectations in 2020</td>
<td>☑</td>
<td>6–7, 40</td>
</tr>
<tr>
<td></td>
<td>Improve our third party due diligence policy and enterprise procedures to enhance coverage and reduce redundancies; improve and diversify the compliance training curriculum in 2020</td>
<td>☑</td>
<td>16</td>
</tr>
<tr>
<td>Supply Chain and Contractor Management</td>
<td>Continue to deepen relationships with strategic suppliers focused on mutual collaboration; further revise, create and implement policies for supplier relationship management; develop category strategies that consider potential emissions reductions in 2020 and beyond</td>
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<td></td>
<td></td>
<td>☑</td>
<td>18–19</td>
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<tr>
<td>Management Systems</td>
<td>Develop a framework for further integrating Lean and innovation into the Hess culture, including revamping and expanding the suite of training and coaching tools to include Lean and innovation, training new embedded Lean and innovation leaders and further improving the skills and effectiveness of current embedded Lean leaders; continue to use a structured Lean approach to take out unnecessary work and foster creative thinking and innovation in 2020 and beyond</td>
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<td></td>
<td>Continue progressing the EHS global standards effort across all assets to meet the 2025 target for full implementation</td>
<td>☑</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Monitor strategic actions from the 2020 EHS &amp; SR strategy through the end of the year; develop an updated EHS &amp; SR strategy, including the next set of strategic initiatives and forward looking goals, based on the 2019–2020 materiality assessment*</td>
<td>☑</td>
<td>8–11</td>
</tr>
<tr>
<td>Social Responsibility Strategy</td>
<td>Consider avenues for further aligning our social responsibility strategy with applicable United Nations Sustainable Development Goals (SDGs); assess the availability of tools or metrics to measure the impacts of our investments on the SDGs in 2020 and beyond*</td>
<td>☑</td>
<td>10–11, 24–25</td>
</tr>
<tr>
<td>Community and Stakeholder Engagement</td>
<td>Identify communities in areas of operation most severely affected by the COVID-19 pandemic and pursue engagement or investment opportunities to mitigate health and economic impacts; maintain the asset retirement obligation program in North Dakota; identify opportunities for social investment in Guyana focused on public health and education in 2020 and beyond*</td>
<td></td>
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<td></td>
<td>Participate in sector specific and broader industry workshops and symposiums on human rights best practices; implement learnings in operated assets deemed as higher risk in 2020 and beyond*</td>
<td>☑</td>
<td>24–25</td>
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<tr>
<td>Social Risk Management</td>
<td></td>
<td>☑</td>
<td>23–24</td>
</tr>
<tr>
<td></td>
<td>Develop an enterprisewide compliance training module on human rights in 2020*</td>
<td>☑</td>
<td>23–24</td>
</tr>
<tr>
<td></td>
<td>Continue confirming inclusion of human rights clauses and alignment with Hess policies in contracts in 2020 and beyond*</td>
<td>☑</td>
<td>19</td>
</tr>
<tr>
<td>Process Safety and Spills</td>
<td>Continue reinforcement of critical maintenance compliance through our annual incentive plan metric in 2020*</td>
<td>☑</td>
<td>30–31</td>
</tr>
<tr>
<td></td>
<td>Continue bow tie program implementation at our North Malay Basin and Denmark assets; commence rollout of the electronic Management of Change system at selected operated assets in 2020*</td>
<td>☑</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Continue collaboration with industry groups on a set of process safety fundamentals in 2020*</td>
<td>☑</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Through 2022, focus competency efforts on continued implementation of local competency programs and processes at our operated assets; beginning in 2022, restart efforts to build a standardized enterprisewide approach to competency, assurance and learning (CAL), define safety critical job profiles across the enterprise and integrate CAL with HOMS and our learning management system*</td>
<td>☑</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Achieve a 10% reduction from our 2019 actual severe and significant environmental incident rate in 2020</td>
<td>☑</td>
<td>57–58</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>Achieve a 10% reduction from our 2019 actual workforce total recordable incident rate in 2020</td>
<td>☑</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Achieve a 10% reduction from our 2019 actual severe and significant safety incident rate in 2020</td>
<td>☑</td>
<td>29</td>
</tr>
<tr>
<td>Employment Practices</td>
<td>Reinforce the Hess Way of Leadership by providing practical tools, training and guidance; evaluate the flexible working arrangements that were employed during the COVID-19 pandemic as part of normal work practice in 2020</td>
<td>☑</td>
<td>36–37</td>
</tr>
<tr>
<td></td>
<td>Refine practices to assure inclusive, high quality succession planning; leverage technology to improve our hiring practices in 2020</td>
<td>☑</td>
<td>35–37</td>
</tr>
<tr>
<td></td>
<td>Continue to focus on removing unconscious bias from employment practices, including recruiting and talent development, in 2020</td>
<td>☑</td>
<td>35–36</td>
</tr>
<tr>
<td>Climate Risk Management</td>
<td>Continue to evaluate carbon asset risk through portfolio specific scenario planning, using scenarios from the International Energy Agency’s 2019 World Energy Outlook, in 2020 and beyond*</td>
<td>☑</td>
<td>43–45</td>
</tr>
<tr>
<td>Climate Strategy, Metrics and Targets</td>
<td>Continue to pursue additional natural gas processing and compression capacity; continue planning for the Tioga Gas Plant turnaround and expansion project in 2020</td>
<td>☑</td>
<td>50–51</td>
</tr>
<tr>
<td></td>
<td>Achieve a 25% reduction in greenhouse gas emissions intensity (tonnes of carbon dioxide equivalent per thousand barrels of oil equivalent (BOE)) by 2020, versus our 2014 baseline*</td>
<td>☑</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>Continue to make progress against the ONE Future sectoral 2025 targets*</td>
<td>☑</td>
<td>51–52</td>
</tr>
<tr>
<td></td>
<td>Achieve a 50% reduction in flaring intensity (standard cubic feet per BOE) by 2020, versus our 2014 baseline*</td>
<td>☑</td>
<td>46, 49</td>
</tr>
<tr>
<td>Water Management</td>
<td>Continue to baseline the characteristics of emergent contaminants and chemicals considered “highly toxic” in 2020*</td>
<td>☑</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>Complete the water data mapping exercise at North Malay Basin and a chemical analysis at South Arne in 2020; participate, through the National Alliance for Water Innovation, in the U.S. Department of Energy’s five year program for research and development and mapping of water treatment technologies in 2020 and beyond*</td>
<td>☑</td>
<td>55–56</td>
</tr>
</tbody>
</table>

*Denotes a key goal or target of our 2020 EHS & SR strategy. ☑ = Goal achieved as planned ☐ = Goal partially achieved or still in progress ☐ = Goal not achieved as planned
EHS & SR STRATEGY UPDATE

Our EHS & SR strategy drives value for Hess and helps to promote continuous improvement on the key sustainability issues important to our stakeholders.

In order to align our strategic sustainability actions with changes to the social, political, economic and regulatory landscape and evolving stakeholder expectations, we convened a multidisciplinary project team and steering committee in late 2019 to develop and oversee an update of our EHS & SR strategy, including establishing our next set of climate related goals and targets. We enlisted the help of third party experts to help facilitate the effort, which was conducted in three distinct phases in 2019 and 2020, as shown in the figure below. During key decision points throughout the process, we vetted the results with Hess leadership as well as our Board of Directors’ EHS Committee.

In Phase 1, we first developed an initial list of potential sustainability topics through desktop research. This research involved reviewing public reports and websites – including those of our oil and gas industry peers and other important stakeholders – that document key issues for our industry. Based on that research, we identified 26 sustainability topics relevant to our company. We then validated and prioritized the topics through a stakeholder engagement process, which included a survey and workshop to obtain internal viewpoints and interviews with a sampling of key external stakeholders. The internal stakeholders involved in the assessment included those in leadership positions or with expertise across the 26 sustainability topics. External stakeholders interviewed for the assessment included nongovernmental organizations and industry associations, as well as one of our key suppliers.

After prioritizing the sustainability topics from Phase 1, we conducted a benchmarking assessment to review best practices from our peers, as well as supermajors and national oil companies, in Phase 2. The project team and steering committee reviewed the results of this assessment and carefully considered best practices in each area and what was fit for purpose for Hess.

After fully evaluating the results of Phases 1 and 2 of the project, we identified the eight most material sustainability topics for our company and slated those to be the focus of our EHS & SR strategic actions through 2025. In Phase 3, we convened internal subject matter experts in each area to review the results of the project to that point, to discuss alignment of these issues and potential actions to support the United Nations Sustainable Development Goals and to help develop findings and recommendations to inform our 2025 EHS & SR strategy. These findings and recommendations were reviewed by senior management and the Hess Board’s EHS Committee.

The following pages outline the new elements of our updated EHS & SR strategy and related goals and targets.

<table>
<thead>
<tr>
<th>Phase 1: Materiality assessment</th>
<th>Phase 2: Benchmarking</th>
<th>Phase 3: Strategy development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2nd Quarter 2019–2nd Quarter 2020</strong></td>
<td><strong>1st Quarter 2020–2nd Quarter 2020</strong></td>
<td><strong>2nd Quarter 2020–4th Quarter 2020</strong></td>
</tr>
<tr>
<td>1. Refreshed the universe of relevant sustainability issues:</td>
<td>1. Performed a benchmark assessment of sustainability strategies and material topics:</td>
<td>1. Conducted future focused discussions with cross functional Hess teams for eight material topics:</td>
</tr>
<tr>
<td>• Reviewed Hess’ risk registers</td>
<td>• Included peers, supermajors, national oil companies</td>
<td>• Current state</td>
</tr>
<tr>
<td>• Conducted a desktop analysis of:</td>
<td>• Provided examples of benchmarking and scoring criteria</td>
<td>• Alignment with U.N. Sustainable Development Goals</td>
</tr>
<tr>
<td>– Peers, supermajors, national oil companies; investors; regulators; nongovernmental organizations and industry groups</td>
<td></td>
<td>• Desired future state, including potential goals, key performance indicators, commitments and position statements</td>
</tr>
<tr>
<td>– Sustainability reporting frameworks</td>
<td>2. Validated the benchmark assessment results:</td>
<td>2. Developed findings and recommendations to enhance the EHS &amp; SR strategy:</td>
</tr>
<tr>
<td>2. Prioritized 26 material topics:</td>
<td>• Reviewed Hess’ strategic positioning on each of the topics with the project team and steering committee and Hess leadership</td>
<td>• Reviewed with the project team and steering committee, Hess leadership and the Board’s EHS Committee</td>
</tr>
<tr>
<td>• Interviewed external stakeholders</td>
<td>• Identified the eight most material topics based on the results of Phases 1 and 2</td>
<td></td>
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</table>
## STRATEGY AND PROGRESS

### LOOKING AHEAD TO 2025

The strategic initiatives planned as a result of our EHS & SR strategy update represent a focused set of actions designed to drive progress and enhance the strategies already in place for our top eight material issues. These are not the sum of all activities that will drive continuous improvement in each of these areas, but are instead the specific areas targeted for improvement or to maintain or achieve leadership among our industry peers for each of our material issues. Our management approach, annual performance (including achievements and challenges in 2020) and forward plans for a broader set of issues relevant to our company and our stakeholders are described further in this report and on our website at hess.com/sustainability.

The table below summarizes the initiatives, goals and targets that we have established as part of our updated 2025 EHS & SR strategy and indicates their alignment with and support of the United Nations (U.N.) Sustainable Development Goals (SDGs). Targets included as one of Hess’ annual incentive plan (AIP) performance metrics for 2021 are indicated with “AIP.”

<table>
<thead>
<tr>
<th>Hess’ Material Issues &amp; Relevant U.N. SDGs</th>
<th>Key Actions to Enhance Hess’ EHS &amp; SR Performance</th>
<th>DISCUSSION (PAGE #)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate Related Risk and Greenhouse Gas Emissions</td>
<td>Enhance disclosure in 2021 regarding alignment with trade associations on climate related issues and position on public policies that would set a carbon price</td>
<td>17–18, 48</td>
</tr>
<tr>
<td></td>
<td>Enhance data collection methodologies in 2021 to enable a direct linkage between the new enterprisewide climate related target and employee compensation</td>
<td>39, 46</td>
</tr>
<tr>
<td></td>
<td>Align carbon pricing for internal processes in 2021 for decisions on significant new investments and scenario planning methodology</td>
<td>15, 41, 44</td>
</tr>
<tr>
<td></td>
<td>Strengthen governance and climate strategy oversight by continuing to foster climate literacy at the Board level and through a newly formed, executive led climate strategy taskforce in 2021 and beyond</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>Evaluate the feasibility of achieving net zero greenhouse gas (GHG) emissions by 2050 in 2021 and beyond</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>Continue to look for opportunities for Scope 1 and 2 GHG emissions and flaring reductions in 2021 and beyond</td>
<td>49–51</td>
</tr>
<tr>
<td></td>
<td>Continue to support external climate initiatives such as ONE Future and The Environmental Partnership in 2021 and beyond</td>
<td>51–52</td>
</tr>
<tr>
<td></td>
<td><strong>QUANTITATIVE TARGETS:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Reduce operated Scope 1 and 2 GHG emissions intensity by approximately 44% from 2017 to 17 kilograms carbon dioxide equivalent per barrels of oil equivalent by 2025</td>
<td>46–47</td>
</tr>
<tr>
<td></td>
<td>• Reduce methane emissions intensity by approximately 52% from 2017 to an intensity of 0.19% by 2025</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Continue to improve performance related to reducing methane emissions through ONE Future sectoral targets by 2025</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Achieve a 7% gross flaring rate from wells and pads, as reported to the North Dakota Industrial Commission, in 2021 (AIP)</td>
<td></td>
</tr>
<tr>
<td>Process Safety and Release Prevention</td>
<td>Enhance Tier II assurance through major accident event barrier health reviews in 2021</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Integrate process safety fundamentals into safety training to increase process safety awareness by 2023</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Complete the rollout of the electronic Management of Change system, where applicable, and the rollout of the electronic Permit to Work system across onshore assets, both by 2023</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td><strong>QUANTITATIVE TARGETS:</strong></td>
<td>30–31, 57–58</td>
</tr>
<tr>
<td></td>
<td>• Achieve a 10% reduction from our 2020 actual loss of primary containment rate in 2021 (AIP)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Achieve 99% completion of all safety critical equipment maintenance and corrective work orders with performance standards in our work order system in 2021 (AIP)</td>
<td></td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>Continue to elevate Hess’ safety culture by conducting an enterprisewide safety culture assessment and implementing updated safety leadership training by 2023</td>
<td>27–28</td>
</tr>
<tr>
<td></td>
<td>Evaluate emerging technologies and consider implementation into Hess’ standard operating practices in 2021 and beyond</td>
<td>27–29</td>
</tr>
<tr>
<td></td>
<td><strong>QUANTITATIVE TARGETS:</strong></td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>• Achieve a 10% reduction from our 2020 actual workforce total recordable incident rate in 2021</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Achieve a 10% reduction from our 2020 actual severe and significant safety incident rate in 2021 (AIP)</td>
<td></td>
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</tbody>
</table>
### Hess’ Material Issues & Relevant U.N. SDGs

<table>
<thead>
<tr>
<th>Hess’ Material Issues &amp; Relevant U.N. SDGs</th>
<th>Key Actions to Enhance Hess’ EHS &amp; SR Performance</th>
<th>DISCUSSION (PAGE #)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Emergency Preparedness and Response</strong></td>
<td>Enhance the tracking, reporting, closure and validation of actions identified as part of training and drill after-action reviews in 2021</td>
<td>31–32</td>
</tr>
<tr>
<td></td>
<td>Continue the development of competencies to maintain asset level capability by 2025</td>
<td>31–32</td>
</tr>
<tr>
<td></td>
<td>Implement learnings from participation in external networks related to the latest technologies and processes by 2025</td>
<td>31–32</td>
</tr>
<tr>
<td><strong>Water Management</strong></td>
<td>Enhance the chemical selection process for hydraulic fracturing to further evaluate risks and water quality impact by 2023</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>Develop decision making criteria or thresholds for proactive water management projects by 2023</td>
<td>55–56</td>
</tr>
<tr>
<td></td>
<td>Identify and prioritize mitigations related to water stress and scarcity by 2023</td>
<td>55–56</td>
</tr>
<tr>
<td><strong>Diversity, Equity and Inclusion</strong></td>
<td>Continue to engage employees of diverse backgrounds through various initiatives in 2021</td>
<td>13–14, 35–36</td>
</tr>
<tr>
<td></td>
<td>Progress efforts of the newly formed diversity, equity and inclusion (DEI) task forces in 2021, further embedding strategic initiatives into forward planning</td>
<td>13–14, 35–36</td>
</tr>
<tr>
<td></td>
<td>Build DEI elements into Hess’ people strategy in 2021 and beyond</td>
<td>13–14, 35–36</td>
</tr>
<tr>
<td><strong>Supply Chain and Contractor Management</strong></td>
<td>Incorporate environmental, social or governance (ESG) criteria in the procurement and supplier evaluation processes by 2023</td>
<td>18–19</td>
</tr>
<tr>
<td></td>
<td>Develop a program to include diverse suppliers in the procurement process and increase diverse supplier spend that is aligned with ESG and DEI goals by 2023</td>
<td>13–14, 19</td>
</tr>
<tr>
<td></td>
<td>Enhance contractors’ shared responsibility and accountability for safety performance through tools such as integrated safety committees and the behavioral safety observation program by 2023</td>
<td>32–33</td>
</tr>
<tr>
<td><strong>Community and Stakeholder Engagement</strong></td>
<td>Enhance the consistency of social investment spend tracking and reporting in 2021</td>
<td>24–25</td>
</tr>
<tr>
<td></td>
<td>Develop an outcomes measurement framework for key social investment programs in 2021</td>
<td>24–25</td>
</tr>
<tr>
<td></td>
<td>Refresh the Social Responsibility and Human Rights Policies to align with the company’s current asset base and strategic objectives by 2023</td>
<td>21–24</td>
</tr>
<tr>
<td></td>
<td>Enhance the reporting and communication of social risks through our enterprise risk management process by 2025</td>
<td>14–15, 23–24</td>
</tr>
</tbody>
</table>
HOW WE OPERATE

We aim to help meet the world’s growing energy needs in a way that protects the health and safety of our people, safeguards the environment and contributes to the sustainability of the communities where we operate while delivering long term value to our shareholders and other stakeholders. The Hess Values, our Code of Business Conduct and Ethics (Code of Conduct), Social Responsibility (SR) Policy, Human Rights Policy, and Environment, Health and Safety (EHS) Policy define internal expectations for sustainable management and performance at Hess. We apply these principles to key company processes and initiatives, as described in this section.

GOVERNANCE

The highest level of oversight at Hess rests with the Board of Directors, which has four standing committees: the Audit Committee, the Compensation and Management Development Committee, the Corporate Governance and Nominating Committee and the EHS Committee.

Board Accountability

Hess’ Board is actively engaged in overseeing the company’s sustainability strategy and performance, working alongside senior management to evaluate sustainability risks and global scenarios in making strategic decisions, including those related to climate change. Our independent Chairman periodically accompanies our CEO and other members of senior management to meet with investors to solicit shareholder views on various topics, including the environment, health, safety and social responsibility. For more information on Board involvement in climate change related issues, see the Climate Change and Energy section (page 39).

The Board’s Audit Committee oversees the integrity of the company’s financial statements, financial reporting practices, systems of internal accounting and financial and disclosure controls, and other financial matters, such as tax planning, compliance and reporting for income taxes. It also oversees compliance and risk management.

The Board’s EHS Committee leads the Board’s oversight of Hess’ sustainability practices, working with the full Board and senior management so that sustainability risks and opportunities are taken into account when making strategic decisions. The EHS Committee assists the Board in identifying, evaluating and monitoring EHS strategies and material risks with the potential to affect the people, environment
or communities where we operate or our company’s business activities, performance or reputation. The EHS Committee makes recommendations to the full Board on policies, programs and practices to address such strategies and risks and also monitors the company’s compliance with these policies, programs and practices. The EHS Committee advises the Board’s Compensation and Management Development Committee regarding executive compensation measures to advance the EHS goals of the company. The EHS Committee also reviews emergency response preparedness and planning and EHS legal and regulatory matters that could affect the company’s business and operations, including our ongoing response to the COVID-19 pandemic.

The EHS Committee met five times in 2020, and each committee member attended at least 75% of the meetings. Our Vice President of EHS met regularly with the EHS Committee and the Chair of the committee in 2020 to prioritize actions on a number of topics, including EHS performance and strategic priorities; COVID-19 response; enterprise risk management; regulatory matters; environmental, social and governance reporting; climate change strategic actions; and establishing and monitoring progress against greenhouse gas (GHG) emissions and flaring targets.

Each member of the EHS Committee is independent and qualified under the standards established by applicable law, stock exchange listing standards and Hess’ Corporate Governance Guidelines. Committee members have extensive oil and gas industry experience, including operational, regulatory and financial expertise. To supplement the expertise of EHS Committee members and the full Board of Directors, Hess brings in internal and external subject matter experts to brief members on current and developing issues relevant to our business, such as climate change. Board members, together with our executive leadership, also participate in field visits to Hess operated and nonoperated assets to better understand our key EHS strategies and risks. During these visits, the EHS Committee engages with the Hess workforce and observes how Hess is managing and mitigating EHS risks and opportunities, such as leveraging Lean and technology focused initiatives in the field. While the 2020 field visit was deferred due to the COVID-19 pandemic, plans are underway to recommence this practice when it is deemed safe and appropriate to do so.

Executive Oversight
The company is managed by an Executive Committee, which is composed of Hess’ most senior executives and chaired by our CEO. The Executive Committee focuses on operational, strategic, financial, EHS and social issues and is the highest approval body before the Board. The Executive Committee holds regularly scheduled meetings, and our Chief Operating Officer chairs an operating subcommittee of the Executive Committee that also meets routinely to discuss these and other matters.

DIVERSITY, EQUITY AND INCLUSION
Hess has a longstanding commitment to diversity, equity and inclusion (DEI), which we believe creates value for all of our stakeholders and is essential to being a socially responsible and sustainable enterprise. Within Hess, our focus is on fostering a diverse and inclusive work environment, in which all Hess employees have equal opportunities to achieve their full potential. Externally, our company has a long history of social investment programs in the communities where we operate. We have focused our investments on those that make a positive and lasting impact through education and work skill development, both of which are fundamental to societal equity and sustainable economic growth. We also promote diversity and inclusion in our supply chain and in our industry. (See page 19 for further detail on our supplier DEI efforts.)

Hess’ senior management is actively engaged in our DEI plans and programs, with oversight by our Board. Our DEI Council provides executive leadership and guidance in recruitment, work environment and development activities; we are expanding the Council to include employee resource group representation. In 2020, we extended unconscious bias training to all Hess employees, expanded our employee resource groups and held listening sessions with small groups of employees from underrepresented groups to better understand their experiences in society and at our company, which will guide our efforts moving forward. (See pages 35–36 for further detail on our workforce DEI efforts.)

Building on previous programs and investments in Houston to expand education and work skill development for diverse communities, we donated $200,000 to help establish the Program Management Office for the Houston Complete Communities Initiative. The initiative is aimed at providing all Houstonians with equal access to quality services and amenities. Starting in 2021, we have committed approximately $9 million over a three year period to help expand educational programs in Houston to areas that include the Third Ward, an economically disadvantaged community.
HOW WE OPERATE

In 2020, we launched three task forces with employees from a mix of assets and functions to help advance our DEI strategy. The task forces have made recommendations in the following key areas, for implementation beginning in 2021:

- **Recruiting:** Consider strategies for increasing diversity in candidate slates, hiring, and representation within Hess; identify alternate sources of talent and opportunities to broaden outreach of recruiting efforts
- **Employee Development:** Consider talent management programs to provide focused career growth and development for minority and other underrepresented employee groups within Hess
- **Supplier Diversity:** Establish tools to broaden sources of supplier diversity; implement and monitor supplier diversity goals; join key supplier certification councils

**KEY INITIATIVES**

We continue to evolve and advance our management system to align with Hess’ portfolio and organizational structure and to support our performance objectives. Our teams of functional leaders (e.g., EHS, Wells, Reliability Operations, Projects and Facilities Engineering, and Global Supply Chain) provide expertise in key functional areas within each asset and provide oversight and assurance across the company. The Head of each functional area is responsible for overseeing activities in that area across the company, verifying that relevant standards are applied as appropriate and working with each asset to optimize safety, quality, delivery and cost.

The Heads of each function are supported by technical authorities and subject matter experts – many of whom are embedded directly into our assets. Together with leadership from each asset, these individuals form the “Heads of” and Technical Authority Network, which supports operations across the company. This group – and other functional leaders and subject matter experts as relevant – meets monthly to optimize synergies across our functions and assets, support enterprisewide initiatives and promote transparency of activities.

In 2020, we continued implementing and optimizing the Hess Operational Management System (HOMS), a single, enterprisewide system that governs how we operate. HOMS establishes a common operational framework outlining how we address risk management, process safety, environmental responsibility, and management of employees and contractors, as well as the efficient and reliable design and operation of our assets. This integrated and consistent enterprisewide approach is designed to help us manage risks associated with a changing organization; coordinate technical expertise, standards and processes across the organization; and align asset level operations with enterprisewide corporate standards and business priorities.

Ongoing assurance and continuous improvement are central aspects of how we manage our organization, including using audits and assessments of our implementation of and compliance with HOMS. Key operations and processes are reviewed regularly based on assessed risk and compliance requirements.

In 2020, we began a thorough review of our operational standards and procedures focused on improving the balance of global, enterprisewide and asset specific requirements to better address asset specific risks and needs while maintaining consistency across the company. Representatives from various Hess functions (e.g., EHS, Wells, Reliability Operations, Projects and Facilities Engineering, and Global Supply Chain), at the corporate and asset levels, are working to review relevant standards and procedures to help ensure cross functional communication and accountability.

We will complete implementation of our EHS standards, which formalize enterprisewide expectations and accountabilities for key areas of EHS risk and performance, as part of the HOMS optimization process.

Information on Reliability Operations, another key initiative, can be found at hess.com/sustainability/how-we-operate/key-initiatives

**KEY ENTERPRISE PROCESSES**

Several key processes in our company help to identify and mitigate risks in potential, new and existing operations; achieve operational excellence; and evaluate investment opportunities.

While these processes are focused on our operated assets, it is important to note that we also review potential risks in Hess’ nonoperated assets. We generally prioritize four main objectives for nonoperated assets: making a positive contribution to local communities; influencing project outcomes by focusing on issues with the greatest potential impact; establishing governance structures and project assurance plans; and documenting and internally sharing high value lessons learned. As these assets represent a significant portion of Hess’ capital spend, we have continued to conduct targeted, high level reviews of nonoperated activities, including production operations, facilities and designs.

**Enterprise Risk Management**

Hess applies a comprehensive, standardized approach to identifying and managing risks of all types across our operations, such as those related to process safety, climate change and cybersecurity. Our enterprise risk management (ERM) program, which includes consideration of EHS & SR risks, delivers a framework that enables Hess’ Board of Directors and executive leadership to work together to strengthen
the consistency of risk consideration in making business decisions. Our Board of Directors has ultimate oversight over the ERM process and is charged with understanding the key risks affecting the company’s business and how those risks can be managed. Annually, our Chief Risk Officer (CRO) provides the Board’s Audit Committee with a comprehensive review of Hess’ enterprise level risks, the status of the ERM program and risk management strategies utilized under our Risk Management Standard. The status of EHS & SR risks and mitigations are also discussed at the Board’s EHS Committee meetings, as appropriate. Periodically, our Chief Financial Officer and CRO provide an update to the Board on enterprise level risks, including the relative risks of assets and projects within the portfolio. Corporate Risk oversees day-to-day implementation of the ERM process, including developing and verifying compliance with relevant policies and standards.

Hess’ ERM framework is used to develop a holistic risk profile for each asset and major capital project, drawing input from subject matter experts, performance data, incident investigations, lessons learned and recent audits. In these risk assessments, we identify risks and assess their likelihood and potential impact to people, the environment, our reputation and our business.

Our Risk Management Standard, which applies to all assets and major capital projects, helps to align and integrate risk management across the company. The standard establishes a risk framework, accountabilities and expectations across the organization to provide a consistent and integrated risk management process across our assets, projects and business functions.

As part of our ERM process, all assets are required to have a risk assessment and risk plan in place that are refreshed at least annually. In addition, major capital projects and new development opportunities that go through the value assurance process (described at right) must have risk assessments completed prior to each value assurance stage gate. Risk registers and reports that are generated through these processes are reviewed and updated periodically as part of asset and major project operating rhythm meetings.

We also require that functional level risk assessments be included in each asset’s or project’s risk plan. Examples include identifying and validating concept selection or confirming the technical basis of design for a facility.

Climate risks are considered throughout both enterprise and functional risk assessments from the perspective of potential financial, physical, reputational and regulatory impacts. Further discussion of our approach to managing climate risks can be found in the Climate Change and Energy section.

**Value Assurance**

Major investment opportunities are assessed through our value assurance process. This process helps to provide increased objectivity in our investment decisions by including those who are not directly involved with the asset or project in internal reviews. Following this process helps to provide assurance that our capital allocation and portfolio management decisions are based on independently reviewed, high quality input.

The value assurance reviews are risk based and focus on economics, subsurface and facility design, safety, environmental and socioeconomic considerations, regulatory requirements and other technical and nontechnical risks. In order to evaluate the potential impact of carbon cost on project economics, we apply either actual carbon pricing where a regulatory framework for it exists or – where a framework does not exist – we evaluate the potential impact of carbon cost as set out in our planning guidance. In April 2021, we updated our planning guidance to expand the evaluation for all significant investment decisions to include a sensitivity using the International Energy Agency’s Sustainable Development Scenario carbon pricing (see pages 41–45).

Through our value assurance process, we bring in technical experts from across the company, who are chosen based on how their skills and experience contribute to the project under review. Including experts from across the organization creates learning opportunities for participants to take back to their respective assets and functions and apply to future assurance processes.

The value assurance process is closely aligned with our ERM process so that we can apply consistent methodologies and criteria to risks across our company.
**HOW WE OPERATE**

**Due Diligence**
Our due diligence processes help us assess non-technical, aboveground risks when evaluating opportunities, including those in new geographies. The process also helps the project team mitigate identified risks once a commitment is made to proceed. Ultimately, the process is complementary to our ERM and value assurance workflows, utilizing the necessary information at key decision points in our investment and project planning processes.

See more detail on these processes at [hess.com/sustainability/how-we-operate/key-enterprise-processes](https://hess.com/sustainability/how-we-operate/key-enterprise-processes)

**Lean and Innovation**
For more than a decade, Hess has been implementing Lean thinking and methodologies across our operations to eliminate waste, improve safety and reliability, drive continuous improvement and create value for our shareholders, business partners, employees and other stakeholders. We have encouraged our leaders to develop a Lean mindset, learn fundamental Lean skills and apply them to business problems. The leaders then coach and develop employees and contractors on Lean thinking and how they can identify and solve problems themselves. While Lean started as a series of special projects, it is now integrated into our company culture, and our workforce is empowered to be an “army of problem solvers” focused on continuous improvement.

Building on the successes and lessons learned from our efforts to integrate Lean into the Hess culture, we are expanding this culture to include both Lean and innovation. We see these as complementary mindsets that will help us achieve significant performance improvements. Through Lean thinking, we encourage our people to identify opportunities for incremental improvements – ways to do what they already do better. An innovation focus helps our people think of entirely new ways to do what they do, producing step change improvements.

In 2020, we progressed several initiatives aimed at further operationalizing these principles into how we work. For example, we developed innovation guidelines that establish a common framework for driving innovation and integration with Lean across our organization. We also further developed an innovation funnel process to collect ideas from employees and a variety of relevant industry sources, identify ideas that have the potential to add value, rank ideas for future development and select those that align with our priorities for piloting. This process helps formalize and organize innovative thinking and drives ideas from conception to implementation. Moving forward, we will continue to expand our efforts by developing Lean and innovation leaders, fostering internal collaboration networks and sharing learnings from these pilots across the organization.

**BUSINESS CONDUCT**

The Hess Code of Conduct outlines the business conduct and behaviors we expect of our employees, officers, directors and contractors. Any individual or company working on behalf of Hess or our subsidiaries is expected to follow similar principles. Failure to comply with the Code of Conduct and related policies, or applicable laws, may result in disciplinary action, including termination.

All of our key compliance policies and procedures are described in our Code of Conduct. These policies and procedures are communicated to and available for all employees globally. Our Global Compliance team establishes, maintains and enforces the compliance policies and procedures, as well as other processes and initiatives to prevent and detect compliance violations. Our aim is to promote an organizational culture that is committed to ethical conduct and compliance with the law. The Chief Compliance Officer updates the Audit Committee of the Board of Directors on a regular basis.

To continuously enforce compliance controls and embrace best practices, our Global Compliance team focuses on internal investigations and antibribery and anticorruption (ABAC) programs, as well as other enterprise programs and systems. In 2020, our Global Compliance team investigated all issues and allegations referred to the team through the various channels available to our workforce, including our dedicated compliance hotline. In addition, Global Compliance continued to manage the company’s automated approval systems – which are used to review and approve higher risk transactions and relationships with our business partners – including our system for the disclosure, review and approval or mitigation of potential conflicts of interest.

Providing employees with effective training on the Hess Values is a key element of strengthening our culture so that employees understand and embody the Values in their daily work. As part of this effort, our Global Compliance team has developed in-depth online trainings on our Code of Conduct and our ABAC Policy and Procedure. At year end 2020, 99% of active employees had completed the Code of Conduct training, and 99% had completed the ABAC training.


**POLITICAL ENGAGEMENT**

**HessPAC**
HessPAC serves as the political action committee (PAC) of Hess’ U.S. employees and acts in full compliance with U.S. federal and state campaign finance and election laws. HessPAC is used to promote the interests of Hess Corporation. In 2020, HessPAC continued in its third full cycle of operation, generated approximately $96,500 in member
contributions and distributed $88,500 in political contributions in a bipartisan manner to candidates at the federal level.

HessPAC publicly discloses all of its contributions to political candidates, parties and committees. Its federal contributions are accessible via the U.S. Federal Election Commission’s website (www.fec.gov). In 2020, HessPAC did not make any state level contributions, but if it does in the future, these will be publicly available on the appropriate website of each respective state where HessPAC is active. As legally permitted, Hess corporate funds were used to provide administrative support for HessPAC. Both direct and indirect corporate political contributions are prohibited by Hess company policy. HessPAC permits political contributions only through voluntary employee funded PAC contributions.

Advocacy
Hess regularly communicates with an array of stakeholders in the public policy arena, including legislators and regulators both in the U.S. and internationally. Hess executives and our External Affairs function engage with legislative and regulatory institutions to offer a unique perspective on energy policy issues, to better understand federal and state requirements applicable to our operations and to mitigate potential risks to the company’s license to operate.

Consistent with Hess principles and values, our legislative and regulatory engagement is done in accordance with all applicable laws and regulations.

Our commitment to transparency also means that the company fully complies with all lobbying reporting requirements outlined in the Lobbying Disclosure Act of 1995 and all amendments made to the law by P.L. 110-81, the Honest Leadership and Open Government Act of 2007. In 2020, the company’s lobbying expenses totaled approximately $589,700. This includes fees and expenses for external consultants and trade association dues used for lobbying purposes, as required by the Lobbying Disclosure Act. We also comply with any and all relevant state and foreign legal and regulatory requirements concerning direct and indirect lobbying activities and contacts.

Hess belongs to a number of trade associations (organized under section 501(c)(6) of the Internal Revenue Code) that include our industry peers and other companies in related sectors. Trade associations provide forums through which companies across the oil and gas industry can develop unified public policy agendas, exchange technical and industry best practices and approach issues relevant to our business with a common voice. We require all trade associations to publicly disclose all expenses related to lobbying activities, as outlined by the Lobbying Disclosure Act. Our trade associations’ lobbying activities accounted for 21% of our total lobbying spend in 2020.

In 2020, none of Hess’ membership fees or dues were used by any of our associations for direct or indirect political advocacy. Furthermore, no payments made by Hess to 501(c)(6) or 501(c)(4) organizations were used for political purposes. A list of memberships and associations that received more than $50,000 from Hess in 2020 is shown below.

Hess’ Vice President of External Affairs is responsible for approving and overseeing employee engagement with elected officials or regulators when these employees act as official representatives of the company. This strict internal policy extends to Hess employees who serve on trade association committees that advocate for policy changes. This helps to ensure that we continue to operate at the highest level of integrity and transparency and remain compliant with all reporting requirements.

We aim to align our advocacy priorities with our established processes related to ERM and EHS. We also conduct ongoing assessments of our global advocacy priorities to drive improvements to our process for tracking and informing our advocacy efforts.

Trade Association Alignment
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 membership should not be considered a direct endorsement of the entire range of activities undertaken by these groups; however, many of them share Hess’ position on climate change. In 2020, we actively participated in several updates to association positions, including on climate change and methane emissions, so that they more closely align with our positions. To address concerns related to potential inconsistency on a variety of issues, we publish our own positions on key sustainability topics in this annual report.

To illustrate our alignment on climate change policies with our national and international memberships and associations, we chose to evaluate those major advocacy organizations that have historically received more than $50,000 from Hess in any given year. Our evaluation was conducted using
HOW WE OPERATE

publicly available positions and statements, along with our own assessment of each organization’s activities on climate change and whether their climate positions are consistent with the following Hess positions: (1) acknowledgement of the science of climate change; (2) support for the Paris Agreement’s aim to limit global average temperature rise; (3) acknowledgement of the need to accelerate GHG emissions reductions through technological innovation; and (4) support for a carbon price applied to emitters across all sectors.

We did not include IPIECA in this analysis, although we are an active member of IPIECA on sustainable development issues such as climate change, biodiversity impacts and access to energy – issues that are often too complex for individual companies to tackle alone. Unlike many of the organizations that we have reviewed below, IPIECA is not a lobbying organization. IPIECA instead represents its members by engaging with stakeholders and governments on climate change and other sustainability topics and by providing a forum for encouraging continuous improvement of industry performance. IPIECA enables collaborative work with stakeholders by promoting an understanding of the key role the oil and gas industry should play in providing innovation, global reach, knowledge and technical expertise to help develop and implement feasible future energy solutions.

All of the organizations we analyzed acknowledge the science of climate change and support GHG emissions reductions through technological innovation, whereas one of the organizations has not publicly supported the aim of the Paris Agreement nor a carbon price and thus is identified as “somewhat inconsistent” with Hess’ positions on these issues. The table below summarizes the overarching results of our review as of May 2021.

Findings of Hess’ Trade Association Evaluation

<table>
<thead>
<tr>
<th>INDUSTRY ADVOCACY ORGANIZATIONS</th>
<th>SUMMARY OF ALIGNMENT WITH HESS’ CLIMATE POSITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Petroleum Institute (API)</td>
<td>The API recently took significant steps to revise its position on climate and continues to consider forward leaning climate action that is consistent with the four Hess positions included in our analysis. We will continue to use our influence to promote changes in climate policy direction at the API, where appropriate.</td>
</tr>
<tr>
<td>U.S. Chamber of Commerce</td>
<td>The Chamber’s climate position has recently evolved in a positive direction, and the organization continues to consider forward leaning climate action that is consistent with the four Hess positions included in our analysis. As the Chamber represents a broad group of companies of various sizes and from different economic sectors, we will continue to leverage our membership to align with Hess’ policies and positions, where possible and appropriate.</td>
</tr>
<tr>
<td>National Ocean Industries Association (NOIA)</td>
<td>The NOIA’s recently adopted Climate Change Position and Principles are consistent with the four Hess positions included in our analysis. Hess supported NOIA’s effort and will continue to support and influence its efforts to balance the environmental, social, economic, and energy needs of society.</td>
</tr>
<tr>
<td>Independent Petroleum Association of America (IPAA)</td>
<td>The IPAA maintains climate positions that are somewhat inconsistent with the four Hess positions included in our analysis, although discussions are proceeding in a positive direction. We will use our influence in this organization to promote a change in policy direction, where appropriate, and if we cannot, we will further assess our membership and take appropriate actions, balancing the broader value that we realize from our participation.</td>
</tr>
</tbody>
</table>

SUPPLY CHAIN

Our suppliers and contractors are critical to our success and play a significant role in Hess’ day-to-day business operations, collaborating with us to promote efficient operations, maintain high standards of EHS performance, mitigate risks and create shared value. We rely on them to provide key goods and services and perform essential tasks. In 2020, we purchased approximately $2.8 billion in commercial goods and services from approximately 3,390 suppliers, whose workhours comprised approximately 70% of our total workforce hours.

We work collaboratively with many of our suppliers to review processes, procedures and data to help drive the right actions and foster continuous improvement. In 2020, we worked to strengthen our supplier relationships through enhanced engagements focused on increasing transparency, delivering mutual value and discovering improved ways of working together, especially with our most strategic suppliers. For example, we are actively working with suppliers to develop and implement new technologies that will help us meet our environmental goals, including exploring options for battery hybrid rig power to reduce emissions in the Bakken.

In response to COVID-19, Hess implemented a supply chain resilience assessment program through which we worked with suppliers to understand the impact of the pandemic on their operations, monitor potential operational risks and develop mitigation strategies. This effort included maintaining a dashboard of supplier operational status, risks and mitigation measures that was updated weekly.

While this section describes our general approach to engagement with our suppliers, these practices may differ in certain instances, if necessary, to comply with applicable local laws and requirements or if otherwise appropriate.
Management Approach

Effective supply chain management underpins our business and operational strategies. For example, supply chain management will play an important role in helping us achieve the new environmental, safety and DEI goals outlined in our updated EHS & SR strategy (see pages 9–11). It was also identified as one of our most important material issues in our refreshed materiality assessment (see page 6).

We continue to enhance our capabilities to understand the market and strategically manage our suppliers with cross functional teams that work collaboratively to reach safety, quality, delivery and cost targets.

Our Procurement Policy specifies who should participate in the evaluation of tenders, management of contracts and ongoing procurement of goods and services. It also includes code of ethics and conflict of interest guidelines that establish clear expectations for our employees when engaging with suppliers. A central goal of our supply chain management system, including our Procurement Policy, is to help ensure that suppliers understand and abide by our high ethical, safety and other performance standards while helping us to avoid unexpected commitments and leverage our spend more effectively.

In 2020, certain of our supply chain management processes were integrated into HOMS, as described on page 14.

Hess follows a standardized approach to evaluate and measure the performance of key potential and current suppliers on the basis of total value, including safety, quality, delivery and cost. We employ a systematic prequalification and selection process to help ensure we are working with qualified and safe suppliers. Where appropriate, potential suppliers – as determined by a risk based decision matrix – undergo a risk review; an antibribery, anticorruption and legal compliance review; and a review of EHS performance and programs. In addition, our procurement staff reviews, where appropriate, potential suppliers’ insurance, tax and quality information. If discrepancies with our applicable requirements arise, the relevant function within Hess conducts an additional review and develops mitigation plans, as needed.

Contracts that involve higher risk, due to factors such as the number of workhours or the scope of work, are subject to an EHS review during the procurement process that covers training qualifications, safety programs and performance, environmental management systems and measurement, and emergency preparedness and response, among other topics. As one part of the EHS review, we use recognized industry prequalification systems for our areas of operation in the U.S. and Europe. In Malaysia, we use a standardized process with a questionnaire based on the 14 HOMS elements. Further detail on our EHS related qualifications review during procurement can be found in the Safety and Health section.

We recognize the value of engaging a diverse supplier base to bring innovation, agility and value to our business and to reflect our commitment to creating opportunity in the communities we impact. Intentionally expanding the diversity of our supply base is one of the pillars of our DEI efforts. In 2020, we established a task force of cross functional leaders to guide the development of our supplier diversity strategy and to provide recommendations on key actions needed to help ensure an impactful and sustainable program. In 2021, our activities will focus on developing a three to five year road map, establishing a supplier diversity implementation team and incorporating inclusion and diversity in our supply chain processes.

The companies that supply Hess with goods and services must comply with all applicable laws and regulations, including in areas such as EHS, conflicts of interest and anticorruption, and must maintain any applicable licensing or permitting requirements for their activities. Suppliers are also required to meet the expectations set forth in our Code of Business Conduct and Ethics and our Voluntary Commitments regarding labor and human rights. Standard contract clauses include requirements with respect to ethical business practices, human rights, social responsibility, business integrity, search and seizure, EHS and quality of materials and services.

Local Content

Internationally we often prioritize local suppliers when performing under production sharing contracts or other agreements with host countries. These agreements vary by country, but may include use of an approved supplier list, requirements for government approval of suppliers or threshold specifications for local companies or workers.

In Malaysia, for example, we use an approved vendor list that includes Malaysian owned companies, and we also require our suppliers to prioritize hiring local staff. Hess’ joint venture in Guyana also seeks to employ local nationals and support local suppliers. A continuing focus by the joint venture has been support for the Centre for Local Business Development. Since its opening in 2017, the Centre has held 42 supplier forums, assessed over 512 businesses’ strengths and weaknesses, registered nearly 2,700 businesses in a supplier portal and conducted the equivalent of more than 3,600 days of training. The trainings have covered the fundamentals of offshore oil and gas production, procurement and supply chain management, financial and human resources management, and safety, security, health and environmental topics such as waste management, incident response and air quality monitoring.

See more on Hess’ expectations and requirements for suppliers at suppliers.hess.com and hess.com/sustainability/how-we-operate/supply-chain
Pete the Cat
SCUBA-CAT

by James Dean

I Can Read!
SOCIAL RESPONSIBILITY

Social responsibility (SR), which is one of the six Hess Values, is foundational to the culture of our company and to our engagement with the communities where we operate. To us, SR means maintaining the highest corporate citizenship standards while delivering the energy the world needs. It includes protecting the health and safety of our workforce, safeguarding the environment and creating a long lasting positive impact on our communities.

Our approach to SR emphasizes proactive stakeholder engagement, social risk and impact management, and strategic social investments that provide direct and indirect benefits to the communities where we operate. Our SR activities are designed to generate opportunities for our stakeholders, create valued partnerships and maximize value for shareholders.

GOVERNANCE FRAMEWORK
We are committed to implementing ethical and responsible business practices in all that we do. Through the Hess Code of Conduct, we have established the business conduct and practices we expect of our employees, officers, directors and contractors, including adherence to the highest standards of human rights. We have endorsed or formally joined a number of voluntary initiatives designed to protect the environment, promote human rights and encourage financial transparency. We collectively call these our Voluntary Commitments. They include:

- The Universal Declaration of Human Rights
- The International Labour Organization’s Declaration on Fundamental Principles and Rights at Work
- The United Nations (U.N.) Global Compact
- The Extractive Industries Transparency Initiative

Hess’ Voluntary Commitments help to provide a foundation for our SR and Human Rights Policies. Our SR Policy, for example, compels us to demonstrate high standards of ethics and integrity and outlines our commitments to the communities where we operate and to our workforce. Our Human Rights Policy specifically prohibits child labor, forced labor and workplace harassment in our operations; it also covers key issues relating to our supply chain and community engagement. These policies are supported at the local level through training and procedures specific to the needs of our operational locations.

Additionally, Hess is a member of the Human Rights Campaign’s Business Coalition for the Equality Act. This legislation, which is under review in the U.S. Congress, would guarantee explicit, permanent protections for lesbian, gay, bisexual, transgender and queer people under existing civil rights laws and would create a federal standard to treat all employees equally.

We remain committed to supporting the U.N.’s Sustainable Development Goals (SDGs). Through the update of our environment, health, safety and social responsibility strategy in 2020, we considered opportunities to further align our business practices and strategic actions to the SDGs and underlying targets that are relevant to our industry. (See the Strategy and Progress section for more information.)

Organizational Structure
Hess’ External Affairs function serves as an internal coordination body and resource for our assets and project teams as they implement our SR commitments and programs. External Affairs develops governance, reports companywide social performance, provides technical and functional support to the assets and project teams, and provides assurance across these efforts. The asset and project resources report into the business line management structure and are responsible for developing and executing asset or project specific SR plans. SR activities are integrated and aligned between our central organization and global locations.

STAKEHOLDER ENGAGEMENT
As we work to help meet the world’s energy needs, we collaborate, as appropriate, with resource owners, communities and stakeholders from across the industry and civil society to develop oil and natural gas resources in a manner that is environmentally and socially responsible. We prioritize safety, integrity and transparency and are committed to managing our stakeholder relationships with respect. We actively pursue dialogue with stakeholders – including local communities, employees, contractors, suppliers, customers, industry members, governments and investors – to share our values, vision and goals and to seek feedback.

Stakeholder Planning and Engagement Process
Our stakeholder planning and engagement process is aligned with and included in the Hess Risk Management Standard. Alignment with this standard helps to establish clear links between our stakeholder identification and engagement activities and the key external issues impacting each asset.

We maintain individualized External Affairs and Stakeholder (EAS) Plans for each of Hess’ operated locations. The individualized EAS Plans involve a five step process (see graphic on the next page). The first step is understanding the specific risks faced by each asset as...
SOCIAL RESPONSIBILITY

INTTEGRATED STAKEHOLDER ENGAGEMENT PROCESS

STEP 1
Identify Risks & Issues

STEP 2
Establish Internal Accountabilities

STEP 3
Identify Key Stakeholders

STEP 4
Outline Engagements

STEP 5
Monitor & Track

Identified in the asset level risk register and “heat maps,” as well as identifying external facing issues that are critical to maintaining Hess’ license to operate. In the second step, we establish documented internal accountabilities for managing each key issue – including identification of a Business Owner (i.e., an individual from senior management with accountability for the issue) and an Issue Manager or Managers (i.e., individuals responsible for managing the ongoing strategy and engagement to mitigate stakeholder impacts). In step three, each Issue Manager, with support from our External Affairs function, documents the relevant stakeholders, and then, in step four, outlines the engagement strategies for those stakeholders. The final step is monitoring and tracking the key issues, with updates to the Business Owner and, as required, other senior management at least twice per year.

We update these plans annually and use the results to guide our social engagement strategy. Through our 2020 EAS process, we identified an opportunity to expand the education of our workforce on our human rights approach and the mechanisms available for our workforce and local community members to share complaints or concerns.

Collaborating with stakeholders helps us to identify opportunities for benefiting our host communities while improving our business and strengthening our license to operate. We engage with a wide range of external stakeholders, including the following:

- Land Users/Landowners: Residents, landowners, commercial land interests, farmers, ranchers
- Resources Users/Rights Holders: Mineral rights owners, water rights owners and users, hunters, fishers, gatherers
- Governments: Local, regional and national authorities; national militaries; international governing authorities
- Parties with Direct Economic Interests: Investors, vendors and suppliers, unions, shareholders
- Parties with External Business Interests: Chambers of commerce, industry organizations, local businesses, sustainability initiatives
- Special Interest Groups: Nongovernmental organizations, religious groups, cause oriented nonprofits, community groups
- Community Services: Police, fire and emergency medical services; health care services; education; human service agencies
- Indigenous Groups: Formally recognized groups, tribal coalitions, government supporting agencies, indigenous advocacy groups

Grievance Mechanisms

In the communities where we operate, we do our best to address potential issues early – before they mature into more severe challenges – and we believe that strong and transparent stakeholder relationships help us to do that. Formal grievance mechanisms are an important part of soliciting stakeholder feedback for our company’s operational impacts and help us respond to and act on feedback through an established process.

Hess’ grievance mechanisms facilitate stronger relationships with communities, landowners and other stakeholders and allow for a more effective response to community concerns. We have reached out to community members through forums, such as community meetings, town halls and local hearings, to share information about our grievance mechanisms and to establish channels of communication. As an additional step in the process, we survey stakeholders who communicate concerns to assess whether they are satisfied with our response.

Through one of the grievance mechanisms at our Bakken asset, we accept feedback and complaints (anonymously, if desired) through several access points, including our Grievance Officer, the Hess Owner Solutions team, our North Dakota front desk staff and our Surface Land team. We receive and address concerns relating to employee and contractor performance, behavior and activities related to external stakeholders. We may also receive feedback on environment, health and safety (EHS) concerns and workplace, procurement and supplier issues. The most commonly raised topics include road conditions, erosion, land reclamation, fencing, cattle guards and weed control. In 2020, we received 311 grievances through this process.

When alerted to a potential issue, the response team draws employees from various disciplines within Hess – such as EHS, drilling, completions, operations, maintenance, civil construction and human resources – that are best able to respond to the concern and reach a resolution. For example, safety concerns are forwarded to our EHS function; individual worker complaints are handled by Human Resources; and business integrity or ethics complaints are referred to our Code of Business Conduct and Ethics hotline. By engaging each discipline as appropriate, we escalate management of the grievance upward in the company as necessary to help resolve the issue.
We maintain an internal database – the stakeholder management system (SMS) – to track grievances from start to completion. (The SMS also supports our stakeholder engagement process described previously.) The response team strives to complete each investigation within 14 days of the original report and to provide a response and/or resolution within 30 days. As a final step before closing a case, we contact the stakeholder to confirm the issue has been adequately addressed. Trending data on grievances are reported upward to the Bakken Leadership Team, composed of key senior decision makers for the Bakken asset, as part of our regular operating rhythm.

In 2020, we enhanced our grievance reporting and tracking process to include quarterly reviews by the asset level General Manager, our External Affairs function and EHS personnel. This approach bolsters accountability and sharing of lessons learned throughout the organization.

Separately, we maintain a grievance mechanism for landowners and mineral rights holders associated with the Bakken asset. Specifically, we have an owner relations telephone hotline, webpage and email address through which these individuals can ask questions and share concerns and complaints. Our Owner Relations and Owner Support teams manage this system and use the SMS to track open issues and to help ensure resolution. In 2020, these teams handled more than 35,000 emails and phone calls, assisting an average of 20 customers per hour.

**SOCIAL RISK AND IMPACT MANAGEMENT**

When entering a new geography, commissioning a new development or expanding an existing facility, Hess uses strategic planning processes to examine the social, political and reputational environment and to identify nontechnical risks and mitigation activities. Where our operations are ongoing, we regularly conduct heat map reviews that take into account new and emerging risks and develop recommended mitigating actions. When we expand our operations, we work with stakeholders to proactively identify, mitigate and manage aboveground risks that can impact our activities or the communities where we operate. We address human rights considerations throughout these processes, including during due diligence and social risk identification, mitigation and management.

In 2020, with the help of an external consultant, we performed a social risk assessment focused on human rights issues for our North Malay Basin asset. The assessment, for which the final report was completed in early 2021, resulted in an overall finding of low risk. Several opportunities for improvement were identified, including enhancing human rights training and establishing a local human rights key point of contact. Mitigations recommended as part of the assessment will be tracked through our Enterprise Risk Management process.

**Collaboration with Our Supplier to Reduce Flaring**

We regularly collaborate with external stakeholders to bolster our environmental and social performance. In 2020, we identified a flaring increase from our operations in the Stony Creek Field in North Dakota as a result of gas gathering infrastructure constraints. Addressing this issue required us to work with Kinder Morgan, the company that collects and transports the natural gas produced from our Stony Creek wells. A multidisciplinary Hess team worked together with their counterparts at Kinder Morgan to determine that the flaring increase was due to recent increases in production from both our and other producers’ wells that occurred at a pace above the capacity that Kinder Morgan was able to transport at that time.

After identifying the cause, we worked collaboratively with Kinder Morgan on a solution by convening a workshop, visiting the pipeline and reviewing digital models of the pipeline system. Using Lean problem solving principles, we identified the constraints that had limited the pipeline’s transportation volume and developed a range of short and long term solutions. Ultimately, we replaced a 500 foot section of pipeline with higher volume pipe, reconfigured equipment and improved systems for removing the liquids that reduce pipeline gas flow. The project increased gas collection by 3 to 5 million standard cubic feet per day and decreased flaring considerably. The collaboration also strengthened the Hess and Kinder Morgan teams’ working relationship, which is reinforced through weekly meetings as part of their regular operating rhythm and helps to create efficiencies in the performance of both teams.

**Human Rights**

Everywhere we operate, we work to uphold human rights and to treat everyone with dignity and respect. By engaging with stakeholders, we aim to proactively address potential issues and work to prevent human rights related incidents. We seek to make positive and lasting contributions in governance, transparency, respect for rule of law, and social and economic development.

Our business practices are aligned with our SR and Human Rights Policies. Human rights issues are analyzed at various phases of our business activities, beginning with due diligence.

Hess is committed to educating our personnel on the importance of respecting human rights, as well as raising internal awareness of the best practices outlined in our Human Rights Policy. We include a human rights training module as part of our online Code of Business Conduct and Ethics training for employees that explains the concept and importance of human rights, reviews our Human Rights Policy,
offers guidance on integrating respect for human rights into employees’ daily work and provides directions on how to report suspected human rights violations.

In 2020, we participated in IPIECA’s Human Rights and Supply Chain working groups, which aim to advance our industry’s approach to human rights and help to inform Hess’ policies and practices. These IPIECA groups are working to develop an online human rights training module for our industry, which is scheduled to be completed in 2021.

**COMMUNITY BENEFITS AND CAPACITY BUILDING**

As part of Hess’ commitment to the communities where we operate, we focus on creating local shared value, mutually beneficial relationships and a safe and reliable environment for our operations. At the local level, our assets and Houston operational headquarters create, maintain and implement strategic social investment, capacity building and infrastructure improvement programs tailored to each operation and community.

We evaluate our programs to confirm a balance of strategic investment and support of local organizations, which helps us meet the changing development needs of the communities where we operate. Hess focuses on established partnerships with key organizations and projects best aligned with our values and the business and the social risks identified through risk assessments. We integrate this strategy into our business, enhancing investment visibility and leveraging volunteer opportunities for our employees.

Our social investment programs contribute to education improvement and work skill development, which are fundamental to sustainable economic growth. We also seek opportunities to have a positive impact on economic inclusion and equity in our supply chain to provide lasting benefit to the communities in which we operate.

In 2020, our social investments totaled nearly $11 million. This included $5 million going toward our $12.5 million commitment to support the Salk Institute’s Harnessing Plants Initiative research and development program (see page 49) and $2.7 million going toward education projects.

Helping our neighbors during the pandemic was an important focus of our social investment activities in 2020. Across our operating regions, we supported local communities through donations to meet COVID-19 related needs and through creative, socially distanced employee volunteer opportunities.

In Houston, we partnered with the nonprofit Second Servings to initiate the “Dinner’s on Us” program, and our Food Services team distributed more than 125,000 meals from April to December. We also donated 12,000 “Stay Well” care packages – including items such as hand sanitizer and reusable masks – to emergency and intensive care workers in Houston’s largest hospital network.

In North Dakota, Hess contributed $100,000 to the Great Plains Food Bank – a contribution that helped the food bank respond to a 45% increase in need during the COVID-19 pandemic. We also donated nearly 200 computers to Minot State University to support virtual learning during the pandemic.

In Malaysia, Hess contributed more than 60,000 units of personal protective supplies – including face masks, hand sanitizers and medical gloves – to hospitals, district health clinics and police headquarters. In addition, we helped distribute almost 4,000 meals to frontline workers and underprivileged communities.

In Guyana, Hess and its joint venture contributed $300,000 to COVID-19 relief efforts. The funding helped to provide additional quarantine facilities, food, sanitation items and equipment through the Civil Defense Commission, Salvation Army and Rotary Guyana.
Local Program Highlights

Hess’ global assets and Houston operational headquarters engaged in a variety of local social investment activities in 2020. The following are selected highlights.

**LEAP Program in Houston**
In Houston, Hess continued to invest in our LEAP (Learn, Engage, Advance, Persevere) educational program and related initiatives, making adjustments for a virtual learning environment due to the pandemic. LEAP aims to support students in economically disadvantaged areas with programs and services to keep them in school and aspiring toward college or vocational training. Since 2013, Hess has contributed approximately $7.4 million to support students in Houston’s underserved Magnolia Park and Second Ward communities.

**Water Watch Programs in Texas and Louisiana**
Hess continues to work with the Gulf of Mexico Alliance (GOMA) to support the sustainability and health of the Gulf’s aquatic resources, primarily through programs that help to improve water quality and clean up marine waste. In 2020, for the third year in a row, we contributed $100,000 to the GOMA Gulf Star program to support Water Watch and citizen science programs.

**JET Apprenticeships in North Dakota**
Job Experience Training (JET) is an apprenticeship program developed by Hess in 2017, in collaboration with Bismarck State College, to develop local, qualified reliability operators in North Dakota. Since inception, 27 apprentices have entered the JET program, 17 have completed the apprenticeship and 12 have transitioned to be Hess employees. Given the success of the program, we made an additional investment of $50,000 in 2020. In 2021, we plan to fund six new JET apprentices.

**Toy Trucks in North Dakota**
In partnership with North Dakota state education officials and the governor’s office, Hess uses toy trucks as STEM (science, technology, engineering and math) teaching tools. Since 2018, we have shipped these trucks, along with a corresponding STEM curriculum designed by Baylor College of Medicine’s Center for Educational Outreach, to every public elementary school in North Dakota. The materials provide teachers with ready made plans for STEM educational opportunities and help children learn about energy efficiency, kinetic energy and other STEM lessons.

**Education in Malaysia**
Hess continues to support local communities in Malaysia by investing in regional education. In 2020, we supported the MyKasih Foundation’s “Love My School” Student Bursary Programme in Kelantan. We “adopted” a school that serves the Orang Asli indigenous community, providing financial assistance to underprivileged primary students to help them complete their educations and build better lives for themselves and their families.

**Capacity Building in Guyana**
In 2020, Hess’ joint venture in Guyana invested more than $3 million in an ongoing effort to build the capacity of the local business community and supplier base, with the ultimate aim of improving long term economic prosperity. A continuing focus has been support for the Centre for Local Business Development (see additional detail on page 19). Looking forward, Hess and our joint venture partners remain committed to continuing investment in programs that support capacity building in Guyana. In this context, we and our joint venture partners have committed a further $8 million in 2021 to continue building on the business development, education, health and agricultural programs.

See more detail on these programs at hess.com/sustainability/social-responsibility
SAFETY AND HEALTH

Safety is Hess’ top priority and one of our core values, embodied within the Hess Value of Social Responsibility. Occupational health and safety, process safety and release prevention, and emergency preparedness and response are three of our most material sustainability issues, and we will continue to prioritize improvement in these areas through our updated environment, health, safety and social responsibility strategy. (See pages 10–11 for our goals and targets through 2025.)

We faced significant health and safety challenges related to the COVID-19 pandemic and the most active hurricane season on record in 2020. We responded to these challenges with what is always our main objective: putting the safety of our workforce first. Our Environment, Health and Safety (EHS) function and our emergency response organization developed and led Hess’ responses to these events, helping us to keep our workforce safe and maintain business continuity while achieving record health and safety performance.

Our safety programs and practices aim to maintain a culture in which employees and contractors keep each other safe on the job so that everyone across our operations returns home safe every day. Our commitment to safety begins at the top of our company, and we work to reinforce it at every level. For example, we include key enterprise-wide safety metrics in our annual incentive plan formula for executives and employees.

We also conduct leadership site visits and safety observations to engage our organization in safety performance. For leadership site visits, we continued to use the “Go to Gemba” approach in 2020 to engage our workforce in conversations about safety. Gemba means “the real place” in Japanese and, in practice, “Going to Gemba” means having leaders from Hess visit our worksites to better understand safety challenges and reinforce our commitment to “everyone, everywhere, every day, home safe.” When a site’s workforce includes contract workers, managers from our contractor companies will often accompany our leaders on these visits. While we had to scale back the site visits in 2020 due to the COVID-19 pandemic, we still completed approximately 115,000 site visits and observations.

In 2020, we held our 12th annual Global Safety Appreciation Day virtually. The event provided an opportunity for the Hess workforce to reflect on safety, review the company’s COVID-19 response and acknowledge our workforce’s contributions to staying safe in a challenging year.

We continue to advance our safety leadership training, which focuses on embedding ownership for safe work with frontline leaders by training them on specific Hess safety expectations and processes that help minimize risk and improve safety performance. We began rolling out this approach in our Bakken asset in 2019 by training 275 frontline leaders to be safety role models who help to set expectations and model key leadership and safety behaviors.

Due to the COVID-19 pandemic, further expansion of this program was delayed. However, we will introduce virtual safety leadership training for frontline leaders at our Bakken, North Malay Basin and Gulf of Mexico assets in 2021, with a particular focus in the Bakken on integrating routine “Go to Gemba” type safety site visits and strategies for more effectively leading discussions about safety. In the Gulf of Mexico and North Malay Basin, we will begin training frontline safety leaders following the model developed in the Bakken. We also continue to collaborate with the Center for Offshore Safety and the International Association of Oil and Gas Producers (IOGP) on a set of process safety fundamentals, which we plan to integrate into our training in the future.

We continued our participation in the development of the American Petroleum Institute’s Onshore Safety Alliance in 2020, drawing on our own experience to support improvement within the oil and gas industry. This effort aims to establish industry standards for managing activities in U.S. onshore exploration and production operations that have historically high incident rates, with the ultimate goal of improving understanding of best practices and creating effective and efficient safety processes that are standardized across onshore upstream operations.

MANAGEMENT APPROACH

At Hess, our objective is continuous improvement in safety performance. The Hess Operational Management System (HOMS), which is discussed in the How We Operate section (see page 14), serves as a framework for managing and measuring our safety performance.

Over the past several years, we have formalized and standardized many of our EHS practices across the company through a global EHS standards project.
SAFETY AND HEALTH

These safety standards and associated procedures address key areas of safety risk – such as energy isolation, dropped objects and confined space entry – and promote leadership, awareness, consistency and accountability across all levels of the organization. As described in the How We Operate section, the EHS Global Standards are now embedded into HOMS (see page 14). We also maintain a set of Hess Rules to clearly express our universal, mandatory safety requirements to our workforce.

We review conformance with the external and internal requirements (e.g., regulations, policies, standards and procedures) related to HOMS through our HOMS Audit Element and associated Assurance Procedure.

The HOMS Assurance Procedure operates in three tiers. At the Tier I Assurance level, and as an independent assurance function within the corporation, the Hess Corporate Audit Department (CAD) conducts annual audits following a risk based plan that covers various topics, including occupational safety and health; drilling, completions and production process safety; and management of environmental impacts. CAD’s annual plan is reviewed and approved by both the Audit Committee and the EHS Committee of Hess’ Board of Directors, while audit summaries are reported to and reviewed by the EHS Committee.

At the Tier II Assurance level, working collaboratively with Hess assets, subject matter experts and technical authorities conduct assessments to evaluate conformance with corporate and asset EHS standards and procedures, as well as with applicable regulations, and assist the assets in addressing identified improvement opportunities.

The Tier III Assurance level constitutes routine self assessments by assets against corporate EHS standards, corporate and asset level procedures, and regulations.

In 2020, Hess’ CAD conducted Tier I audits and consulting activities in accordance with a Board approved plan that was adjusted to account for COVID-19 impacts. Based on asset requests, Hess subject matter experts and technical authorities also completed various Tier II assessments in 2020. At the Tier III level, self assessments in the form of behavioral safety observations, leadership site visits, hazard observations, drilling rig inspections and other reviews occurred throughout the year, although these activities were also impacted by COVID-19.

Beginning in 2021, we have adopted a revised tiered assurance framework. EHS audits will be conducted as part of our Tier II Assurance program, managed by the central EHS function and performed by technical authorities and subject matter experts. In this revised framework, Hess’ CAD will then perform Tier I “health of process” audits of this Tier II EHS Assurance program. In order to preserve audit independence, an EHS audit role was created within the central EHS function with reporting lines separate from operations. The Tier III Assurance structure and activities remain unchanged in the revised framework.

OCCUPATIONAL SAFETY

Hess emphasizes a culture of ownership for occupational safety by empowering workers and giving them the responsibility to identify and mitigate the safety issues relevant to their operations. For example, our behavioral safety observation program (BSOP) trains workers to conduct peer to peer workplace observations in order to identify and track safe and at risk behaviors. Immediate feedback is given to workers who have been observed.

We have implemented formal behavioral safety programs at all of our operated assets and provide ongoing training on behavioral safety, analysis and identification, and conversation skills. After pausing in person trainings throughout much of 2020 due to COVID-19, we hosted an enterprise-wide BSOP virtual summit in October 2020, followed by a series of BSOP virtual training sessions. In 2021, our BSOP efforts will focus on developing asset steering teams that collect and analyze data on an ongoing basis to identify specific actions for continued improvement and to help remove barriers to improvement.

We are in the midst of a multiyear process to build a standardized approach to the competency assurance and learning (CAL) programs that we will use to define, assess and develop workforce competencies. As part of this effort, we are developing a common electronic management system for CAL programs, defining safety critical job profiles across the enterprise and integrating CAL into HOMS. (See page 14 for more on HOMS.) In 2020, our focus was on compliance with regional regulatory training requirements, which we achieved.

Transportation is another key focus of our occupational safety efforts at Hess. The Hess Land Transportation Standard has three pillars: driver training and competency, the use of in vehicle monitoring systems for company owned vehicles, and journey management planning. We also reward drivers who have perfect driving records and recognize them at team safety meetings. We believe this approach has helped us reduce collisions per million miles traveled by 69% from 2016 to 2020. We also reduced time spent driving over the speed limit by 99% from 2018 to 2020, thanks in part to an enhanced in vehicle speed monitoring system we implemented in 2018.

Hess workers are required to take proactive driver training prior to the first time they operate a motor vehicle on company business, with refresher training required
every three years. We modified our in vehicle training program during COVID-19 based on the recommendations of medical and occupational health experts, so we could continue this training safely. For example, we used dedicated, sanitized vehicles; required mask wearing in vehicles; and instructed trainers to ride in the back seat to increase social distancing.

Our Land Transportation team publishes weekly safety bulletins that address key topics, such as distracted driving, safe parking and safety technology. These bulletins are also provided to many of our contractors. Our key contractors are required to comply with Land Transportation Safety Recommended Practice, Report No. 365, published by the IOGP.

We participate in several industry groups to share best practices and further improve our transportation safety. We are active participants in the IOGP Land Transportation subcommittee, which sets industry standards for upstream oil and gas producers, and we adhere to these standards. We also are a board member of the Network of Employers for Traffic Safety, an employer led collaborative group that works to improve the safety and health of employees, their families and community members where they live and work by preventing traffic crashes. Our Bakken asset is an active member of Vision Zero, a traffic safety organization aiming to reduce collisions in North Dakota that includes participation by law enforcement, the state’s Department of Transportation and Department of Health, and the private sector.

Hess’ Corporate Aviation Safety Management System and HOMS form the basis of our aviation safety program. Our aviation standards and procedures frequently go beyond national regulations in our countries of operation, and we regularly conduct aviation contractor safety audits, site visits and readiness reviews to monitor the safe operation of aircraft used to support our operations. While our aviation contractors have experienced no significant Hess related aviation accidents or injuries in more than 25 years, we continuously work with these contractors to further reduce risk. In addition, in response to the expanded use of unmanned aerial systems to survey our assets and operations, we have increased our assurance activities to proactively validate that safe practices are used and regulations are met. While Hess experienced a safe year of aviation operations in 2020, total flying hours were significantly reduced due to COVID-19 and changes to offshore rotations.

Key Performance Metrics
In 2020, we achieved a 19% reduction in our workforce total recordable incident rate (TRIR) compared with 2019, surpassing our goal of a 10% reduction. Our workforce lost time incident rate also decreased in 2020, from 0.18 in 2019 to 0.09. We experienced no workforce fatalities among either employees or contractors during 2020.

Hess’ enterprisewide annual incentive plan metrics include a target aimed at reducing the rate of severe and significant safety incidents. As part of our severe and significant safety incident (SSI) rate, we track near miss incidents that have the potential to result in severe consequences, as well as incidents that result in an actual consequence, including Tier 2 process safety events and recordable incidents. We require that near miss incidents be reported internally and recorded into our incident management system as if an actual consequence had occurred. Our SSSI rate stood at 0.487 for 2020. This represents a 10% reduction compared with 2019 and is better than our target rate of 0.489.

In response to incidents throughout the year, our assets conducted root cause analyses and implemented corrective actions across our onshore and offshore operations.

While we did achieve a significant reduction in TRIR for 2020, primarily driven by a 37% decrease in contractor TRIR year over year, we also experienced a significant increase in employee TRIR from 2019. After observing an uptick in employee incidents in the third quarter of 2020, we conducted a systemic review and addressed factors that may have impacted our workers, such as worker distraction due to COVID-19.
SAFETY AND HEALTH

Local Efforts

Across our operating regions, Hess teams delivered outstanding safety results and continuous improvement in 2020 despite the significant safety challenges posed by the pandemic and a record Atlantic hurricane season.

Hess assets in the Gulf of Mexico achieved their best overall safety record in five years, despite the extraordinary challenges posed by seven hurricanes and the pandemic. Notably, there were zero severe or significant safety incidents in 2020 on the Stampede, Tubular Bells or Baldpate production hubs – including during the six evacuations and subsequent repopulating of the platforms. Additionally, Tubular Bells surpassed its combined safety observation cards/BSOP and leadership site visit target by 22%, and Baldpate achieved a 75% reduction in dropped object incidents year over year.

In the North Malay Basin, Hess achieved several notable safety milestones, with employees and contractors logging 3.2 million work hours without any lost time incidents (LTIs) across Operations, Drilling and Completions, Development Projects and Logistics since July 2019. In May 2020, the offshore production platform achieved three years with no LTIs, while in September the Tok Bali Supply Base achieved five years with no LTIs. Of particular note, the North Malay Basin team completed transportation, installation, hookup, commissioning and startup of a major new mercury removal facility without a single recordable injury.

We successfully completed a 20 day turnaround at our South Arne platform in the North Sea, involving more than 200 people from different regions, without a single known offshore COVID-19 case.

The excellent safety performance at these assets was supported by a strong safety culture, reliance on established Hess standards and procedures for safe operation of the facility, and implementation of a robust control of work process.

PROCESS SAFETY

The aim of Hess’ process safety program is to prevent the unplanned or uncontrolled loss of primary containment of any material, including materials that are nontoxic and nonflammable (e.g., steam, nitrogen, compressed air), that could result in an incident such as an injury, fire, explosion, toxic release or environmental impact.

We focus on understanding and identifying key points within process safety systems that could impact asset integrity and the safe and proper operation of equipment. In particular, we address:

- **Design integrity**: reducing risks in the design and construction of facilities
- **Technical integrity**: inspecting, testing and maintaining hardware and software barriers
- **Operational integrity**: working within operational design parameters

Our approach to process safety involves identifying, managing and mitigating risks across Hess operations. We do this by raising awareness of risks among our workforce, providing strong safety leadership and maintaining a commitment to continuously improving our process safety procedures, systems and standards.

A key strategy we are using to minimize process safety risk is enhancing our integrity management program. Integrity critical equipment (ICE) are barriers and safeguards that prevent or mitigate process safety events (PSEs) through detection, isolation, containment, control or emergency preparedness and response within our facilities. We have established ICE performance standards, which set specific requirements and criteria for inspections and tests to help ensure ICE barriers are effective. In 2020, we again surpassed our target of 98% inspection and testing of ICE, with approximately 12,000 critical performance standard assurance test work orders completed, further expanding our understanding of barrier health. In 2021, we will continue to measure compliance with planned assurance tests and add corrective critical maintenance to our metric. We also plan to initiate a pilot of Hess technical authority led integrity assessments of barrier health, which was deferred in 2020 due to COVID-19.

In 2020, we continued to implement the use of “bow tie” diagrams, which help to visualize threats, barriers and consequences, at our assets in the Gulf of Mexico and North Malay Basin.

We also completed implementation of an electronic Management of Change system at our assets in the Gulf of Mexico and North Dakota.

In Denmark, we continue to strengthen barrier effectiveness and maintenance as part of our effort to obtain third party validation for the asset’s performance standards, as required by applicable legislation. Specifically, we are working to validate the existing assessments of threats, barriers and consequences for the asset to identify and mitigate safety risk. In 2021, we plan to continue validating our maintenance management system by conducting a third party audit of selected performance tests.

Key Performance Metrics

Hess tracks process safety key performance indicators (KPIs) pursuant to the IOGP’s Process Safety – Recommended Practice on Key Performance Indicators, Report No. 456, November 2018. Categorized as Tier 1 and Tier 2 KPIs, these are reported at an enterprise wide level in both internal and external reports.

We experienced an increase in our total number of PSEs in 2020 compared with 2019. However, the overall severity of our
PSEs was lower than in 2019 because we did not have any Tier 1 PSEs in 2020 – a significant achievement. We have completed investigations of the PSEs that occurred in 2020 and are implementing appropriate corrective actions to help prevent similar incidents in the future.

We also track Tier 3 and Tier 4 KPIs, which are leading process safety indicators primarily designed to monitor risk control systems and process safety barriers at the facility, asset or enterprise level. Hess uses these KPIs to drive continuous improvement at particular facilities. An example of a global Production Tier 4 KPI is the execution of required maintenance on ICE, which was an indicator that was again included in the 2020 annual incentive plan bonus calculation for employees.

**Process Safety Events**

<table>
<thead>
<tr>
<th>Tier</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>3</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Tier 2</td>
<td>10</td>
<td>10</td>
<td>19</td>
</tr>
</tbody>
</table>

**EMERGENCY PREPAREDNESS AND RESPONSE**

Hess’ emergency preparedness and response program is designed to respond to actual or threatened injuries to people, spills and releases to the environment, damage to our assets and impacts to the company’s reputation – in that order of priority. We use a three tiered approach to plan for and respond to emergencies that integrates communication and action from the corporate level, in Houston, to asset and facility level response teams. This system helps ensure that standards, plans, information and resources work efficiently so that we understand and address the specific needs of the situation at hand.

Preparedness at Hess involves our emergency response organization (illustrated at right), engagement with officials and communities, emergency facilities and response plans. We undertake regular emergency preparedness and response exercises to engage our employees and key stakeholders, including our contractors, in preparing for and responding to an incident. The exercises help to define and clarify roles, responsibilities and resources. They also include notification drills, in which personnel practice the communication protocols required in case of an emergency, and full scale equipment mobilization exercises. We conduct annual training on hurricane emergency response and choose other topics for training and drills using a risk based approach. For example, we are planning a drill focused on cybersecurity risks in 2021.

Continuous improvement is an essential element of our Emergency Preparedness and Response Standard by which we incorporate lessons learned from incidents and exercises into our preparedness planning, training and future exercises.

Hess’ Gulf of Mexico employees and contractors delivered outstanding safety performance during the record breaking
2020 Atlantic hurricane season. Led by Hess’ emergency response organization, our team responded to seven hurricanes with zero severe or significant safety incidents on the Stampede, Tubular Bells or Baldpate production hubs while simultaneously addressing the challenges posed by the COVID-19 pandemic (see case study on page 33).

At our onshore and offshore facilities, operations personnel collaborated with our Gulf of Mexico Incident Management Team – a cross functional group trained to respond to emergencies on a rotational basis – to close down and reopen our offshore facilities before and after the hurricanes. This team not only prepared Hess people and assets for each storm, they also offered recovery essentials, such as lodging, fuel and generators, to those with damaged homes.

We also maintain relationships with mutual aid and emergency response organizations at the local, regional and global levels (see page 57).

CONTRACTOR MANAGEMENT
Contractors are critical to Hess, comprising around 70% of our total workforce hours and performing key tasks throughout our operations.

We use a recognized industry safety database to standardize our prequalification processes across multiple sites for our U.S. operations. This enables us to clearly communicate requirements and expectations to our contractors and share information efficiently across Hess operations.

HOMS addresses contractor capabilities and competencies, and, as part of this framework, we have implemented a Contractor Management Standard at our operated assets. For in scope contractors, the standard includes requirements from initial sourcing, to contracting, to reviewing the work they do for us. For example, the standard requires that we grade in scope contractors based on factors such as past EHS performance and existing safety management systems. If a contractor receives an unsatisfactory grade based on EHS criteria, the asset vice president or director must endorse a safety improvement action plan before that contractor may be approved for procurement or provide services on a Hess controlled work location. If an operational situation (such as an emergency) requires the use of a contractor that has not completed the prequalification process or that has received an unsatisfactory EHS grade, the asset vice president or director must approve the use of the contractor, and asset management must provide increased oversight.

As an extension of the Contractor Management Standard, we are implementing a new risk based contractor engagement process, developed in 2019, that requires certain engagement activities based on a contractor’s EHS risk profile. One of the required activities is to perform “bridging” for higher risk, in scope contractors using a standard bridging philosophy and methodology that help bring consistency to the exercise and associated documents. The bridging process works to align Hess’ expectations with our contractors’ through a range of other engagement activities including management system reviews and performance evaluations. The process also helps us prioritize engagement with higher risk contractors and focus our contractor management resources accordingly.
We audit contractors through annual management system reviews, desktop reviews and field verification to confirm compliance with applicable Hess EHS requirements; contractor EHS requirements; local, state and federal requirements; and industry standards and best practices. In 2020, desktop reviews were conducted by third parties in place of in person interviews due to COVID-19. In addition, new contractors working on Hess controlled worksites must take part in an onboarding process.

HEALTH AND WELLNESS
At Hess, we prioritize the health of our employees and contractors both on and off the job. In key locations such as Houston and North Dakota – and for eligible employees and their spouses, we offer a comprehensive wellness program that encompasses emotional, social, physical and financial wellbeing. The program includes annual on-site flu vaccines and biometric screenings.

In 2020, COVID-19 was the central focus of our employee health and wellness efforts. In addition to the safety protocols we implemented to protect employees from COVID-19 (see below), we provided enhanced mental health and work life balance support.

We also continue to evaluate health risks as technologies in drilling and operations evolve. In North Dakota, Hess has worked with the National Institute for Occupational Safety and Health (NIOSH) – a branch of the federal Centers for Disease Control and Prevention – to stay abreast of changes to regulations and trending health topics and to promote the health of workers. NIOSH studies have helped Hess to improve work practices, raise awareness among oilfield workers of potential hazards, and find and promote ways of reducing risks in our operations and throughout the industry.

We maintain a random drug and alcohol testing program for employees and select contractors at our U.S. facilities. This effort includes the management of regulatory drug testing programs required by the U.S. Department of Transportation and the U.S. Coast Guard.

Planning and Response to the COVID-19 Pandemic

In 2020, the COVID-19 pandemic was a central focus of our occupational safety and emergency response efforts. As always, our first priority in responding to this crisis has been the safety of our workforce, their families and the communities where we live and operate.

Per our pandemic response plan, we activated our corporate Crisis Response Team, which is composed of an Incident Support Team (IST) and local Incident Management Teams (IMTs) at our assets and office locations in Europe, Asia and the U.S. The IST took charge of long term business continuity, developing and evolving COVID-19 safety and health protocols, remote working arrangements, corporate communications and regular leadership updates. This team was supported by asset level IMTs focused on supporting our operations and office locations, maintaining the health and safety of our workforce and conducting local stakeholder engagement. A Business Continuity Coordinator served as the conduit between the IMTs and the IST, facilitating resource requests and standardizing and streamlining communications.

To help keep our workforce safe, we implemented a range of health and safety measures and evolved those measures based on guidance from the federal Centers for Disease Control and Prevention and other health authorities and with ongoing engagement with various governmental agencies, medical experts, industry peers and suppliers, external industry experts and local communities.

For field workers and others who have been unable to work remotely, we implemented testing protocols, hand hygiene requirements, face masks, social distancing, enhanced cleaning procedures and travel restrictions. To reduce the possibility of COVID-19 transmission among offshore and onshore field based workers, we extended work schedules at offshore platforms, reduced the number of personnel on worksites wherever feasible and instituted work team “pods” to minimize interactions among workers. We also postponed scheduled turnaround work at the Tioga Gas Plant, which was to be part of our capacity expansion at the site, to avoid the potential for COVID-19 transmission that could result from the amount of travel and number of people required to complete the work.

For most of our office based staff, we focused on helping workers transition to remote work, providing information technology, mental health resources and occupational safety support.

In the second quarter of 2020, we began to develop site specific plans to facilitate getting our employees back to office based work. We used a risk based, phased approach to help ensure the continuing safety and health of our workers. This encompassed ongoing review of key criteria, including local COVID-19 case and transmission rates, strain on local health care resources, the availability of essential third party services such as first responders, and the number of our own workers unable to perform their work duties. While the majority of our office based workers continued to work remotely throughout 2020, we were able to restore access to some of our offices with these protocols in place for a limited number of people – primarily employees and contractors who perform tasks that are challenging to do remotely.

We continue to keep our workforce informed about updated guidance from government and health authorities, Hess’ actions, and available benefits and resources through internal channels such as emails, the company intranet site, virtual town hall meetings, internal social media posts and supervisor led small group virtual meetings.

For more on our workforce support efforts related to COVID-19, see page 37; for community support efforts, see page 24.
Our success as a company depends on our people. To attract and retain the best team, we focus on making Hess a great place to work, by building a culture of quality leadership; fostering diversity, equity and inclusion; creating learning and engagement opportunities; driving innovation; and embracing Lean processes. Through our Life at Hess initiative, we seek to deliver a positive and fulfilling employee experience by emphasizing our company culture, managing the physical work environment and incorporating the use of new technologies.

**EMPLOYEE DEMOGRAPHICS**

At the start of 2020, Hess had 1,775 employees. As of December 31, 2020, we had 1,621 employees; approximately 87% were in the U.S. and 13% were in international locations.

<table>
<thead>
<tr>
<th>2020 Employees by Country</th>
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</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>1,405</td>
<td>87%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>140</td>
<td>9%</td>
</tr>
<tr>
<td>Denmark</td>
<td>73</td>
<td>4%</td>
</tr>
<tr>
<td>Libya</td>
<td>3</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>

**EMPLOYEES IN TRANSITION**

In 2020, we reduced our workforce headcount to better align with current activity levels. We focused our headcount decisions on retaining key capabilities and making our organization more effective to support ongoing top quartile performance and future growth. Employees who were not retained through the company’s restructuring were offered enhanced severance packages to help ease their transitions in the midst of the COVID-19 pandemic. We also provided outplacement services to support them with resume preparation, interview skills and job search strategies.

**DIVERSITY, EQUITY AND INCLUSION**

In keeping with our company values and purpose, Hess has a longstanding commitment to diversity, equity and inclusion (DEI) in our workplace, which we believe creates value for all of our stakeholders and is essential to being a socially responsible and sustainable enterprise. DEI is among our most material issues. We continue to prioritize this area in our updated environment, health, safety and social responsibility strategy (see page 11) and in the composition of our Board of Directors. The independent members of the Hess Board are 40% diverse, based on gender, race and/or ethnicity.

Hess’ DEI Council provides executive leadership and direction to our hiring, work environment and development activities. In 2020, we expanded this council to include an executive sponsor from each of our employee resource groups (ERGs). (See pages 13–14 for more on our DEI efforts.)

Our expectations for a diverse and inclusive workplace and a company culture of mutual respect and trust are spelled out in our Code of Business Conduct and Ethics, as well as in our Equal Employment Opportunity, Harassment-Free Workplace and Human Rights and Social Responsibility Policies and other human resources policies. These expectations are reinforced regularly with employees at every level of our company through training. We provide equal employment opportunities for all employees and job candidates regardless of race, color, religion, gender, age, sexual orientation, gender identity, creed, national origin, genetic information, disability, veteran status or any other protected status in all aspects of employment. We provide reasonable workplace accommodations for employees with disabilities, as well as for religious practice, family circumstances and other individual needs. We do not tolerate any form of workplace harassment, including sexual harassment.

**Recruiting Diverse Hires**

In 2020, we continued to advance our efforts to attract more diverse job candidates. For example, we expanded use of a new recruiting technology, HireVue, to recruit for field positions in North Dakota and the Gulf of Mexico. HireVue helps us access a larger talent pool including – for example – expanding our recruiting to historically Black colleges and universities. We also began working with the Professional Diversity Network to gain access to their networks of diverse candidates. We continue to advance our relationship with the National GEM Consortium, which supports the development of diverse STEM (science, technology, engineering and math) talent at the master’s and doctoral levels. As part of the Genesys Works program, we welcomed two more high school level interns who represent diverse backgrounds. We are also supporting the Jackie Robinson Foundation by funding college scholarships and providing internships and mentoring support.

**Fostering Inclusion**

Hess is committed to fostering an inclusive work environment where all employees can reach their full potential. We also create opportunities in the communities where we operate, in our supply chain and in the oil and gas industry as a means to help address societal inequities.
In 2020, Hess leaders began hosting Hess VOICES listening sessions with small groups of underrepresented employees to better understand their experiences in society and at our company. Each member of our Chief Operating Officer’s operating committee attended at least one session. Based on the themes identified, we launched a series of actions to advance Hess’ culture. For example, we expanded our ERGs, which provide an opportunity for employees of similar background – gender, ethnicity, lifestyle or interest – to connect for personal and professional development. We now have ERGs for Asian, Black, Hispanic/Latinx, veteran, female, and lesbian, gay, bisexual, transgender and queer (LGBTQ) employees.

We also enhanced our DEI training in 2020. Building on the unconscious bias training we rolled out to managers in 2019, 2020. Building on the unconscious bias we implemented a new training for all Hess employees, “Fostering an Inclusive Environment,” that includes an online education module followed by a facilitated team discussion. A group of Hess leaders began training and discussions in the fourth quarter of 2020, and teams across the company completed this exercise by the second quarter of 2021. We also trained some employees to be small group facilitators for additional DEI training for all U.S. based employees in 2021.

Hess was included in the 2021 Bloomberg Gender Equality Index, which tracks and reports on public companies’ performance on gender equality and representation, as well as transparency in reporting on gender. We received an 85% score on the 2021 Human Rights Campaign Foundation’s Corporate Equality Index, which ranks the largest U.S. businesses on their practices related to LGBTQ equity and inclusion.

We remain committed to fostering the professional growth of women and minorities at Hess. We are a member of Lean In Energy, an industry group focused on providing women with opportunities for enrichment, development, networking and mentoring, and continue to provide U.S. employees with a corporate membership to the Women’s Energy Network.

### Tracking Our Performance

We track Hess’ U.S. employee demographic metrics, including the proportions of our workforce that are female or minority (as defined by the U.S. Department of Labor). Despite reducing our workforce over the past several years, the percentage of our total female and minority employees has remained largely unchanged.

We also track the number of local national employees in our international operations and report publicly where the number is 100 or more. Overall, the proportion of local nationals and of nationals holding managerial or professional positions has grown over the past five years. During this period, the percentage of local nationals increased from 85% to 97% in Denmark and from 84% to 91% in Malaysia.

### External Efforts

We take part in external efforts and professional organizations that are helping to make our industry more diverse. We are a member of the Human Rights Campaign’s Business Coalition for the Equality Act (see page 21).

We also engage with groups such as the National Business & Disability Council at the Viscardi Center, the National Diversity Council, the U.S. Business Leadership Network, the National Action Council for Minorities in Engineering, the Society of Women Engineers and the Veteran Jobs Mission.

### TALENT MANAGEMENT

Hess takes a strategic and deliberate approach to talent development so that our employees have meaningful opportunities and a clear path to develop within the company.

In 2020, aligned with our efforts to help ensure inclusive and high quality succession planning, we had 217 internal promotions and 131 internal moves. Our talent management efforts also focus on promoting a Lean and innovative culture (see page 16).

### Learning and Development

We’re committed to a culture of continuous learning. Our enterprisewide learning management system, CareerManager Learning, houses computer based training modules and supporting materials for instructor led courses. It also tracks employee training and measures training effectiveness through surveys and evaluations. In 2020, approximately 1,300 employees participated in CareerManager trainings, for a total of around 2,300 hours. This represents a decrease from 2019,
since many of our third party facilitated trainings were not conducted in 2020 due to COVID-19. (These numbers do not include our mandatory safety and technical training, which is tracked and reported separately.)

We were able to shift some of our training online in 2020, including virtual instructor led sessions for new supervisors.

**New Hires and Early Career Programs**

Passport to Hess is an onboarding and orientation program for our new employees designed to facilitate a smooth transition through close interaction with supervisors. After starting at Hess, employees can access a structured, on demand learning program that explains our culture and values. In addition, supervisors receive tools and coaching to help new hires successfully integrate into their work teams. With the onset of the pandemic, our onboarding teams quickly adjusted to the remote work environment, ensuring new workers had equipment before their first day and dedicated resources to assist in their transition.

Early career engineers and geoscientists can take part in our Foundation Program, which helps prepare them for their careers through focused training, mentoring and on-the-job assignments. Over 60% of participants in this program are women and minorities.

Hess has also continued to support the Job Experience Training (JET) apprenticeship program in North Dakota (see page 25). Since 2017, 27 apprentices have entered the JET program, 17 have completed the apprenticeship, and 12 have been brought onto Hess as new hires.

**BENEFITS**

We are committed to offering comprehensive benefits for employees and their families. In 2020, we provided more than $106 million in benefits to our U.S. employees and added voluntary benefit options, such as accident and critical illness insurance and identity theft protection, to broaden coverage options beyond traditional benefit programs. For our U.S. employees, we continue to extend all benefits coverage to spouses and partners and offer transgender benefits and equitable benefits for LGBTQ employees and their families.

We provide an award winning wellness program focusing on emotional, social, physical and financial wellbeing to employees and their spouses and partners. Employees can earn company contributions to their Health Savings Accounts by participating in the wellness program. In 2020, we provided enhanced mental health support during the COVID-19 pandemic. In addition, we award stock to new hires so that all Hess employees are shareholders.

**EMPLOYEE ENGAGEMENT**

We regularly share information with and solicit feedback from employees about our business performance, programs and processes through town hall meetings, webcasts and small group discussions, as well as the company intranet. In 2020, we increased our cadence of communications and leveraged more virtual platforms to help our workforce feel supported and connected in the midst of the pandemic and internal organizational changes. We also poll employees throughout the year to assess engagement based on their pride in our company, their enthusiasm about our future, whether they feel valued and if they believe Hess is a great place to work. In 2019 and 2020, we maintained a high employee engagement score (four on a five point scale) on these assessments.

We continued our education assistance program in 2020, with 60 employees taking advantage of this benefit. Beginning in March 2020, due to the COVID-19 pandemic, most office based employees began working remotely.

During the pandemic, our employees continued to look for ways to make a positive impact on our communities through volunteering and giving. Our Volunteer Policy allows employees, with manager approval, to participate in company sponsored volunteer events during business hours. Employees can request matching gifts of up to $5,000 annually for personal donations, and qualified charities may receive a $500 grant on behalf of employees who support that charity on their own time. In 2020, our employees spent around 1,000 hours volunteering and donated more than $440,000 through our matching gift program. Additionally, our Houston Food Services contractors spent approximately 20,000 hours volunteering through nonprofit Second Servings in 2020, helping to distribute meals to hospitality workers and other Houstonians in need.

**Supporting our Employees During COVID-19**

Throughout the pandemic, Hess has implemented a variety of COVID-19 health and safety measures in consultation with suppliers and partners that include travel restrictions, health screenings for workers entering work sites, social distancing initiatives such as remote working, and the requirement to wear masks. To support employees’ physical and mental wellbeing at this difficult time, we offered “ask the expert” webinars that were accessible on smartphones as well as computers. We also launched a remote work resource center including tips for maximizing online work tools, cybersecurity in a remote work environment, work life balance, leadership during remote working and in times of crisis, and answers to other frequently asked questions.

We also increased leadership communications to keep employees informed about Hess’ response to COVID-19 and to share up-to-date, factual information about the pandemic.
Hess’ Climate Change Position

We see climate change as one of the greatest scientific challenges of the 21st century. We believe climate risks can and should be addressed while at the same time providing the safe, affordable and reliable energy necessary to ensure human welfare and global economic development in the context of the United Nations (U.N.) Sustainable Development Goals. We support the aim of the Paris Agreement, as well as a global ambition to achieve net zero emissions by 2050. Governments, businesses and civil society must work together on cost effective policies. We support a carbon price to encourage the investments needed to accelerate decarbonization across all sectors of the economy while keeping energy affordable.

Our Board of Directors is climate change literate, and our Board’s Environmental, Health and Safety (EHS) Committee, comprised of independent directors, has a mandate to identify, evaluate, monitor and report to the full Board on climate change issues, trends, risks and opportunities. This committee is actively engaged in overseeing Hess’ sustainability practices and works alongside senior management to evaluate climate change risks and global scenarios in making strategic decisions. Furthermore, the Board’s Compensation and Management Development Committee has tied executive compensation to advancing the company’s EHS and climate change goals.

Our climate strategy is closely aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), established by the G20 Financial Stability Board, and its implementation is led by senior members of our leadership team. Our efforts to support the transition to a low carbon economy and mitigate climate change in line with TCFD recommendations have been independently assessed by the Transition Pathway Initiative. We were the only U.S. oil and gas company to be awarded a Level 4-star rating in their September 2020 report.

We set aggressive 2020 targets to reduce Scope 1 and 2 greenhouse gas (GHG) emissions intensity by 25% and flaring intensity by 50% from our operated assets compared to 2014 levels, which we significantly surpassed (see page 46).

As part of our updated EHS & SR strategy, Hess leadership and our Board have set new five year GHG reduction targets for 2025 (see page 46). These targets are designed to exceed the 22% carbon intensity reduction by 2030 in the International Energy Agency’s (IEA’s) Sustainable Development Scenario (SDS), which is consistent with the Paris Agreement’s less than 2°C ambition.

Flaring reduction – particularly from our Bakken operations – is a key driver to reducing our overall GHG emissions intensity. For 2021, continued Bakken flaring reduction is one of the performance metrics in the company’s annual incentive plan. In addition to addressing our direct emissions, we also seek to fund innovation with the potential to mitigate societal emissions. In 2020, we announced a gift of $12.5 million over five years to help fund the Salk Institute’s Harnessing Plants Initiative, a research and development program aimed at developing plants with larger root systems that are capable of absorbing and storing potentially billions of tons of carbon per year from the atmosphere (see page 49). We also address 100% of the indirect emissions from our purchased electricity through a combination of renewable energy generated from the grid and the purchase of renewable energy certificates.

We account for the cost of carbon in significant new capital investment decisions. We conduct scenario planning that includes the SDS, developed by the IEA, to test the resilience of Hess’ portfolio against a range of energy supply and demand, environmental policies and market conditions. According to the IEA’s 2020 World Energy Outlook (WEO), oil and gas are essential to meet the world’s growing energy demand through 2040 – even with the ambitious GHG reductions assumed within the IEA’s well below 2°C scenario (the SDS). In 2020, we once again tested Hess’ portfolio under the SDS and confirmed the robustness of our portfolio and our inventory of forward investments. These 2020 IEA scenarios, although they are long term in nature, reflect the global impact of COVID-19 on short term energy supply and demand. We also consider potential physical risks associated with climate change, such as increased severity of storms, drought and flooding, for new projects and existing operations.

We understand that a substantive climate strategy requires companies to look beyond a five year timeframe. We have established an executive led task force to consider our medium and longer term climate strategy.

Hess’ strategic priorities – to grow our resource base, achieve a low cost of supply and sustain cash flow growth – are aligned with the energy transition needed to achieve the IEA SDS and position us well for the coming decades. Our business planning includes actions we will undertake to continue reducing our carbon footprint consistent with the aim of the Paris Agreement to limit global average temperature rise to well below 2°C.

EXTERNAL ENGAGEMENT

We engage with key stakeholders including government agencies, investors, private landowners and communities on select issues such as climate change, and we will continue to communicate our performance on these topics in this annual sustainability report and the sustainability section of our company website.

Hess has consistently been recognized as a leader in the oil and gas industry for the quality of our performance and our disclosure relating to sustainability (see pages 41 and 65), and we participate in a number of voluntary initiatives related to climate change disclosure.

Hess is the only U.S. oil and gas company to be awarded the highest rating (Level 4-star) by the Transition Pathway Initiative (TPI), a global initiative that assesses companies’ preparedness for the transition to a low carbon economy and their efforts to address climate change. TPI complements and aligns with existing climate reporting initiatives and frameworks such as the TCFD.

(Continued on page 41)
CLIMATE CHANGE AND ENERGY

Hess’ Climate Change Actions, Aligned with the Task Force on Climate-Related Financial Disclosures

Many corporations, lenders and investors are integrating climate change risks and opportunities into their future financial planning. The TCFD provides a universal framework to communicate companies’ responses to the physical, reputational and transition risks of climate change, and the TCFD has become a leading benchmark approach for climate disclosure. Through widespread adoption of the TCFD recommendations, climate related risks and opportunities are meant to become a natural part of companies’ risk management and strategic planning processes.

We believe that Hess’ climate change strategy – fully reviewed and enhanced as part of our materiality assessment and EHS & SR strategy update in 2019–2020 – is aligned with the TCFD recommendations to evaluate the potential impacts of climate change related risks and opportunities on our organization’s operations, strategy and financial planning. We complete annual scenario based carbon asset risk assessments to evaluate Hess’ transition risks. We also examine physical and reputational risks, completing the necessary steps to be aligned with the TCFD’s approach to analyzing climate related risks and opportunities.

The TCFD guidelines describe the corporate disclosures being sought. Broadly, disclosures should fall under four categories: governance, strategy, risk management, and metrics and targets.

<table>
<thead>
<tr>
<th>TCFD FRAMEWORK: CORE ELEMENTS</th>
<th>HESS’ ENVIRONMENT, HEALTH, SAFETY AND SOCIAL RESPONSIBILITY (EHS &amp; SR) STRATEGY: CLIMATE CHANGE ACTIONS</th>
<th>DISCUSSION (PAGE #)</th>
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</table>
| **Governance**                | • Maintain the Board of Directors’ Environmental, Health and Safety (EHS) Committee, which oversees our climate change strategy and other EHS matters and aim to strengthen sustainability and climate governance through periodic reviews and updates to the Committee charter  
• Continue to brief the Board of Directors on climate change matters to help ensure they remain climate change literate and that climate change related risks are considered in the development of company strategies and policies  
• Evaluate alignment with our trade associations with respect to climate related issues  
• Link employee compensation to EHS and climate initiatives, including flare reduction | 12, 17–18, 39, 41, 46 |
| **Strategy**                  | • Maintain a Climate Change Position and update it as needed to align with internal initiatives and stakeholder expectations  
• Support the aim of the Paris Agreement, as well as a global ambition to achieve net zero emissions by 2050  
• Support a carbon price to encourage the investments needed to accelerate decarbonization across all sectors of the economy while keeping energy affordable  
• Set targets to reduce greenhouse gas (GHG) emissions, methane and flaring; continue to take proactive steps to measure and manage emissions and flaring  
• Apply technological innovation and efficiency to decrease energy use and GHG emissions across our operations and continue to explore additional opportunities to do so  
• Work with government and industry partners to advance the development of a range of low GHG emissions pathways and technological advancements  
• Invest in innovative research and scientific solutions to mitigate climate change  
• Continue environmental, social and governance disclosures, such as our annual sustainability report and the CDP Climate Change survey  
• Purchase renewable energy credits, in combination with renewable energy generated from the grid, to address 100% of our Scope 2 emissions from purchased electricity and purchase carbon offsets to mitigate 100% of our business travel related emissions | 39–53 |
| **Risk Management**           | • Utilize an enhanced enterprise risk management process to manage climate change related risk  
• Use International Energy Agency’s (IEA’s) Sustainable Development Scenario (SDS) carbon pricing as a sensitivity analysis for all significant new investment decisions to evaluate risk and return on investment  
• Incorporate carbon risk scenario analysis into our business planning cycle to test the resilience of our portfolio against various alternative views of future market conditions, including evaluation of the most ambitious IEA GHG reduction scenarios, where sufficient public data is available to conduct modeling | 14–15, 41–45 |
| **Metrics and Targets**        | • Set and disclose targets to reduce the carbon intensity of our operations, applying the TFCD’s considerations for target setting  
• Design GHG reduction targets to exceed the 22% carbon intensity reduction by 2030 in the IEA’s SDS, which is consistent with the Paris Agreement’s less than 2°C ambition  
• Reduce operated Scope 1 and 2 GHG emissions intensity by approximately 44% from a 2017 baseline to 17 kilograms carbon dioxide equivalent per barrels of oil equivalent by 2025  
• Reduce operated methane emissions intensity by approximately 52% from a 2017 baseline to 0.19% by 2025  
• Consider the medium and long term aspects of our climate change strategy through a new executive led task force | 46–53 |
We also achieved leadership status in CDP’s 2020 Global Climate Analysis, a position we have held for 12 consecutive years. CDP’s ranking recognizes our continued leadership in transparency and performance as we address climate related risks and opportunities. Hess is one of only two U.S. oil and gas producers to achieve leadership status in the 2020 analysis, earning an A-. We obtained an A- by earning high marks in many of the leadership categories critical to the TCFD.

GOVERNANCE
Hess’ Board of Directors works alongside senior management and actively oversees Hess’ sustainability practices so that sustainability risks – including those related to climate change – are taken into account when making strategic decisions.

The Board’s EHS Committee is tasked with assisting the Board in identifying, evaluating and monitoring EHS risks and strategies with the potential to affect the people, environment or communities where we operate, or our company’s business activities, performance or reputation. The Board is routinely briefed by experts to help ensure members remain climate change literate and that climate change related risks are considered in the development of company strategies and policies. Our Vice President of EHS continued to meet regularly with the Board’s EHS Committee in 2020 to provide updates on climate change related issues and strategic initiatives, to review external drivers for strategy and reporting, and to prioritize ongoing and future actions. (See page 12 of the How We Operate section for more detail on governance.)

In late 2020, Hess established a new task force to lead our climate change strategy implementation and to evaluate the medium and longer term aspects of our strategy. The task force is comprised of nine senior executives from multiple disciplines throughout the company, with oversight provided by our Chief Operating Officer and members of his operating committee. The task force will evaluate three main areas: (1) GHG, methane and flaring data reporting and metrics; (2) opportunities for Scope 1 and 2 GHG emissions and flaring reduction; and (3) feasibility of achieving net zero GHG emissions by 2050.

INVESTMENT DECISIONS
All significant new investment proposals, as presented for approval to senior management, incorporate the cost of carbon as set out in our planning guidance documentation. In geographies where there is an established regulatory framework in relation to carbon dioxide (CO₂) cost, impacts are included in the base case of the investment analysis. Where there is currently no regulatory framework, we evaluate the potential impact of carbon cost as set out in our planning guidance. In April 2021, we updated our planning guidance to expand the evaluation for all significant investment decisions to include a sensitivity using the IEA’s SDS carbon pricing.

RISK MANAGEMENT
Through our enterprise risk management (ERM) process, we have developed risk profiles for each of our assets that identify key risks including those related to climate change. For each risk scenario, we estimate the likelihood and potential impact that the identified risks, including physical, reputational and transition related climate change risks, could have on our business.

We compile all identified risks on an integrated risk register that catalogs actions for managing or mitigating each risk.

Transition Risks
Transition risks are the risks associated with the rate of change in policy actions, technologies or market conditions aimed at emissions reductions, energy efficiencies, subsidies or taxes that may be needed to achieve climate related aims. In order to assess a broad range of transition risks, and as an integral part of our planning cycle, we conduct an annual scenario based carbon asset risk assessment (see pages 43–45).
**Physical Risks**

Hess considers the potential physical risks associated with climate change — such as increased severity of storms, droughts and flooding — for both new projects and existing operations through our ERM and value assurance processes. For example, meteorological and oceanographic studies undertaken for offshore developments include modeling that incorporates assumptions from the latest climate change science. Mitigations to address changing storm magnitude are incorporated into the design of our facilities, where appropriate, and severe weather management and business continuity plans are maintained for severe weather events. See pages 30–32 of the Safety and Health section for details of our emergency preparedness and response efforts related to the 2020 Atlantic hurricane season, which was the most active on record with 30 named storms and 13 hurricanes across the Gulf of Mexico and the Atlantic Ocean, and with seven storms impacting our Gulf of Mexico operations.

We also assess how climate change may impact water availability and water stress in the areas we operate using the World Resources Institute’s Aqueduct Tool.

In 2019, we began an evaluation of our approach to physical risk assessment to inform enhancements to how it is incorporated into our wider ERM process. As part of this effort, we undertook an in-depth assessment of our Gulf of Mexico operations, which considered the potential impact to the facilities and infrastructure we operate, as well as how these may be affected by predicted future climate change scenarios (e.g., increasing storm intensity and coastal flooding). This work identified potential risks associated with worker heat stress and flooding of coastal logistics infrastructure. However, none of the risks identified were unique to Hess and would also impact other operators in the Gulf of Mexico. In 2021, we will conduct an in-depth assessment of our Bakken operations utilizing geographical information system tools to incorporate climate modeling scenarios to evaluate changing vulnerabilities, such as the potential for heat stress and flooding.

We also maintain insurance coverage for physical damage to our property and liability related to negative environmental effects resulting from a sudden and accidental pollution event, excluding Atlantic Named Windstorm coverage, for which we are self insured. The amount of insurance covering physical damage is based on the asset’s estimated replacement value or the estimated maximum loss.

**Reputational Risks**

The TCFD identifies climate change as a potential source of reputational risk or opportunity for companies. The TCFD further categorizes reputational risks and opportunities posed by climate change into three distinct categories:

- Shifts in consumer preferences
- Stigmatization of a sector
- Increased stakeholder concern or negative stakeholder feedback

In 2019, to address this potential risk as identified by the TCFD, Hess undertook an exercise to measure the potential impacts of changes in corporate reputation (driven by climate change risks and opportunities) on Hess’ market valuation. Our analysis attempted to use a Capital Asset Pricing Model (CAPM) to calibrate the historical relationship between the stock price return of Hess to changes in our RepRisk exposure, oil prices and Standard and Poor’s Oil and Gas Stock Price Index.

RepRisk — a global data science company focused on due diligence of material environmental, social and governance (ESG) risks — produces a quantitative summary of the ESG risk exposure of a company, including climate related risks. RepRisk’s assessment of the ESG risk exposure of a company is based on the company’s activities observed by media, stakeholders and third party sources and excludes information provided by the company itself. A company’s RepRisk ESG exposure is based on a combination of company specific ESG risk and country sector ESG risk determined by where the company operates. A company’s RepRisk rating is a proprietary risk metric ranging from AAA to D, which captures and quantifies a company’s risk exposure related to ESG issues. As of February 2021, Hess’ RepRisk exposure of BBB places our company in the lowest category of medium risk exposure, which is comparable to many other oil and gas companies.

The goal of our 2019 analysis was to measure the potential impact of changes in RepRisk scores for Hess resulting from the publication of a series of historical news articles related to climate change risks and then correlate this impact to a change in market valuation for Hess. The CAPM model showed a moderately statistically significant correlation between our stock price and our RepRisk score when general market conditions were assumed to be held constant; however, this did not result in substantial changes in Hess’ market valuation.

While we found this 2019 exercise helpful, we did not repeat this exercise in 2020 because we found that measuring and valuing reputational risks and opportunities is extremely challenging due to the difficulty of isolating the long term climate change related reputation impacts from other company specific, industry related and stock market fluctuations. In addition, we found that these types of climate related risks, for the most part, have already been identified through Hess’ ERM process and are being managed and mitigated through that process.
Carbon Asset Risk Assessment

To help quantify climate related risks and opportunities – and to provide perspectives to our investors and other key stakeholders on how Hess’ oil and gas portfolio might be impacted by a transition to a lower carbon economy – Hess conducts an annual scenario planning exercise as a methodology to assess portfolio resilience over the longer term. This scenario based approach allows us to assess and communicate to our shareholders our understanding of future risks and opportunities in relation to the potential evolution of energy demand, energy mix, the emergence of new technologies, and possible changes by policymakers with respect to greenhouse gas emissions.

Because the Task Force on Climate-Related Financial Disclosures (TCFD) recommends transparency around key parameters, assumptions and analytical choices, Hess has chosen to model the two key scenarios detailed in the International Energy Agency’s (IEA’s) 2020 World Energy Outlook (WEO) against our own internal base planning case. The TCFD recommends that organizations use a scenario under which global warming is kept to well below a 2°C increase, compared with preindustrial levels, to test portfolio resilience. Such scenarios usually feature a reduction in demand for oil, natural gas and coal, and a growth in clean technologies. The Sustainable Development Scenario (SDS) in the IEA’s 2020 WEO, which is part of Hess’ modeling, fits with this recommendation.

Considerations for Carbon Risk Scenario Assessment

To evaluate the potential exposure of our portfolio in a carbon constrained future, we began by considering the long range outlook for energy supply and demand, as well as for oil, gas and carbon prices. We have used the IEA’s 2020 WEO to examine supply and demand and oil, gas and carbon price scenarios through 2040 in the Stated Policy Scenario (STEPS) and the SDS (see ieao.org/reports/world-energy-outlook-2020). These scenarios are recognized as a leading industry standard and benchmark worldwide and are, therefore, an appropriate choice for an oil and gas producer such as Hess.

Our assessment of carbon risk is based on these scenarios, which are premised on a long term view of energy supply and demand. For its 2020 scenarios, the IEA has noted that there are minimal short term impacts on energy supply and demand related to the global COVID-19 pandemic.

In the IEA’s SDS, the emphasis on strong early action and the subsequent rapid reduction in emissions is fully aligned and internally consistent with the Paris Agreement’s objective to hold temperature rise to well below 2°C. The SDS is also consistent with universal access to modern energy by 2030 (United Nations (U.N.) Sustainable Development Goal 7, target 7.2) and net zero emissions by 2070.

We have not modeled the WEO’s newly introduced 2050 Net Zero Emissions Scenario, which is more aggressive than the SDS in reducing carbon dioxide (CO₂) emissions, on the basis that the IEA does not provide sufficient public data in the form of oil and natural gas demand, energy price and portfolio impact information to conduct the appropriate modeling.

The pair of charts below depicts the 2020 WEO’s world energy demand and CO₂ emissions under the IEA’s two key scenarios.
In STEPS, which is consistent with enacted energy policies and a pragmatic view of proposed policies, worldwide energy use is expected to grow by approximately 20% between 2019 and 2040. While there is a decline in demand for coal in this scenario between 2019 and 2040, oil and natural gas are expected to grow by 7% and 29%, respectively, and account for 54% of the energy mix in 2040, up by 1% from the prior year’s STEPS.

In the SDS, worldwide energy use is projected to experience a moderate decline of 10% between 2019 and 2040. While oil and natural gas demand is projected to decrease by 24% in 2040, demand is still expected to account for nearly half of the energy mix (46%).

While the SDS projects lower oil demand in the 2040 timeframe, the IEA states that “decline in production from existing fields creates a need for new upstream projects, even in rapid energy transition” (2020 WEO, page 21).

In terms of the continuing upstream oil and gas investment required to meet such demand, in STEPS, projected annual global spending averages about $600 billion to meet demand during the 2020–2040 period. In the SDS, continuing investment in both new and existing oil and gas fields remains an important part of the energy transition (see the IEA chart above, right). Approximately $390 billion of annual upstream oil and gas investment is required to meet demand in the 2020–2040 period.

Since the oil price crash of 2014, upstream oil and gas investment has been significantly curtailed. During the past five years, upstream oil and gas investment has averaged about $400 billion annually, well below historical levels prior to 2014. In 2021, upstream oil and gas investment is projected to average about $320 billion, which is about 20% below the last five year period. Even with a major capital reallocation from fuels to power, the IEA’s SDS requires upstream oil and gas investment over the next 20 years to approximate the past five years, at slightly under $400 billion per year. The oil and gas industry is a long cycle mix (46%).

The three charts below show the oil, natural gas and CO₂ prices under the IEA’s STEPS and SDS against Hess’ base case. As these charts show, there is a wide spread of oil, natural gas and carbon prices in the IEA’s two key scenarios – STEPS and SDS – running our current asset portfolio and intended forward investments through these varying sets of assumptions to assess financial robustness. The three charts below show the oil, natural gas and CO₂ prices under the IEA’s STEPS and SDS against Hess’ base case. As these charts show, there is a wide spread of oil, natural gas and carbon pricing across the two IEA scenarios, a key ingredient for informative scenario planning.

Hess’ Approach to Scenario Planning
The TCFD recommends that, once a less than 2°C scenario is established, companies should define a base case or business-asusual outlook for the future. The base case should use the same set of metrics as the less than 2°C scenario (e.g., oil demand, carbon prices and other market factors) and share the same fundamental economic foundations. Establishing multiple scenarios allows measurement of the delta between metrics at future points to properly understand the envelope within which risk and opportunity may occur.

Hess’ approach to scenario planning is aligned with the TCFD recommendations. We have prepared internal guidance that details our approach and establishes a specified methodology. This also serves as a roadmap for our external verifier to review and verify that we followed our specified methodology when conducting this scenario analysis.

Our first step in this process was to establish a Hess base case, which for 2021 was premised off a $45 per barrel Brent oil price, increasing to $55 per barrel in 2022 through 2040, and a $2.75 per million British thermal units Henry Hub natural gas price held constant for the 2021–2040 period; both cost bases are in 2021 real terms. In addition, in the base case, we applied either actual carbon pricing for our assets and intended forward investments (where a regulatory framework for such exists) or used a carbon price of $40 per tonne through 2040 for other geographies. Hess’ base case was then compared against the various oil, natural gas and carbon prices in the IEA’s two key scenarios – STEPS and SDS – running our current asset portfolio and intended forward investments through these varying sets of assumptions to assess financial robustness.
Results of the Hess Scenario Planning Exercise

Through our methodology, we have tested the robustness of Hess’ asset portfolio and intended forward investments under multiple energy scenarios, including the IEA’s SDS. In the chart below, the first column shows the net present value (NPV), at a 10% discount factor, of the Hess portfolio under our base case commodity and carbon prices normalized to 100%, and the second column shows the NPV of the Hess portfolio under the IEA’s SDS as an index to the Hess base case. The NPV of the Hess portfolio under the IEA’s SDS assumptions is 10% higher than under the Hess base case assumptions.

This demonstrates the robustness of Hess’ portfolio against even the most challenging of the IEA’s scenarios, aligned with the goals of the Paris Agreement, driven by our conservative planning assumptions as they relate to crude oil prices and the competitive pipeline of future investments in our portfolio.

Validation of Hess Strategy

With the lower oil demand assumed in the IEA’s SDS, industry competition will intensify, and higher cost producers may be forced out of the marketplace. Our scenario analysis validates Hess’ strategic priorities to grow our resource base, have a low cost of supply and sustain cash flow growth. This strategy is consistent with the IEA’s SDS, which envisions a meaningful role for oil and natural gas through 2040, when oil and natural gas are still projected to account for 46% of global primary energy demand.

Although recent events and market conditions have necessitated major reductions to our capital and exploratory budget, over the longer term, Hess plans to allocate the majority of our capital expenditures to developing the company’s assets located offshore of Guyana and in the Bakken shale play in North Dakota. Our offshore oil discoveries in Guyana are among the industry’s largest discoveries made globally over the last decade. The Liza Phase 1 and Phase 2 and Payara developments have long term oil price breakeven costs of between $25 and $35 per barrel Brent oil, at point of sanction for a 10% return. They also have rapid investment payback and strong cash flow generation under a range of oil prices, thereby underpinning and validating Hess’ strategy.

In the Bakken, Hess has approximately 1,600 and 2,200 locations at $50 per barrel and $60 per barrel West Texas Intermediate (WTI), respectively, that can generate at least a 15% internal rate of return. That equates to greater than 60 to 80 rig years for the company, assuming one rig drills 30 wells per year.

We expect that the combination of Guyana’s low breakeven costs, along with aggressive cost reduction activities in the Bakken, will contribute substantially to structurally lowering our portfolio breakeven costs to less than $40 per barrel Brent oil by 2025. As a result, Hess is well positioned for the long term to retain our share in the marketplace as a low cost producer, even with the gradually reducing global oil demand projected under the IEA’s SDS.

In summary, based on the results of our 2020 scenario planning analysis, we conclude that it is highly unlikely any of our assets would be “stranded” by CO2 pricing including under scenarios that are consistent with the aim of the Paris Agreement – and we believe that during the projected period we can continue to monetize our reserves and deliver strong performance under a wide range of market conditions.
CLIMATE CHANGE AND ENERGY

METRICS AND TARGETS

Performance Against 2020 Reduction Targets

In 2015, we set aggressive 2020 targets to reduce Scope 1 and 2 GHG emissions intensity by 25% and flaring intensity by 50% from our operated assets compared to 2014 levels. We are pleased to report that we have significantly surpassed both of these targets. Specifically, Hess has achieved the following:

• Reduced the flaring intensity of our operated assets from 276 standard cubic feet (SCF) per BOE in 2014 to 114 SCF per BOE in 2020, or by 59% versus our target of 50%

These results were primarily achieved through investing more than $3.4 billion in midstream infrastructure in North Dakota over the past nine years and strong production performance.

Based on the Hess GHG Inventory Protocol, which is published on our company website, and as part of our target setting process, we restated our 2014 baseline and subsequent years' emissions in our 2018 Sustainability Report to remove the impact of the divestitures that took place in 2017 and 2018. At that time, we decided to maintain our commitment to achieving our original 25% GHG emissions intensity and 50% flaring intensity reduction targets. In the operated GHG emissions and flaring charts shown at left, we reference restated numbers for the purpose of continuity. All target related discussions are based on restated numbers, which remove the impact of the divestitures.

New 2025 Reduction Targets

As part of Hess’ updated climate change strategy and in alignment with TCFD’s criteria for target setting, we have established a new GHG intensity reduction target for 2025, using 2017 as a baseline. Our new target is to reduce the GHG emissions intensity of our operated assets to 17 kilograms (kg) carbon dioxide equivalent (CO₂e) per BOE by 2025 versus 2017. Hess’ new GHG intensity reduction target (see table on page 47), is based on our operated Scope 1 and 2 GHG emissions normalized by production. This target results in a 44% GHG intensity reduction between 2017 and 2025, which is more aggressive than the IEA SDS’ 22% reduction by 2030, and keeps us aligned with the Paris Agreement’s less than 2°C ambition. This target is also designed to place us in a leadership position for emissions performance among our peers in the oil and gas industry, based on current publicly available data.

Continued flare reduction is a primary driver for achieving our 2025 GHG emissions intensity target and, therefore, we have not established a separate 2025 flare target. However, we continue to focus on gas infrastructure and flare reduction initiatives in the Bakken. Compensation has been tied to performance on these initiatives to help drive further GHG reductions. Specifically, we have set a target to achieve a 7% gross flaring rate from wells and pads, as reported to the North Dakota Industrial Commission (NDIC), in 2021. This target is more aggressive than the 9% gross flaring rate currently required by the NDIC.

As part of advancing our updated climate change strategy, Hess has established a new executive led task force (described more fully on page 41) that will evaluate the medium and longer term aspects of our strategy.

While natural gas continues to play a critical role in the transition to a low carbon economy, there remains debate about fugitive methane leakage along the natural gas value chain and whether that may have the potential to reduce this fuel’s climate benefits. We are a founding member of the ONE Future Coalition, a group of companies from the natural gas industry focused on reducing methane emissions across the value chain. We are also founding participants in The Environmental
Partnership, which aims to further action to reduce air emissions associated with natural gas and oil production. Our voluntary commitments to pursue emissions reductions through these groups are described further on pages 51–52.

Consistent with these efforts, Hess is setting a new target, detailed in the table at right, to reduce operated methane emissions intensity to 0.19% by 2025. This target equates to a 52% reduction in methane emissions intensity versus our 2017 baseline.

We expect that our continued efforts to increase natural gas capture and reduce flaring, paired with our leak detection and repair program and replacement and retrofit of the remaining high bleed pneumatic controllers in our North Dakota operations, will support achieving this target.

**GREENHOUSE GAS PERFORMANCE**

We report GHG emissions from our oil and gas assets on both operated and equity bases. Our GHG emissions estimates include CO₂, methane and nitrous oxide, which are reported in units of CO₂e. In 2014, Hess began using global warming potentials based on the values in the Fourth Assessment Report: Climate Change 2007 (AR-4), prepared by the Intergovernmental Panel on Climate Change, to estimate CO₂e totals.

Approximately 94% of Hess’ direct reported (Scope 1) operated GHG emissions are from stationary combustion sources such as flaring, heaters, turbines and engines. The factors used to estimate emissions for these sources enterprise-wide are those prescribed by the U.S. Environmental Protection Agency (EPA) in its GHG Mandatory Reporting Rule (40 CFR Part 98, Subpart W). The remaining 6% of our reported operated GHG emissions are from a variety of noncombustion and fugitive emissions sources, such as storage tanks, compressor seals, pneumatic pumps and valves. For such sources at onshore facilities, we use the emissions factors prescribed by the EPA in its GHG Mandatory Reporting Rule (40 CFR Part 98, Subpart W). Hess uses other appropriate regulatory or industry specific factors to estimate fugitive emissions for all other facilities.

We also report indirect emissions associated with purchased electricity (Scope 2) and other indirect (Scope 3) emissions.

**Operated Emissions (Scopes 1 and 2)**

In 2020, of the estimated 3.7 million tonnes of gross GHG emissions reported from our operated oil and gas assets, 3.3 million tonnes were Scope 1 emissions, primarily from flaring and fuel combustion, and approximately 0.4 million tonnes were Scope 2 emissions from purchased electricity. Process operations (primarily fuel combustion) and flaring accounted for 38% and 56% of our Scope 1 GHG emissions, respectively.

In 2020, our absolute GHG emissions decreased by 0.7 million tonnes compared with 2019, due primarily to a significant reduction in natural gas flaring in North Dakota associated with aggressive expansion of our natural gas gathering and processing infrastructure. Our cumulative GHG emissions intensity through 2020 (i.e., tonnes of emissions per thousand BOE) decreased by 46% compared to our 2014 baseline, thereby significantly surpassing our 25% GHG intensity reduction target for 2020.

**Equity Emissions (Scopes 1, 2 and 3)**

Since 2007, Hess has tracked GHG emissions from our operated and nonoperated oil and gas assets based on our equity interest. The graphs on page 48 detail our Scope 1, 2 and 3 emissions from 2008 to 2020 on an equity basis. These graphs show that over the past 13 years we have reduced our absolute Scope 1 and 2 equity emissions from 10.8 million tonnes of CO₂e to 4.4 million tonnes, or approximately 59%. During the same period, Scope 3 equity emissions decreased from 114 million tonnes to 53 million tonnes of CO₂e, or 53%. In total, over this period, our combined Scope 1, 2 and 3 absolute CO₂e emissions have decreased 54% through a combination of emissions reduction initiatives, asset sales and refinery shutdowns.

**Scope 1 and 2 Equity Emissions**

Our major source of Scope 1 and 2 emissions from nonoperated oil and gas assets in 2020 was from the A-18 Block in the Malaysia/Thailand Joint Development Area. Our equity emissions from this asset were approximately 1.1 million tonnes, a decrease of 0.1 million tonnes from 2019.
Major sources of emissions from our operated assets in 2020 included those from the Tioga Gas Plant and our North Dakota, North Malay Basin and offshore Gulf of Mexico production assets, which together accounted for an estimated 2.4 million tonnes of equity emissions.

Our other operated and nonoperated assets made up the balance of equity emissions at an estimated 0.9 million tonnes, of which Guyana accounted for approximately 0.4 million tonnes from the first full year of production for the Liza 1 development. Our 2020 Scope 1 and 2 equity emissions were approximately 0.1 million tonnes higher than in 2019, primarily due to increased production.

**Scope 3 Equity Emissions**

Scope 3 GHG emissions are those generated from corporate value chain activities that are not accounted for and reported in our Scope 1 and Scope 2 emissions. We disclose our Scope 3 GHG emissions, the vast majority of which are from the processing and end use of our sold products, on an equity basis as described below.

Unlike fully integrated energy companies that are positioned to offer a full range of energy products and services directly to consumers, Hess, as an exploration and production company, has no direct control over these Scope 3 emissions. Therefore, we are focusing on scientific solutions and innovative research with the potential to address GHG emissions on a global scale.

Our support of groundbreaking research on plant based carbon capture and storage by the Salk Institute is described on page 49.

Hess supports a carbon price to encourage the investments needed to accelerate decarbonization across all sectors of the economy while keeping energy affordable. We believe that a market based mechanism will drive innovation for new technologies and lead to a more efficient end use of hydrocarbon products. A policy that puts a price on carbon should ensure uniform cost of GHG emissions on a CO2e basis throughout the global economy and should address key pricing risks, such as carbon leakage, energy affordability and policy durability, and equity issues such as regressive impacts on underdeveloped communities.

To estimate our Scope 3 emissions, we follow the methodology established by IPIECA in its 2016 report *Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas Emissions*. This guidance, which is currently the industry standard, is based on the World Resources Institute’s and World Business Council for Sustainable Development’s Scope 3 guidance.

Per the IPIECA guidance, we report Scope 3 emissions for category 11 “Use of Sold Products” by calculating combustion emissions for our oil, natural gas and marketed oil products. We also report Scope 3 category 10 “Processing of Sold Products” emissions, which result from the refining of our crude oil production by others.

In 2020, we sold 554 million standard cubic feet per day (MMSCFD) of natural gas, which, when used by customers, accounted for an estimated 11 million tonnes of GHG emissions. We sold 239 thousand barrels per day of crude oil, which accounted for another 38 million tonnes of GHG emissions, for an estimated total of 49 million tonnes of Scope 3 category 11 emissions. This crude oil, when processed by refiners, resulted in an additional 4 million tonnes of Scope 3 category 10 emissions, which brings our total Scope 3 emissions to 53 million tonnes.

The 8% increase in Scope 3 emissions compared with 2019 is primarily related to a 6% increase in oil equivalent sales year over year, as well as a shift in product mix to slightly more oil sales relative to natural gas.

Although not material, we also track and report Scope 3 emissions associated...
with employee business travel. Combined emissions from employee business travel via commercial air carrier and rail in 2020 were less than 1,000 tonnes of CO₂e, significantly reduced from prior years due to COVID-19 related travel restrictions.

**Carbon Offsets**
As an element of our EHS & SR strategy, we purchase carbon credits annually to offset 100% of our Scope 3 business travel emissions and 100% of our Scope 1 and Scope 3 emissions associated with operating the company’s truck fleet, aviation activities (aircraft and helicopters) and personal and rental vehicle miles driven while on company business. Due to the COVID-19 pandemic, both business travel and fleet operations emissions were considerably reduced from 15,340 tonnes of CO₂e in 2019 to 9,800 tonnes in 2020.

We purchased 9,800 tonnes of carbon credits from 3Degrees for the retirement of offsets related to a third party landfill gas-to-energy project in Montana. This contribution offset 100% of the GHG emissions we estimate were generated from our business travel (694 tonnes of Scope 3 emissions) and company operated truck fleet, aviation activities and vehicle miles driven in 2020 (9,082 tonnes of Scope 1 and 3 emissions).

**EMISSIONS REDUCTION INITIATIVES**
In support of our GHG emissions and flaring intensity reduction targets, we track and monitor air emissions at each of our assets and undertake a variety of emissions reduction initiatives. Our efforts focus on our largest emitting facilities, on opportunities that are technically and economically feasible, and where we are able to achieve stakeholder approval.

As discussed earlier, we established a new executive led task force in 2020 to provide oversight for our climate change strategy implementation and to evaluate the medium and longer term aspects of our strategy. A subgroup of this task force will focus on identifying and recommending GHG reduction opportunities, evaluating and implementing technologies as appropriate and evaluating capital and infrastructure requirements. Initially, the group is considering the following:

- Optimizing field development and infrastructure plans for our Bakken operations
- Examining alternatives to wellhead flaring, such as utilizing natural gas for onsite power generation or conversion to liquefied natural gas
- Examining Power Purchase Agreements to address Hess’ electricity needs through renewable energy, thereby offsetting or eliminating our Scope 2 GHG emissions

The subgroup will report out on these initiatives to our Chief Operating Officer’s operating committee.

**Contribution to the Salk Institute’s Development of Plant Based Carbon Capture and Storage**
As an additional measure beyond our greenhouse gas emissions reduction target, which is currently focused on our operated Scope 1 and 2 emissions, we are pursuing ways to help mitigate climate change on a global scale. We are now into our second year of a five year commitment of $12.5 million to help fund the Salk Institute’s Harnessing Plants Initiative research and development program. As our CEO, John Hess, stated, “What better way to help tackle the challenge of climate change than by harnessing the power of Mother Nature, which has been capturing and storing carbon since the beginning of time. Research being done at the Salk Institute has the potential to be a game changer in addressing climate change.”

Salk’s research is a bold, scalable approach aimed at using plants to mitigate climate change. The initiative is run by leading biologists and chemists in the fields of plant genetics and biochemistry and builds on their discovery of a crucial gene to enhance the natural abilities of plants to store CO₂. One track of Salk’s research, the Harnessing Plants Initiative, is targeted at developing plants that can store more carbon and keep it in the soil longer. The aim is to develop plants with larger root systems that, according to the Salk Institute, are capable of absorbing and storing potentially billions of tons of carbon per year from the atmosphere.

Hess recently donated an additional $3 million to create a newly endowed Hess Chair in Plant Science, intended to recognize outstanding individuals making a significant impact on plant science research. The first holder of the Hess Chair in Plant Science, Wolfgang Busch, is being recognized for his contributions and dedication to advancing science through research.

**Flaring**
In 2020, flaring from Hess operated assets totaled 52 MMSCFD, a decrease of 19 MMSCFD or nearly 27% compared with 2019, primarily related to our focus on natural gas capture through increased availability and reliability at our compressor stations, with reliability increasing from 87% in 2019 to 95%; aggressive expansion of gathering infrastructure; enhanced communication with third party gatherers; and improved planning of new wells to prioritize gathering of new natural gas production. We are taking multiple steps, which are described on the following pages, to continue to drive flare reductions in the next several years.

On an intensity basis, we have reduced our cumulative flaring intensity by over 59% through 2020 compared with our 2014 baseline.
CLIMATE CHANGE AND ENERGY

Emissions Reduction Initiatives

The following case studies are additional examples of emissions reduction initiatives at Hess.

Natural Gas Capture
We have continued to use technology developed through our partnership with GTUIT – a designer, manufacturer and operator of wellsite natural gas capture and natural gas liquid (NGL) extraction equipment – to recover high British thermal unit (BTU) gas from locations in North Dakota that were previously flaring this raw, wet natural gas. The GTUIT equipment successfully addresses some of the technical challenges associated with capturing NGLs from the Bakken gas. The units are modular and mobile, they can operate reliably unmanned, and they can adapt to the changing flow conditions at the well level.

In 2020, we operated four GTUIT mobile units and two ColdStream energy recovery units (14 MMSCFD of capacity in total), allowing us to capture 2.2 million gallons of NGLs. As a result of this NGL capture, about 120 MMSCFD of gas flaring was avoided, and CO₂e emissions were reduced by an estimated 13,705 tonnes. This project provides dual economic and environmental benefits because it converts gas into marketable products, as well as reduces the amount of gas flared and the associated air emissions. Utilization of the units was scaled back in 2020 due to the pandemic amid record low commodity prices.

More than $3.4 billion has been spent on midstream infrastructure in North Dakota over the past nine years, supporting our strong performance in 2020. Through our subsidiary, Hess Midstream LP, we are continuing to execute significant capital projects to increase natural gas capture rates and reduce flaring in the Bakken region.

- The Tioga Gas Plant is planned to be shut down for approximately 45 days in the third quarter of 2021 to complete a turnaround that will allow for required maintenance and completion of the $150 million expansion project that commenced in 2020. The expansion will increase plant capacity from 250 MMSCFD to 400 MMSCFD and allow the plant to process a combination of additional Hess and third party natural gas. During the turnaround, we will lose the capacity to gather and process natural gas at the Tioga Gas Plant. This will likely result in a temporary increase in flaring at certain sites where allowed by applicable regulations. It will be our aim to limit this nonroutine flaring, but it is likely that there will be some impact on our 2021 GHG emissions performance.

Ultimately, the increased capacity gained from the expansion project will help reduce flaring in future years.

- As a result of limited gas capture and processing facilities, increased volumes of gas were flared south of the Missouri River prior to 2019. Hess Midstream LP partnered with Targa Resources to build a new $200 million gas plant, the Little Missouri Four gas plant, which came online in August 2019 and can process up to 200 MMSCFD of natural gas that had previously been flared. Hess Midstream LP is now able to utilize the plant as planned.

Flexible Hose for Freshwater Transport
In North Dakota, we continue to utilize flexible hose to transport fresh water directly from the water sources to our wells, instead of using truck transport. In 2020, 100% of the water we used for hydraulic fracturing in North Dakota (approximately 20 million barrels) was transported using flexible hoses, eliminating 178,042 truck deliveries and 8.9 million truck miles driven and reducing about 19,392 tonnes of transportation related GHG emissions.

Utilizing Wellsite Natural Gas for Electricity
In 2020, we initiated a pilot project through a company called Digital Stream Energy to take natural gas from a wellsite that would otherwise be flared to generate electricity. The electricity generated is used to power computer servers. The natural gas consumed by this pilot project was 250,000 SCFD, which equated to around 1,300 tonnes of CO₂ emissions in 2020. We will continue to monitor this pilot and will evaluate expansion options at additional wellsites.

Replacement of Diesel with Natural Gas
Hess Midstream LP’s compressed natural gas (CNG) fuel facility near the Tioga Gas Plant in North Dakota has been in operation since 2016. The CNG is partially displacing diesel in high horsepower engines for drilling and in water heaters for well completion operations in the region and is capable of fueling CNG/gasoline bifuel light duty trucks. In 2020, the operation of this facility helped to displace 1,230,000 gallons of diesel fuel, resulting in a reduction of 3,561 tonnes of CO₂e.

Initiatives to Reduce Flaring in Midstream Operations
In 2020, several initiatives were pursued to reduce flaring at individual compressor stations and the Tioga Gas Plant in North Dakota. One such effort, for which we collaborated with Kinder Morgan, is detailed in the Social Responsibility section of this report (page 23). As a result of these efforts, in total, our Bakken flaring volume was reduced by 1 billion cubic feet in 2020, which is equivalent to a reduction of 81,238 tonnes of CO₂e.
Over the last 30 months, Hess Midstream LP has added approximately 200 MMSCFD of additional gas compression capacity. Two new compression stations were built at Blue Buttes and East Nesson, and the Wheelock, Sorkness and Myrtle compressor stations each had two compressors that were added. Hess Midstream LP also reactivated the Silurian and Legacy Blue Buttes Compressor Stations and will be activating an additional 14 MMSCFD of capacity at the new Blue Buttes Compressor Station in the second quarter of 2021, which will significantly expand our ability to bring more natural gas to market.

Over the next several years, we plan to continue to pursue additional natural gas processing and compression capacity, which will help us continue to reduce flaring.

At many of our production facilities, Hess relies on third parties to provide the natural gas gathering and processing infrastructure needed to mitigate gas flaring. In 2019, the rate of gas capture by third party gathering and processing facilities was less than expected. In 2020, we made significant inroads in improving third party gathering and processing rates by enhancing communication to share learnings and collaborate on improving capacity.

We are continuing to explore additional commercial arrangements to improve third party gas gathering and processing capacity in an attempt to minimize flaring.

**Methane**

In 2020, our total Scope 1 methane emissions were around 10,900 tonnes, down from around 12,800 tonnes in 2019. This equates to around 272,200 tonnes of CO₂e (assuming a Global Warming Potential of 25), which represents around 9% of our operated Scope 1 GHG emissions. Our major sources of methane are fugitive emissions from pneumatic devices, pumps, tanks, compressor seals and pipelines, and the residual unburned methane associated with flaring.

Stakeholder interest in methane emissions has been at the forefront in recent years. The Biden Administration has committed to review the EPA’s and Bureau of Land Management’s regulations to control methane emissions from oil and gas operations and revise them as needed. The oil and gas industry, through the American Petroleum Institute (API), has expressed its willingness to work with the Biden Administration and other interested stakeholders to advance direct regulation of methane from both new and existing sources as part of API’s new Climate Action Framework.

One ongoing element of our EHS & SR strategy has been to pursue voluntary reductions in methane emissions from two angles: performance based targets and best practices. In support of our strategy, in 2014, Hess and seven other companies founded the ONE Future Coalition – a group with representation from across the natural gas industry focused on identifying policy and technical solutions that yield continuous improvement in the management of methane emissions associated with the production, processing, transportation and distribution of natural gas. By the end of 2020, ONE Future membership had grown to around 40 companies. ONE Future offers a performance based, flexible approach that is expected to yield significant reductions in methane emissions. ONE Future’s measurement protocol has been approved by the EPA.

The goal of ONE Future is to voluntarily lower methane emissions to less than 1% of gross methane production across the U.S. value chain by 2025. Peer reviewed analyses indicate that a leak/loss rate of 1% or less across the U.S. natural gas value chain provides immediate GHG reduction benefits. To achieve this goal, ONE Future has established 2025 methane emissions rate targets for each sector of the natural gas value chain: production (0.28%), gathering and boosting (0.08%), processing (0.11%), transmission and storage (0.30%) and distribution (0.22%), which cumulatively total the 1% target. The combined target for the three sectors in which Hess has operations (production, gathering and boosting and processing) is 0.47%.

In 2019, the ONE Future members’ cumulative methane emissions intensity was 0.33% across the U.S. onshore natural gas value chain, the same as in 2018. The improvements made in methane intensity performance by ONE Future companies since 2014 have been acknowledged by the U.S. Department of Energy’s National Energy Technology Laboratory in a number of studies. ONE Future’s 2020 progress report will be published later this year.

In 2020, Hess’ onshore U.S. methane intensity was 0.51%, slightly above the 2025 ONE Future combined target of 0.47% for the sectors in which we operate. Our relative methane intensity continues to improve, and we attribute this to the continued implementation of our leak detection and repair (LDAR) program across all of our North Dakota production facilities and our program to phase out high bleed pneumatic controllers. We anticipate that we will achieve the ONE Future targets by 2025.

Our combined U.S. methane emissions intensity across our onshore and offshore operations was 0.22% in 2020, while our global methane intensity was 0.15% – both based on the ONE Future Protocol calculation methodology.
In addition to these commitments, as part of our EHS & SR strategy update, we established a 2025 global methane intensity target. Our new target uses natural gas sales as a denominator, where the ONE Future Protocol uses methane production. For our new global methane intensity target of 0.19% by 2025, we are using a 2017 baseline intensity of 0.40%; our 2020 intensity based on this methodology was 0.22%.

We will continue to report progress on the ONE Future targets for our onshore U.S. operations in addition to progress on our new global target.

Other External Commitments

In a related voluntary effort to adopt and promote industry best practices, Hess became one of the founding participants of The Environmental Partnership (The Partnership) in 2017. The Partnership is focused on technologically feasible and commercially proven solutions that result in significant emissions reductions. In addition to specifying best practices for member companies over specific timeframes, The Partnership provides a forum for participants to share information and analyze best practices and technological breakthroughs in order to help the industry improve its understanding of emissions reduction strategies.

A key goal of The Partnership is furthering action to reduce air emissions associated with natural gas and oil production. The Partnership has initiated several programs and allows member companies to decide which are best suited for their operations.

The Partnership originally launched three oil and gas emissions reduction programs for member companies to implement and phase into their operations starting January 1, 2018. Hess was one of the first companies to commit to participating, and we have been implementing the two programs applicable to our operations in North Dakota, as follows:

• Leak Program for Natural Gas and Oil Production Sources: Participants will implement monitoring and timely repair of fugitive emissions at selected sites utilizing detection methods and technologies such as EPA Method 21 or optical gas imaging cameras. Hess conducted 850 semiannual surveys at 421 sites in 2020.

The Partnership initiated three new voluntary programs in 2020 focused on pipeline blowdowns, compressor station emissions reductions and flare management. Hess has committed to participating in all three programs and was able to shape the Flare Management Program by serving as the development co-chair. Companies participating in the Flare Management Program commit to advance best practices that reduce flare volumes, promote the beneficial use of associated gas, improve flare reliability and efficiency when flaring does occur, and collect data to calculate flare intensity as the key metric to gauge progress from year to year.

Hess submits information on our implementation of all of these programs to The Partnership, which in turn publishes an annual report every summer. We also plan to report on our progress in each of these programs as part of our annual sustainability report.

In line with our commitments through The Partnership and ONE Future, in 2020, we continued implementation of our LDAR program across all Hess operated facilities in North Dakota.

The third original program, involving manual liquids unloading for natural gas production sources, is not applicable to Hess because we do not currently operate any natural gas-only production wells.
Further detail on our LDAR program is provided in the Environment section of this report and at hess.com/sustainability/environment.

ENERGY USE
Reducing our energy use has the dual benefit of lowering costs and GHG emissions, and it is a central focus of both our EHS & SR strategy and our Lean approach to managing our business. We generate and purchase energy primarily for power, processing, heating and cooling. In 2020, energy consumption from Hess operated assets was approximately 28 million gigajoules, 2% lower than in 2019. Seventy-two percent of Hess’ energy use was directly generated from our operations, primarily at the Tioga Gas Plant and at our production facilities in North Dakota, the North Malay Basin, Denmark and the Gulf of Mexico. The remaining 28% was indirect energy (i.e., energy used by utilities to provide electricity) purchased for our North Dakota production operations and the Tioga Gas Plant.

In 2020, our U.S. operations accounted for all of our purchased electricity of approximately 840,000 megawatt hours (MWh), or a 20% increase from last year, primarily attributable to increased production in North Dakota and the conversion of new compressor stations from natural gas to electric compression. Based on U.S. electricity generation profiles, we estimate that approximately 27% of this electricity was generated from renewable sources, primarily wind power. We also support renewable energy through the purchase of renewable energy certificates (RECs) so that, in total, 100% of the net electricity used in our operations is attributable to renewable sources.

To offset our purchased electricity that came from nonrenewable sources, we purchased 634,000 Green-e Energy certified RECs from Multiple Mix Products, including wind, solar, biomass, landfill, geothermal or hydroelectric, equivalent to 634,000 MWh or about 76% of the electricity purchased for our operated exploration and production assets in 2020. In total, including the RECs, 100% of our indirect energy use came from renewable sources.

See more detail on our purchased electricity use at hess.com/sustainability/climate-change-energy/energy-use.
Protecting the environment is a core commitment for Hess and a central part of the work we perform every day. We strive to reduce our footprint across the range of our potential environmental impacts, including water and energy use, air emissions, waste and spills. We dedicate significant staff and resources to this effort to help ensure compliance with environmental laws and regulations, international standards and voluntary commitments. We have developed key performance metrics to track our environmental performance and drive improvement over time at both the enterprise and asset levels. Some of these metrics are also factored into our annual incentive plan, helping to further advance our culture of environmental stewardship.

We collaborate with peers, governments and nongovernmental organizations (NGOs) to help drive environmental performance improvements across our industry. We sponsor and actively participate in the Bakken Production Optimization Program, a research program led by the Energy and Environmental Research Center (EERC) and funded by the North Dakota Industrial Commission, that aims to improve Bakken system oil recovery and reduce the environmental footprint of Bakken oil and gas operations. In 2020, we continued working with the EERC as part of the Intelligent Pipeline Integrity Program (iPIPE), a consortium of oil and gas producers leading and funding research on innovative technologies to detect leaks and other pipeline integrity issues (see page 61). The iPIPE consortium is one of several initiatives we are sponsoring that are designed to help meet North Dakota Governor Doug Burgum’s challenge to achieve zero pipeline spills.

We also voluntarily sponsor the Houston Advanced Research Center, which aims to develop science based solutions to environmental issues associated with oil and gas development.

**WATER MANAGEMENT**

The communities and ecosystems where we operate depend on water to thrive. Hess operations have the potential to impact water resources, primarily through our use of fresh water and possible impacts on water quality that could occur due to well integrity issues, spills or discharges. We continue to employ a risk based, lifecycle approach to managing water through which we carefully assess and work to mitigate any potential impacts on water resources in both our onshore and offshore operations.

Water management, in particular reducing the potential for impacts to freshwater resources, continues to be one of our most material sustainability issues. In 2020, we updated our stressed water resource analysis in the Bakken region – the primary region where we use fresh water for our operations – and confirmed that we are not operating in any high baseline water stress areas. While the potential for us to impact fresh water is therefore limited, we know this is an issue of importance to our stakeholders and generally for safeguarding the environment.

Engaging with stakeholders on water management issues is central to our approach. In the Bakken region, we have developed our water use strategy based on engagement and feedback with local stakeholders, including local governmental authorities. We are active members of the IPIECA Water Working Group, which aims to help companies improve their water use performance and reduce their water footprint by providing sound analysis, assessment tools, good practices, credible data sources and appropriate indicators. We are also members of the Energy Water Initiative, a collaborative effort among 20 oil and gas companies to study, describe and improve lifecycle water use and management in upstream unconventional oil and natural gas exploration and production.

We also engage with a variety of nonprofit organizations focused on water issues. For example, Hess is a member of the Gulf of Mexico Alliance’s Gulf Star program. The Gulf of Mexico Alliance is a nonprofit, public–private partnership that aims to enhance the ecological and economic health of the Gulf region by encouraging collaboration among government agencies, businesses, education providers and NGOs. In 2020, we continued to support projects focused on water quality and citizen science engagement. For example, we worked with the Gulf Offshore Research Institute and the Barataria-Terrebonne National Estuary Program, which focus on cultivating native plants and grasses to restore the function and habitat of critical Gulf Coast wetlands.

See the Shale Energy section online for more detail on our approach to water management in our shale operations: hess.com/sustainability/environment/shale-energy

**Freshwater Use**

Most of our freshwater use occurs in our onshore operations, where we primarily use it for drilling and completions in upstream operations and for cooling in midstream gas processing. We also need fresh water offshore for some drilling
operations and to supply potable water to personnel on offshore rigs; however, we primarily meet these needs by using reverse osmosis to make fresh water from seawater. When necessary, we bring fresh water from onshore river systems to offshore rigs.

Hess’ total freshwater use in 2020 decreased by 28% compared with 2019. The largest driver of this decrease was a reduction in freshwater use in our Gulf of Mexico drilling operations (specifically fresh water brought in from onshore river systems rather than made from seawater). Our freshwater use for onshore drilling and completions operations in the U.S. was 29% lower than in 2019. This decrease was largely the result of reduced activity because we drilled 88 fewer wells and hydraulically fractured 47 fewer wells in 2020 than in 2019.

As our operational profile and practices continue to evolve, we remain committed to assessing the best ways to reduce water use impacts across our operations. In 2021, we plan to continue evaluating completion strategies to maximize product recovery while focusing on effective utilization of water resources.

The total amount of water we need for our operations and our ability to reuse produced water varies based on the geology of the formation, production levels and changes in hydraulic fracturing technologies, among other factors. In North Dakota, our freshwater reduction strategy primarily involves reusing produced water – the nonpotable water that is released from underground formations along with produced oil and natural gas – for production maintenance. During 2020, we used 142,541 cubic meters of produced water to replace fresh water in our operations – less than in 2019 due to reduced production and completions activity, which decreases our opportunities to use produced water.

Water Quality

Our onshore operations have the potential to affect water quality, primarily through releases that could occur due to well integrity issues or spills. Offshore, potential water quality impacts are related to releases that could occur from well integrity failures, other oil spills or produced water discharges.

We have implemented rigorous management practices to help mitigate the potential for impacts on water quality, including continuously improving our approach to well integrity and to managing produced water, our primary source of wastewater. In 2020, we initiated several projects to better understand and mitigate our potential to affect water quality. We began two pilot projects focused on produced water management: one testing new tools to improve the measurement and tracking of produced water collection, reuse and disposal; and the other assessing new approaches to treat and reuse produced water during completions. We also initiated a project to evaluate potential microplastics pollution from offshore drilling; this project involves testing for microplastics in seawater near the three platforms we operate in the Gulf of Mexico, in our discharge water, and in all of the chemicals used in the processes at those platforms.

We discuss responsible produced water management in more detail online at hess.com/sustainability/environment/shale-energy; we discuss release prevention, a central element of our efforts to protect water quality and one of our top material sustainability issues, on page 57.

Discharges from Offshore Facilities

Discharges from our offshore facilities, including drilling mud, drill cuttings and produced water, have the potential to impact water quality. These waste streams are either reinjected for disposal or reservoir management, discharged directly to the ocean (when allowed by applicable regulations) or transported to shore for treatment and disposal or recycling. In 2020, our offshore facilities discharged to sea approximately 1,500 tonnes of nonaqueous drilling mud and cuttings, which included 80 tonnes of nonaqueous base fluid.

Offshore produced water discharges to sea totaled an estimated 1 million cubic meters
in 2020, with an average oil content of 5 parts per million volume (PPMV) for a total of 9 tonnes of oil discharged. This data reflects a year-on-year decrease in PPMV and tonnes of oil discharged.

At our South Arne asset, we have significantly reduced the amount of produced water discharged to sea by instead reinjecting it into our wells to stimulate production. By reinjecting the produced water, we are able to offset our use of seawater and reduce the environmental footprint of our North Sea operations. We steadily increased reinjection volumes of produced water from an estimated 76% in 2014 to 88% in 2019; we maintained an 88% reinjection rate in 2020. While reinjection is somewhat driven by regulations, we have gone beyond what is required, substantially reducing our produced water discharges over time.

**SPILL PREVENTION**

The prevention of releases is one of Hess’ top material sustainability issues. We maintain spill preparedness and response plans and conduct emergency response exercises at each of our assets. To support a swift and effective response to any loss of primary containment (LOPC) incident, we maintain strong relationships with mutual aid and emergency response organizations at the local, regional and global levels.

Hess’ international oil spill response needs are supported by our partnership with Oil Spill Response Limited (OSRL), an industry funded cooperative. International and domestic travel, medical and security incident responses are covered by our agreements with International SOS and Global Guardian. Our domestic needs for oil spill response are supported by the Marine Spill Response Corporation, Clean Gulf Associates, the Sakakawea Area Spill Response Cooperative, Tri-State Bird Rescue and Research, and the Wildlife Center of Texas. Hess representatives serve on the board of directors of OSRL and on the executive committee of Clean Gulf Associates, a nonprofit oil spill cooperative that supports the Gulf of Mexico.

Our international subsea well control preparedness and response capabilities are supported by Wild Well Control. Hess is a member of the OSRL Global Dispersant Stockpile and the Capping Stack agreements that would support our international assets’ well control activities, if needed. In the Gulf of Mexico, we are members of and serve on the executive committee of the Marine Well Containment Company. These organizations provide well capping, containment and dispersant capabilities, as well as equipment and personnel mutual aid.

We are active members of the Oil Spill Response Joint Industry Project organized by IPIECA and the International Association of Oil & Gas Producers, and we contribute to the IPIECA Oil Spill Working Group in support of our international assets. We are also a member of the Oil Spill Emergency Preparedness and Response Subcommittee of the American Petroleum Institute (API). In addition, we participate in Area Planning Committee meetings for Regions 6 and 8 of the U.S. Environmental Protection Agency.

We track LOPC events through our incident reporting system by size and material, and we report spills following applicable industry and regulatory guidance. We also use leading and lagging indicators to monitor LOPC performance, including continuing to tie LOPC performance to our annual incentive plan.

In 2020, the number of hydrocarbon spills decreased by 31% compared with 2019, and the volume decreased by 69%. The number of nonhydrocarbon spills decreased by 17% compared with 2019, and the volume decreased by 14%.
We continued to implement a range of programs focused on spill prevention in 2020. To address spills that result from corrosion and integrity issues, we continued to enhance our inspection and surveillance programs. For example, in the Bakken we implemented enhanced, real time, remote monitoring systems for equipment, including integrity critical equipment, that track alignment with applicable operating parameters to help us identify and prioritize maintenance planning and response. We also undertook engineering studies and mitigation efforts to protect facility pipeline equipment from residual fracturing proppants, which can impact reliability and integrity. In addition, we continued to enhance the range of key performance indicators we use to track performance internally and increase internal transparency and reporting.

We are also continuing a multiyear effort through the API’s Pipeline Safety Management System group to implement API Recommended Practice 1173, which is related to pipeline safety management systems. A key aspect of our commitment to this initiative is the evaluation and enhancement of our integrity management systems pertaining to pipelines.

**LIFECYCLE APPROACH TO WELL INTEGRITY**

Maintaining the integrity of our wells – that is, preventing the uncontrolled or unintended release of oil, natural gas or produced fluids to the surface or belowground to aquifers – is fundamental to protecting the environment, the health and safety of our workforce and the communities where we operate and to safeguarding our product.

For all Hess wells, both offshore and onshore, we take a lifecycle approach to integrity. In the initial design phase, we identify the appropriate barrier systems for maintaining integrity throughout the well lifecycle. We establish these barriers during construction and maintain and monitor them through production and maintenance, and then we add new barriers during abandonment.

Our global standards for well integrity outline the criteria for installation, verification, maintenance and operating limits for barriers to be used through the lifecycle of the well, and they require completion of a detailed well barrier diagram before undertaking activities in the field; an example well barrier diagram is shown on our website at hess.com/sustainability/environment. We use a combination of barriers – such as casing, wellheads, seal assemblies, blowout preventers, cement, packers and bridge plugs – that work together to prevent uncontrolled flow. For example, we use cement in the annular space between the casing and the underground formation as a key structural component to protect aquifers.

We require a minimum length of annular cement above and below potential flow zones that meets or exceeds applicable regulations. We also require maintaining multiple and redundant barriers throughout the well lifecycle, and our minimum requirements for the configuration of blowout preventers on drilling rigs meet or exceed applicable regulations.

We validate well components and barriers as part of the construction process to verify they are working as designed. For example, we pressure-test barriers and well components during construction, after first utilizing computer models to confirm we will not overpressure the component during testing. We utilize techniques including well logging that either meet or go beyond applicable regulatory requirements to validate correct cement placement between the production casing and the formation before completing our wells. In deepwater offshore wells, we use remotely operated vehicles to verify cement installation and proper isolation of wellbore fluids from the environment.

We monitor each well’s integrity from initial drilling through plugging and abandonment. Offshore, barriers critical to well integrity are digitally monitored on a continuous basis.

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**Deepwater Assets**

Deepwater assets, which include wells at a depth of more than 1,000 feet underwater, can, in certain circumstances, present unique challenges compared to land based wells. In particular, because offshore wells tend to operate much deeper and under greater pressure, they present specific risks related to the containment of accidental discharges. Hess currently operates offshore production facilities in the Gulf of Mexico at the Baldpate, Tubular Bells and Stampede Fields. These assets are subject to the U.S. federal government’s Safety and Environmental Management System regulations, which provide a systematic approach for identifying, managing and mitigating hazards.
Onshore, annular pressures are routinely monitored as an indicator of well integrity issues; however, we are in the process of transitioning to a remote, digital, continuous monitoring system.

In 2020, we updated and enhanced our well integrity management system, which defines the organizational structure responsible for managing well integrity and the standards, procedures and risk management protocols that support well integrity. The enhanced management system establishes a framework of technical standards and procedures for each stage of the well lifecycle and associated field activity that specify requirements for designing, constructing and operating Hess wells. The standards require the identification and assessment of elements critical to well integrity, including the barriers designed to prevent or stop the uncontrolled flow of well fluids. Moving to this structured and holistic approach to well integrity is in line with our commitment to operating safely and delivering value in our diverse global portfolio.

Moving forward, we will continue to enhance our system based on ongoing reviews of field activity and will reassess integrity risks throughout the well lifecycle if we identify or anticipate any material changes to a well’s design, construction or eventual operation. We are also continuing to improve documentation, data collection and key performance indicator reporting to measure compliance with applicable technical standards and procedures and to enhance the chain of communication as responsibility for the well passes from one Hess team to another.

We conduct formal environmental and social impact assessments (ESIAs) on major capital projects as part of site evaluation, selection and risk assessment. These ESIAs include biodiversity baseline studies, as well as screenings of identified species using the International Union for Conservation of Nature (IUCN) Red List and other threatened, endangered and protected species lists. We use the results of ESIAs to create mitigation strategies, where appropriate. Even where the conditions or circumstances do not call for a full ESIA, we routinely conduct biodiversity risk screenings and impact assessments and undertake appropriate mitigation activities. In addition, we conduct assessments when the classification of species and habitats on the IUCN Red List changes in areas where we operate.

As part of our goal to improve biodiversity management at Hess’ global assets, we have developed threatened and endangered species field guides for personnel to use during field activities. We also have a standard work instruction...
for all projects involving field activities to help ensure we take appropriate steps to protect natural resources across our operations.

We monitor the addition of new species to the U.S. Fish and Wildlife Service’s national endangered and threatened species lists. Through these efforts, we identify locations where we may need to conduct new biological risk assessments and, where applicable, develop mitigation plans as a result of these listings. Also, where appropriate, we adjust drilling site locations to accommodate habitat features and priorities for certain species. During the 2020 construction season, a total of 31 onshore pipeline projects in the Bakken region required environmental evaluation. Of those 31 projects, 25 required field studies. Based on those field studies, 13 projects required mitigations or adjustments to protect species habitat, including that of the threatened Dakota skipper moth, and 17 projects included wetlands mitigations.

Hess utilizes third party software programs, such as the Integrated Biodiversity Assessment Tool, to identify protected areas and key biodiversity areas, as well as specific species listings. We maintain a list of IUCN Red List species with habitats that overlap with our operations. (See table above, which provides a snapshot of relevant species at this report’s publication time.) The IUCN updates the Red List species classifications regularly based on new information and improved data from ongoing third party studies, and we update our species list accordingly.

We also identify IUCN protected areas (categories I–III) adjacent to our operations. In 2020, there were four such areas, all in North Dakota (Lostwood Wilderness Area, Fort Union Trading Post National Historic Site, Two Top and Bit Top Mesas and Theodore Roosevelt National Park).

We regularly work with our industry peers on biodiversity related issues. For example, we are an active member of the Biodiversity and Ecosystem Services Working Group of IPIECA. We participate in the API’s Endangered Species Working Group, with the goal of proactively balancing oil and gas development with environmental decision making. We also participate in the Cross-Sector Biodiversity Initiative, a partnership of IPIECA, the International Council on Mining and Metals and the Equator Principles Association. This initiative brings the mining, oil and gas and financial sectors together to develop and share good practices for safeguarding biodiversity and ecosystems.

WASTE
We generate a variety of waste streams, including waste specific to drilling and production activities. For each Hess asset, we manage waste through specific waste management plans designed to comply with all applicable regulatory and Hess requirements for that location, as well as to protect human health and the environment. These plans, which are developed to align with the Hess Waste Management Standard, require the application of our waste minimization principles of “Remove, Reduce, Reuse, Recycle, Recover, Treat and Dispose” – with disposal being the least preferred option.

In 2020, we generated approximately 43,000 tonnes of solid waste, approximately 98% of which was classified as nonhazardous according to applicable regulations. Our overall waste generation volume was lower in 2020 compared with 2019 due to a decrease in asset retirement obligations and a reduction in field activity related to the ongoing COVID-19 pandemic.

We also disposed of approximately 61,100 tonnes of drill cuttings from our North Dakota asset at licensed disposal sites in 2020. These drill cuttings, as well as the discharges from our offshore facilities (see page 56), are not included in our overall waste totals per IPIECA reporting guidance.

We have continued our efforts to reduce landfilled piping waste by decontaminating it (i.e., removing technologically enhanced naturally occurring radioactive material, or TENORM) and then recycling it. In 2020, we recycled 150 tonnes of nonhazardous piping waste in North Dakota due to these efforts.

AIR EMISSIONS
The normal operation of fuel combustion and processing equipment as well as flaring activities result in air emissions of nitrogen oxides (NOx), sulfur dioxide (SO2) and volatile organic compounds (VOCs). Fugitive emissions sources,
including those related to product loading and storage, also can contribute to VOC emissions. In 2020, absolute emissions of NOx, SO2 and VOCs decreased and, compounded by increased oil and natural gas production compared with 2019, intensities of these three pollutants decreased as well.

We observed a decrease in absolute and normalized NOx emissions in 2020 due in part to decreased consumption of fuel gas at compressor stations and decreased flaring. The newer compressor stations that have come online in recent years utilize electric driven compressors, replacing natural gas fired engines. Additionally, in 2020, flaring was reduced and operations were optimized at the Tioga Gas Plant, meaning that electric compression was prioritized ahead of natural gas fired engines.

Absolute SO2 emissions in 2020 were significantly reduced compared with 2019. This is mainly attributable to the phaseout of processing legacy gas containing hydrogen sulfide and decommissioning of the sulfur recovery unit, both at the Tioga Gas Plant.

Both absolute and normalized VOC emissions decreased slightly from 2019 to 2020, primarily attributable to reduced flaring.

Leak Detection and Repair
As mentioned in the Climate Change and Energy section, we continued our leak detection and repair (LDAR) program in 2020 across all of our U.S. onshore operations. LDAR helps us to achieve emissions reductions as part of our ONE Future and API Environmental Partnership commitments. In our North Dakota production operations, the LDAR program helps to decrease the turnaround time for repairs identified through LDAR inspections. The program has a formalized process for assigning work material flows to field personnel, which helps to increase the accountability and efficiency of any needed repairs.

Environmental Expenditures
Hess received 10 alleged violations for various administrative activities regarding timing on submittals, well status changes and procedural reporting activities. Of the 10 alleged violations, seven resulted in penalties totaling $34,000 during 2020. The majority of our environmental fine and penalty expenditures ($31,000) in 2020 were from a 2018 spill that reached state waters in North Dakota. Other expenditures were related to an alleged transfer delay of a waste storage drum from one of our facilities to the waste disposal facility (no releases or impacts occurred) and a well pad stormwater collection bypass valve that was determined to be improperly closed.

Intelligent Pipeline Integrity Program in North Dakota
Hess continues our active involvement in the Intelligent Pipeline Integrity Program (iPIPE), a collaboration of oil and gas operators, the Energy and Environmental Research Center – a nonprofit division of the University of North Dakota – and the North Dakota Industrial Commission (NDIC). Program participants are investing a total of $9 million (a $2.6 million grant from the NDIC plus matching funds from participating operators) over a period of four years to research and demonstrate emerging technologies that can enhance pipeline integrity efforts and then encourage industrywide adoption of worthy technologies. Participating operators have also contributed more than $2.5 million in additional in-kind donations as part of their support of the research projects.

Each year, iPIPE members review a range of technologies and choose a few for additional investment and testing. In 2020, iPIPE members supported the following three projects:

- Continued funding and testing of Direct-C technology, a pipeline coating that can act as a sensor to detect leaks.
- Continued assessment of a low orbiting satellite based leak detection system that is able to synthesize data collected from thousands of miles of pipeline into simple visualizations and actionable alerts of potential leaks. In 2020, the assessment was expanded to test the system’s ability to identify leaks in colder weather and to identify vapor methane and liquid leaks. Controlled small releases of liquids and methane were used to test the leak detection capabilities of the satellite technology compared to mid and long wave optical gas imaging (OGI) cameras, fixed wing aircraft and drone leak detection devices. The results suggested that the satellite based remote methane detection was effective.
- Funded and laid the groundwork to test a new satellite based leak detection technology with different detection methods and opportunities for identifying leaks compared to the technology previously assessed, which will launch in 2021.

We will continue to test the effectiveness of these systems compared to our current standard OGI camera based LDAR systems, maintaining our current LDAR practices until remote sensing systems are further improved and accepted as regulatory best practice.
PERFORMANCE DATA

This table contains a subset of our publicly reported performance data. An expanded version of this table, which includes cross references to supporting narratives in this sustainability report, can be found at hess.com/sustainability/performance-data/key-sustainability-metrics.

Our annual report, U.S. Securities and Exchange Commission (SEC) Form 10-K filing and proxy statement, which can be found at hess.com/investors, provide more detail on our financial and governance information. A copy of our annual EEO-1 Report to the U.S. Equal Employment Opportunity Commission, which includes additional detail on our diversity metrics, can be found at hess.com/sustainability/how-we-operate/diversity-and-inclusion.

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<tbody>
<tr>
<td>Sales and other operating revenue $ Million</td>
<td>4,667</td>
<td>6,495</td>
<td>6,323</td>
<td>5,466</td>
<td>4,762</td>
<td></td>
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<tr>
<td>Net income (loss) attributable to Hess Corporation $ Million</td>
<td>(3,093)</td>
<td>(408)</td>
<td>(282)</td>
<td>(4,074)</td>
<td>(6,132)</td>
<td></td>
</tr>
<tr>
<td>Total assets $ Million</td>
<td>18,821</td>
<td>21,782</td>
<td>21,433</td>
<td>23,112</td>
<td>28,621</td>
<td></td>
</tr>
<tr>
<td>Total debt (including finance lease obligations) $ Million</td>
<td>8,534</td>
<td>7,397</td>
<td>6,672</td>
<td>6,797</td>
<td>8,068</td>
<td></td>
</tr>
<tr>
<td>Total equity $ Million</td>
<td>6,355</td>
<td>9,706</td>
<td>10,888</td>
<td>12,354</td>
<td>15,591</td>
<td></td>
</tr>
<tr>
<td>Debt to capitalization ratio %</td>
<td>57.4</td>
<td>43.2</td>
<td>38.0</td>
<td>36.1</td>
<td>30.4</td>
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<thead>
<tr>
<th>Exploration and Production</th>
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</thead>
<tbody>
<tr>
<td>Total net equity hydrocarbon production* Thousand BOE/D</td>
<td>331</td>
<td>311</td>
<td>277</td>
<td>306</td>
<td>322</td>
</tr>
<tr>
<td>Total operated hydrocarbon production** Thousand BOE/D</td>
<td>454</td>
<td>394</td>
<td>323</td>
<td>340</td>
<td>361</td>
</tr>
<tr>
<td>Proved reserves (total) Million BOE</td>
<td>1,170</td>
<td>1,197</td>
<td>1,192</td>
<td>1,154</td>
<td>1,109</td>
</tr>
<tr>
<td>Liquids (crude oil (light and medium oils), condensate &amp; natural gas liquids) %</td>
<td>78</td>
<td>78</td>
<td>75</td>
<td>72</td>
<td>74</td>
</tr>
<tr>
<td>Gas %</td>
<td>22</td>
<td>22</td>
<td>25</td>
<td>28</td>
<td>26</td>
</tr>
<tr>
<td>Reserve life Years</td>
<td>9</td>
<td>10</td>
<td>12</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Replaced production (excluding asset sales) %</td>
<td>95</td>
<td>104</td>
<td>170</td>
<td>351</td>
<td>119</td>
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<table>
<thead>
<tr>
<th>Selected Economic Metrics</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Capital and exploration expenditures $ Million</td>
<td>2,039</td>
<td>2,340</td>
<td>2,168</td>
<td>2,154</td>
<td></td>
</tr>
<tr>
<td>Income tax expense/(benefit) $ Million</td>
<td>(11)</td>
<td>461</td>
<td>335</td>
<td>(1,837)</td>
<td>2,222</td>
</tr>
<tr>
<td>Royalties and other payments to governments $ Million</td>
<td>388</td>
<td>580</td>
<td>468</td>
<td>379</td>
<td>330</td>
</tr>
<tr>
<td>Cash dividends paid to shareholders $ Million</td>
<td>309</td>
<td>316</td>
<td>345</td>
<td>363</td>
<td>350</td>
</tr>
<tr>
<td>Employee wages and benefits (U.S.) $ Million</td>
<td>591</td>
<td>594</td>
<td>598</td>
<td>603</td>
<td>707</td>
</tr>
<tr>
<td>Interest expense before income taxes $ Million</td>
<td>468</td>
<td>380</td>
<td>399</td>
<td>325</td>
<td>338</td>
</tr>
<tr>
<td>Operating costs $/BOE</td>
<td>10</td>
<td>12</td>
<td>13</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td>Supplier spend (approximate) Billion</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Total social investment $ Million</td>
<td>11</td>
<td>8</td>
<td>7</td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td>Nitrogen oxides (NOx) taxes $ Million</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.8</td>
<td>0.8</td>
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<table>
<thead>
<tr>
<th>Our People</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Number of permanent employees #</td>
<td>1,621</td>
<td>1,775</td>
<td>1,708</td>
<td>2,075</td>
<td>2,304</td>
</tr>
<tr>
<td>U.S. %</td>
<td>87</td>
<td>86</td>
<td>86</td>
<td>85</td>
<td>83</td>
</tr>
<tr>
<td>International %</td>
<td>13</td>
<td>14</td>
<td>14</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>Part-time employees %</td>
<td>&lt;1</td>
<td>&lt;1</td>
<td>&lt;1</td>
<td>&lt;1</td>
<td>&lt;1</td>
</tr>
<tr>
<td>Full-time employees %</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Employee turnover – voluntary %</td>
<td>3</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Employee layoffs %</td>
<td>13</td>
<td>0</td>
<td>20</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td>Female employees (U.S. and International) %</td>
<td>26</td>
<td>26</td>
<td>26</td>
<td>28</td>
<td>27</td>
</tr>
<tr>
<td>Minority employees (U.S.) %</td>
<td>22</td>
<td>22</td>
<td>22</td>
<td>23</td>
<td>25</td>
</tr>
<tr>
<td>Employees represented by collective bargaining agreements %</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Safety Performance</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Fatalities – workforce (employees + contractors) #</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Hours worked – workforce Million hours</td>
<td>13.2</td>
<td>16.0</td>
<td>14.9</td>
<td>20.8</td>
<td>21.7</td>
</tr>
<tr>
<td>Employee total recordable incident rate Per 200,000 hours worked</td>
<td>0.32</td>
<td>0.05</td>
<td>0.13</td>
<td>0.09</td>
<td>0.10</td>
</tr>
<tr>
<td>Contractor total recordable incident rate Per 200,000 hours worked</td>
<td>0.36</td>
<td>0.57</td>
<td>0.41</td>
<td>0.31</td>
<td>0.50</td>
</tr>
<tr>
<td>Workforce total recordable incident rate Per 200,000 hours worked</td>
<td>0.35</td>
<td>0.43</td>
<td>0.32</td>
<td>0.24</td>
<td>0.39</td>
</tr>
<tr>
<td>Employee lost time incident rate Per 200,000 hours worked</td>
<td>0.09</td>
<td>0.00</td>
<td>0.00</td>
<td>0.03</td>
<td>0.06</td>
</tr>
<tr>
<td>Contractor lost time incident rate Per 200,000 hours worked</td>
<td>0.09</td>
<td>0.24</td>
<td>0.12</td>
<td>0.10</td>
<td>0.15</td>
</tr>
<tr>
<td>Workforce lost time incident rate Per 200,000 hours worked</td>
<td>0.09</td>
<td>0.18</td>
<td>0.08</td>
<td>0.08</td>
<td>0.13</td>
</tr>
<tr>
<td>Employee occupational illness rate Per 200,000 hours worked</td>
<td>0.00</td>
<td>0.05</td>
<td>0.13</td>
<td>0.06</td>
<td>0.00</td>
</tr>
<tr>
<td>Contractor occupational illness rate Per 200,000 hours worked</td>
<td>0.05</td>
<td>0.12</td>
<td>0.02</td>
<td>0.08</td>
<td>0.14</td>
</tr>
<tr>
<td>Workforce occupational illness rate Per 200,000 hours worked</td>
<td>0.03</td>
<td>0.10</td>
<td>0.05</td>
<td>0.08</td>
<td>0.10</td>
</tr>
<tr>
<td>Products with Safety Data Sheets %</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

*Total net hydrocarbons produced are equity share values from Hess’ SEC Form 10-K.
**Total operated hydrocarbon production is used for intensity metrics (i.e., flaring, GHG emissions, energy and other air emissions).
§The rates reflected above for incidents and illness do not account for COVID-19 cases that were determined to be work related on the basis that an alternative explanation for how an employee contracted the disease could not be identified. While not included in our rates, these cases are recorded on Hess’ OSHA Injury and Illness logs, where applicable.
## Greenhouse Gas Emissions

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<tbody>
<tr>
<td>Volume of flared and vented hydrocarbons (MMSCF)</td>
<td>18,896</td>
<td>25,828</td>
<td>18,797</td>
<td>22,009</td>
<td>26,991</td>
</tr>
<tr>
<td>Flaring intensity (SCF/BOE)</td>
<td>114</td>
<td>180</td>
<td>163</td>
<td>164</td>
<td>174</td>
</tr>
<tr>
<td>Operated direct emissions (Scope 1) Million tonnes CO₂e</td>
<td>3.3</td>
<td>3.9</td>
<td>3.6</td>
<td>3.7</td>
<td>4.1</td>
</tr>
<tr>
<td>Carbon dioxide Million tonnes CO₂e</td>
<td>3.0</td>
<td>3.6</td>
<td>3.3</td>
<td>3.4</td>
<td>3.7</td>
</tr>
<tr>
<td>Methane Thousand tonnes CO₂e</td>
<td>272.2</td>
<td>319.4</td>
<td>283.0</td>
<td>313.4</td>
<td>296.9</td>
</tr>
<tr>
<td>Nitrous oxide Thousand tonnes CO₂e</td>
<td>2.1</td>
<td>2.5</td>
<td>2.7</td>
<td>2.7</td>
<td>2.3</td>
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</table>

*The annual gross operated hydrocarbon production (normalization factor) for 2020 was 166,044,374 BOE.

## Energy Use

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<tbody>
<tr>
<td>Production energy intensity (Gigajoules/BOE)</td>
<td>0.17</td>
<td>0.20</td>
<td>0.26</td>
<td>0.27</td>
<td>0.29</td>
</tr>
<tr>
<td>Operated direct energy use Thousand gigajoules</td>
<td>19,854</td>
<td>21,650</td>
<td>25,064</td>
<td>25,831</td>
<td>29,973</td>
</tr>
<tr>
<td>Operated indirect energy use (gross) Thousand gigajoules</td>
<td>7,742</td>
<td>6,532</td>
<td>5,589</td>
<td>7,290</td>
<td>8,273</td>
</tr>
<tr>
<td>Net purchased electricity by primary energy source (third party power generation) Thousand MWh</td>
<td>839</td>
<td>708</td>
<td>606</td>
<td>790</td>
<td>896</td>
</tr>
</tbody>
</table>

**Third party power generation.**

## Freshwater Use

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Groundwater Million cubic meters</td>
<td>0.5</td>
<td>1.0</td>
<td>1.5</td>
<td>5.6</td>
<td>5.7</td>
</tr>
<tr>
<td>Municipal water Million cubic meters</td>
<td>0.7</td>
<td>0.9</td>
<td>0.8</td>
<td>1.2</td>
<td>0.6</td>
</tr>
<tr>
<td>Surface water Million cubic meters</td>
<td>2.5</td>
<td>3.2</td>
<td>1.6</td>
<td>0.8</td>
<td>1.2</td>
</tr>
<tr>
<td>Total fresh water Million cubic meters</td>
<td>3.6</td>
<td>5.0</td>
<td>3.8</td>
<td>7.7</td>
<td>7.6</td>
</tr>
</tbody>
</table>

## Solid Waste

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Nonhazardous Thousand tonnes</td>
<td>42.0</td>
<td>107.0</td>
<td>45.4</td>
<td>154.4</td>
<td>92.5</td>
</tr>
<tr>
<td>Hazardous Thousand tonnes</td>
<td>1.0</td>
<td>0.8</td>
<td>1.7</td>
<td>2.6</td>
<td>0.9</td>
</tr>
</tbody>
</table>

## Liquid Waste

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Nonhazardous waste Thousand cubic meters</td>
<td>200</td>
<td>542</td>
<td>141</td>
<td>48</td>
<td>73</td>
</tr>
<tr>
<td>Hazardous waste Thousand cubic meters</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>11</td>
</tr>
</tbody>
</table>

## Spills

<table>
<thead>
<tr>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Hydrocarbon spills – number</td>
<td>#</td>
<td>20</td>
<td>29</td>
<td>29</td>
<td>52</td>
</tr>
<tr>
<td>Hydrocarbon spills – volume Barrels</td>
<td>47</td>
<td>152</td>
<td>123</td>
<td>245</td>
<td>308</td>
</tr>
<tr>
<td>Nonhydrocarbon spills – number</td>
<td>#</td>
<td>25</td>
<td>30</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>Nonhydrocarbon spills – volume Barrels</td>
<td>617</td>
<td>776</td>
<td>113</td>
<td>581</td>
<td>1,104</td>
</tr>
</tbody>
</table>

## Air Emissions (Excludes GHGs)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Sulfur dioxide (SO₂) Tonnes</td>
<td>500</td>
<td>1,711</td>
<td>1,655</td>
<td>2,987</td>
<td>3,804</td>
</tr>
<tr>
<td>SO₂ intensity Tonnes/Million BOE</td>
<td>3</td>
<td>12</td>
<td>24</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td>NOx Tonnes</td>
<td>7,629</td>
<td>9,909</td>
<td>14,306</td>
<td>12,665</td>
<td>10,261</td>
</tr>
<tr>
<td>NOx intensity Tonnes/Million BOE</td>
<td>46</td>
<td>69</td>
<td>121</td>
<td>102</td>
<td>77</td>
</tr>
<tr>
<td>Volatile organic compounds (VOC) Tonnes</td>
<td>11,659</td>
<td>13,000</td>
<td>10,303</td>
<td>10,724</td>
<td>9,441</td>
</tr>
</tbody>
</table>

## Exploration and Production Discharges

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<tr>
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</thead>
<tbody>
<tr>
<td>Oil in produced water to sea Tonnes</td>
<td>9</td>
<td>16</td>
<td>13</td>
<td>70</td>
<td>87</td>
</tr>
<tr>
<td>Oil in produced water to sea PPMV</td>
<td>5</td>
<td>6</td>
<td>10</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>Produced water to sea Million cubic meters</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>6</td>
<td>6</td>
</tr>
</tbody>
</table>

## Other Environmental Indicators

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Environmental fines and penalties – operated $ Thousand</td>
<td>34</td>
<td>7</td>
<td>75</td>
<td>842</td>
<td>24</td>
</tr>
<tr>
<td>Environmental expenditures – remediation $ Million</td>
<td>15</td>
<td>20</td>
<td>15</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Environmental reserve $ Million</td>
<td>65</td>
<td>70</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
</tbody>
</table>
INDEPENDENT ASSURANCE STATEMENT

ERM Certification and Verification Services (ERM CVS) was engaged by Hess Corporation (Hess) to provide assurance on the 2020 Sustainability Report (the Report).

Engagement Summary

<table>
<thead>
<tr>
<th>Scope:</th>
<th>Whether the Report is fairly presented, in all material respects, in accordance with the reporting criteria.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporting Criteria:</td>
<td>The Global Reporting Initiative (GRI) Standards (Core option).</td>
</tr>
<tr>
<td>Assurance Level:</td>
<td>Limited assurance.</td>
</tr>
<tr>
<td>Respective Responsibilities:</td>
<td>• Hess is responsible for preparing the Report and for its correct presentation, including disclosure of the reporting criteria and boundary. • ERM CVS’s responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgment.</td>
</tr>
</tbody>
</table>

OUR CONCLUSION

Based on our activities, nothing has come to our attention to indicate that the Report is not fairly presented, in all material respects, in accordance with the GRI Standards (Core option).

OUR ASSURANCE ACTIVITIES

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusion. A multidisciplinary team of sustainability and assurance specialists performed the following activities:

- A review of external media reporting relating to Hess to identify relevant sustainability issues in the reporting period.
- Interviews with relevant staff to understand Hess’ sustainability strategy, policies and management systems.
- Interviews with relevant staff to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting the information.
- Virtual “visits” to Hess’ operations in North Dakota and the North Malay Basin, to verify the source data for the assets’ sustainability performance indicators for 2020 and to review sustainability management implementation at the asset level.
- An analytical review of the 2020 data for the sustainability performance indicators from all assets and a check on the completeness and accuracy of the data consolidation at the Hess corporate level.
- A virtual “visit” to Hess’ head office in Houston, Texas to review the consolidation process and the results of the internal data validation process, and to conduct interviews with subject matter experts regarding the content of the Report.
- A review of samples of documentary evidence, including internal and external documents, relating to the assertions made regarding 2020 sustainability performance and activities in the Report.
- A review of selected evidence related to the design, information collection, and production of the Report in accordance with GRI requirements.
- A review of the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

THE LIMITATIONS OF OUR ENGAGEMENT

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Due to COVID-19 related travel restrictions our head office and site visits to Hess’ operations for this year’s assurance engagement were conducted on a wholly virtual basis via tele- and video conference calls. This approach to conducting head office and site visits does not affect our limited assurance conclusion above. However, it is possible that in person visits may have identified errors and omissions that we did not discover through the alternative virtual approach.

OUR OBSERVATIONS

We have provided Hess with a separate detailed management report including our observations.

Beth Wyke
Partner, Head of Corporate Assurance
25 June 2021

ERM Certification and Verification Services Inc.
www.ermcvs.com
Email: post@ermcvs.com

ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the staff who have undertaken this engagement work have provided no consultancy-related services to Hess in any respect.
AWARDS AND RECOGNITION

SUSTAINABILITY
- CDP Climate Change leadership status, 12 consecutive years
- Dow Jones Sustainability Index North America, 11 consecutive years
- S&P Capital IQ’s 100 Best Corporate Citizens, 13 consecutive years; No. 1 oil and gas company
- Bloomberg Gender-Equality Index; only U.S. oil and gas producer to be included
- STOXX Global ESG Leaders Index, 8 consecutive years
- MSCI AA ESG Rating, 10 consecutive years
- FTSE4Good U.S. Index, 8 consecutive years
- Newsweek magazine’s America’s Most Responsible Companies; highest ranked oil and gas producer
- Transition Pathway Initiative; only U.S. oil and gas company to achieve a Level 4-star rating
- Human Rights Campaign’s Corporate Equality Index; top third of oil and gas companies
- Springbuk’s 2020 Healthiest Employers of Texas Award; 7th place

WORKFORCE
- Minority Engineer magazine’s Top 50 Employers
- STEM Workforce Diversity magazine’s Top 50 Employers, 12 consecutive years
- Hispanic Network magazine’s Best of the Best Employers
- Black EOE Journal’s Best of the Best Employers
- Careers and the disABLED magazine’s Top 50 Employers, 10 consecutive years
- Woman Engineer magazine’s Top 50 Employers, 9 consecutive years
- Equal Opportunity magazine’s Top 50 Employers, 2 consecutive years

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Words such as “anticipate,” “estimate,” “expect,” “forecast,” “guidance,” “could,” “may,” “should,” “would,” “believe,” “intend,” “project,” “plan,” “predict,” “will,” “target” and similar expressions identify forward-looking statements, which are not historical in nature. Our forward-looking statements may include, without limitation: our future financial and operational results; our business strategy; estimates of our crude oil and natural gas reserves and levels of production; benchmark prices of crude oil, natural gas liquids and natural gas and our associated realized price differentials; our projected budget and capital and exploratory expenditures; expected timing and completion of our development projects and proposed asset sale; future economic and market conditions in the oil and gas industry; and information about sustainability goals and targets and planned social, safety and environmental policies, programs and initiatives.

Forward-looking statements are based on our current understanding, assessments, estimates and projections of relevant factors and reasonable assumptions about the future. Forward-looking statements are subject to certain known and unknown risks and uncertainties that could cause actual results to differ materially from our historical experience and our current projections or expectations of future results expressed or implied by these forward-looking statements. The following important factors could cause actual results to differ materially from those in our forward-looking statements: fluctuations in market prices of crude oil, natural gas liquids and natural gas and competition in the oil and gas exploration and production industry, including as a result of COVID-19; reduced demand for our products, including due to COVID-19 or the outbreak of any other public health threat, or due to the impact of competing or alternative energy products and political conditions and events; potential failures or delays in increasing oil and gas reserves, including as a result of unsuccessful exploration activity, drilling risks and unforeseen reservoir conditions, and in achieving expected production levels; changes in tax, property, contract and other laws, regulations and governmental actions applicable to our business, including legislative and regulatory initiatives regarding environmental concerns, such as measures to limit greenhouse gas emissions and flaring as well as fracking bans; disruption or interruption of our operations due to catastrophic events, such as accidents, severe weather, geological events, shortages of skilled labor, cyber-attacks or health measures related to COVID-19; the ability of our contractual counterparties to satisfy their obligations to us, including the operation of joint ventures under which we may not control; the ability to satisfy the closing conditions of the proposed asset sale; unexpected changes in technical requirements for constructing, modifying or operating exploration and production facilities and/or the inability to timely obtain or maintain necessary permits; availability and costs of employees and other personnel, drilling rigs, equipment, supplies and other required services; any limitations on our access to capital or increase in our cost of capital, including as a result of weakness in the oil and gas industry or negative outcomes within commodity and financial markets; liability resulting from litigation, including heightened risks associated with being a general partner of Hess Midstream LP; and other factors described in Item 1A—Risk Factors in our Annual Report on Form 10-K and any additional risks described in our other filings with the Securities and Exchange Commission.

As and when made, we believe that our forward-looking statements are reasonable. However, given these risks and uncertainties, caution should be taken not to place undue reliance on any such forward-looking statements since such statements speak only as of the date when made and there can be no assurance that such forward-looking statements will occur and actual results may differ materially from those contained in any forward-looking statement we make. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise.
LEARN MORE AT
WWW.HESS.COM/SUSTAINABILITY

SOCIAL RESPONSIBILITY
A review of social responsibility as our way of doing business
www.hess.com/sustainability/social-responsibility

CLIMATE CHANGE AND ENERGY
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Creating an inclusive culture and high quality workforce that innovates, leads and learns
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GRI CONTENT INDEX
Performance against GRI Standards indicators
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