

# Welcome to your CDP Climate Change Questionnaire 2021

## C0. Introduction

### C0.1

**(C0.1) Give a general description and introduction to your organization.**

Hess Corporation (HES) is a leading global independent energy company engaged in the exploration and production of crude oil and natural gas. Since 2014, Hess has been a pure play exploration and production (E&P) company.

### C0.2

**(C0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	January 1, 2020	December 31, 2020	No

### C0.3

**(C0.3) Select the countries/areas for which you will be supplying data.**

- Denmark
- Malaysia
- United States of America

### C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

- USD

## C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

## C-OG0.7

**(C-OG0.7) Which part of the oil and gas value chain and other areas does your organization operate in?**

Row 1

**Oil and gas value chain**

Upstream

**Other divisions**

## C1. Governance

### C1.1

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

### C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	<p>Hess Corporation has established an Environment, Health and Safety (EHS) Committee of the Board, which is tasked with assisting the Board in identifying, evaluating and monitoring EHS risks and strategies (including climate change) that have the potential to affect the people, environment or communities where we operate, or our company's business activities, performance or reputation. Our Chief Executive Office (also a Board member) participates in these meetings, along with six outside Directors who are also members of the Board.</p> <p>Our CEO has oversight of climate-related issues including reviewing and guiding both strategy and implementation. As an example, our CEO participated in the development, review and final approval of Hess's two new climate-related</p>

	<p>emissions reduction targets; a 44% reduction in the GHG emissions intensity of our operated assets to 17kg carbon dioxide equivalent (CO<sub>2</sub>e) per BOE by 2025 versus a 2017 baseline of 30 kg CO<sub>2</sub>e per BOE; and a 52% reduction in methane emissions intensity from our 2017 level of 0.40% to an intensity of 0.19% by 2025.</p> <p>Our CEO and the EHS Board Committee review progress against these targets when they receive quarterly EHS briefings. This oversight helps the company stays aligned and focused on its overarching climate objectives.</p> <p>The EHS Board Committee also reviews climate-related issues that are deemed high priority within the company and by external stakeholders. The EHS Board Committee is briefed on climate related issues and provides senior management with input and feedback when determining the Company's strategy for addressing climate change.</p>
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## C1.1b

### (C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	<ul style="list-style-type: none"> <li>Reviewing and guiding strategy</li> <li>Reviewing and guiding major plans of action</li> <li>Reviewing and guiding risk management policies</li> <li>Reviewing and guiding annual budgets</li> <li>Reviewing and guiding business plans</li> <li>Setting performance objectives</li> <li>Monitoring implementation and performance of objectives</li> <li>Overseeing major capital expenditures,</li> </ul>	<p>Hess updated its climate change strategy in 2020 to remain closely aligned with the Task Force on Climate-Related Disclosures (TCFD) recommendations: Governance; Strategy; Risk Management; and Metrics &amp; Targets. Climate related issues are fully integrated into Hess's EHS &amp; SR strategy and our Enterprise Risk Management Process.</p> <p>In late 2020, Hess established a new task force to provide oversight for our climate change strategy implementation and to evaluate the medium and longer term aspects of our strategy. This task force is comprised of nine senior executives from multiple disciplines throughout the company, with oversight provided by our Chief Operations Officer and his operating committee. The task force will evaluate three main areas, primarily focusing on medium and long-term aspects of our strategy : (1) GHG, methane and flare data reporting and metrics; (2) opportunities for Scope 1 and 2 GHG emissions and flaring reduction; and (3) feasibility of achieving net zero GHG</p>

	<p>acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>emissions by 2050.</p> <p>The EHS Board Committee is updated on a regular basis, as the EHS Board Committee has oversight of climate-related issues including reviewing and guiding both the strategy and implementation. This oversight ensures that we stay aligned and focused on our overarching climate objectives.</p> <p>By overseeing progress against climate-related goals and targets, the EHS Board Committee can monitor our climate-related actions for consistency with our climate change strategy.</p>
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## C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	Quarterly

## C1.2a

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

i. Where in the organizational structure this position lies: Our Enterprise Risk Management (ERM) process reviews and assesses a broad category of risks. Various departments, such as Operations, Government Relations and Environmental, Health and Safety (EHS) work together to bring forward risks in their relevant disciplines. On an asset-level, the EHS team brings forward any relevant climate change-related risks. Our CEO, who reports to the Chairman of the Board, oversees and reviews Hess' ERM process. In addition, senior management provides EHS reports to the CEO and EHS Board Committee at least quarterly and more frequently if important EHS matters arise. The EHS Board Committee is responsible for overseeing and advising on EHS matters, including climate change.

ii. Rationale of why climate change responsibilities have been assigned: The CEO, has oversight of climate-related issues because EHS issues, including climate change, are deemed high priority issues within the company and by external stakeholders. Formal oversight by the

CEO serves as a critical link between the Board and senior management. This link allows these important issues to be reviewed with the EHS Board Committee and for senior management to receive Board Committee feedback and input in determining strategy for handling these matters.

iii. Specific responsibilities of every position with regard to climate change: Our CEO reviews and provides input and feedback on all climate-related issues (i.e., strategy, emissions inventories, target setting and identification of mitigation opportunities) brought to his attention by the EHS and Enterprise Risk Management groups. In addition, he provides guidance on the internal cost of carbon that Hess uses to evaluate all significant new investment opportunities. He also brings appropriate climate-related issues to the attention of the EHS Board Committee and the full Board (as necessary). Our CEO also arranges for external experts to brief the Board on climate related issues, risks, and opportunities so that the Board gets additional perspective on these important issues. Additionally, our CEO receives updates and monitors progress on climate related issues when they are presented by the EHS department on a quarterly basis at EHS Board Committee meetings, which our CEO attends. As an example, our CEO participated in the development, review, and final approval of Hess's two new climate-related emissions reductions targets; a 44% reduction in GHG emissions intensity of our operated assets to 17 kg carbon dioxide equivalent (CO<sub>2</sub>e) per BOE by 2025 versus a 2017 baseline of 30 kg CO<sub>2</sub>e per BOE; and a 52% reduction in methane emissions intensity from our 2017 level of 0.40 to an intensity of 0.19% by 2025.

### C1.3

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

### C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Chief Executive Officer (CEO)	Monetary reward	Emissions reduction target	There are several targets that make up a portion of all employee's cash bonuses along with an individual performance component. In 2020, one such target was related to our severe and significant environmental incident rate. We define Tier 1 and Tier 2 uncontrolled natural gas releases as severe and significant environmental incidents and so this target was focused on reducing natural gas releases and by extension methane emissions. Achieving or exceeding this target contributes to a portion of each employee's year-end cash bonus. In

			<p>2020, the base target was 0.044 and we exceeded this target, achieving an actual rate of 0.090 due to a greater number of Tier 2 incidents than anticipated; however, in 2020 we experienced no Tier 1 (severe) incidents. In addition, in early 2021, the Board's Compensation and Management Development Committee elected to link employee compensation to flare reduction initiatives in 2021 and aims to link executive compensation to greenhouse gas emissions intensity reductions in future years.</p>
All employees	Monetary reward	Emissions reduction target	<p>There are several targets that make up a portion of all employee's cash bonuses along with an individual performance component. In 2020, one such target was related to our severe and significant environmental incident rate. We define Tier 1 and Tier 2 uncontrolled natural gas releases as severe and significant environmental incidents and so this target was focused on reducing natural gas releases and by extension methane emissions. Achieving or exceeding this target contributes to a portion of each employee's year-end cash bonus. In 2020, the base target was 0.044 and we exceeded this target, achieving an actual rate of 0.090 due to a greater number of Tier 2 incidents than anticipated; however, in 2020, we experienced no Tier 1 (severe) incidents. In addition, in early 2021, the Board's Compensation and Management Development Committee elected to link employee compensation to flare reduction initiatives in 2021 and aims to link executive compensation to greenhouse gas emissions intensity reductions in future years.</p>

## C2. Risks and opportunities

### C2.1

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

### C2.1a

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

	From (years)	To (years)	Comment
Short-term	0	1	We consider a short term horizon to be in the current planning year.
Medium-term	1	5	We consider a medium-term horizon to be part of our annual 5 year planning cycle.
Long-term	5		Typically, we consider a longer-term horizon to be beyond our annual 5 year planning cycle or for the life of a new project or field development.

## C2.1b

### (C2.1b) How does your organization define substantive financial or strategic impact on your business?

The Enterprise Risk Management system starts with some key tools: a common language, our “risk dictionary”- which defines technical and non-technical risk terms- and a risk ranking matrix. This risk dictionary sets Hess’s threshold for substantive financial impacts and is used to identify material transition and physical climate risks. An impact is typically considered substantive when the anticipated impact is greater than \$100 million and the risk is deemed “high likelihood”. In addition, when we evaluate new capital projects with a substantive financial impact (greater than \$50 million), 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 (currently \$40/tonne). In April 2021, we updated our planning guidance to expand the evaluation for all substantive new investment decisions to include a sensitivity using the IEA’s Sustainable Development Scenario carbon pricing.

## C2.2

### (C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

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#### Value chain stage(s) covered

Direct operations

#### Risk management process

Integrated into multi-disciplinary company-wide risk management process

#### Frequency of assessment

More than once a year

#### Time horizon(s) covered

Short-term

Medium-term

Long-term

### Description of process

At Hess, we have an Enterprise Risk Management process (ERM) that is led by the Chief Risk Officer, who reports to the Chief Financial Officer. Hess applies a comprehensive, standardized approach to identifying and managing risks of all types across our operations, including climate change.

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.

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 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 business. Climate risks are considered throughout both enterprise and functional risk assessments from the perspective of potential financial impact, physical, reputational and regulatory impacts.

Corporate Risk oversees day-to-day implementation of the ERM process, including developing and verifying compliance with relevant policies and standards. On a quarterly basis, each asset reviews their risk profile to assess and reposition, if necessary, their risks for the short, medium and long term. The EHS Board Committee also reviews a comprehensive Company risk profile on a quarterly basis to evaluate short, medium and long-term EHS risks and the full Board does the same on an annual basis.

In addition, to quantify climate-related risks and opportunities- and to provide perspective to stakeholders, Hess conducts an annual scenario planning exercise 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 evolution of energy demand and mix, the emergence of new technologies and possible changes by policymakers with respect to GHG emissions. Hess modeled two main scenarios detailed in the IEA's 2020 World Energy Outlook (the STEPS and the SDS) against our own internal base planning case. The TCFD recommends that organizations use a 2 degree C or lower scenario to test portfolio resilience. Such scenarios usually feature reductions in demand for oil, natural gas and coal, growth in clean technologies, and a reshaping of trade flows, among other assumptions. The Sustainable Development Scenario in the IEA's 2020 WEO, which is part of Hess's modeling, fits within this recommendation. Our strategy includes



minimizing our carbon footprint as we grow and expanding use of our risk register and the prioritization process to identify opportunities that help grow our business while mitigating risk.

As part of the Hess climate change strategy, we also identify and manage climate-related opportunities. We take cost-effective, appropriate steps to monitor, measure, and reduce emissions through applying innovation and efficiency to reduce energy use, waste and emissions across our operations. (1) Transition/Market risk/Opportunity: (Situation) We used our ERM process to identify that reducing flaring could be a significant opportunity for the company. As part of this ERM process, North Dakota asset level subject matter experts identified flaring as a risk. The Company set a goal to reduce wellhead flaring from 27% in 2012 to less than 10% of gas production in North Dakota in 2020 and after. Our flare reduction strategy is a key component of this program because it provides us with an opportunity to reduce GHG emissions, increase our supply of natural gas to the marketplace where natural gas can serve as a bridging fuel in a transition to a lower carbon environment and generate additional revenue. (Task) We set a target to reduce the flaring intensity of our operated assets by 50% in 2020 versus our 2014 baseline. (Action) To reach this target, we have invested over \$3 billion in infrastructure to reduce flaring. (Result) This is a win-win for Hess because it reduces costs, generates additional revenue and supports efforts to transition to lower carbon emitting products, since natural gas is less carbon intensive than other fossil fuels. By reducing wellhead flaring from 27% in 2012 to 10% post 2020, we will eliminate 680,000 tonnes of annual CO<sub>2</sub>e emissions. Through 2020, we actually surpassed our flare reduction target by achieving a 59% flare intensity reduction versus our 50% target.

For managing physical risks each Hess asset maintains an emergency response plan that details procedures for emergency scenarios, including severe weather events, because increased storm severity could materially affect our operations. When a hurricane forms which could affect facility operations, Hess monitors the position, conditions, movement, and intensity. Each facility is advised as appropriate to initiate evacuation of personnel and to take steps to protect equipment and environment. (2) Physical Risk/Opportunity: (Situation) Through our ERM process, our Gulf of Mexico subject matter experts identified that hurricanes pose a significant potential tail risk to the company; a risk that is not highly likely but could potentially have a significant impact. In 2020, we experienced seven hurricanes which impacted our Gulf of Mexico operations. (Task/Action) The hurricanes required Hess to evacuate various production platforms fourteen times and shut-in its Tubular Bells, Baldpate and Stampede Production Platforms while executing emergency response plans as outlined above. Total net deferred production was approximately 1.2 million barrels of oil which equated to a market value of approximately \$42 million, along with additional operating expenses of approximately \$5 million. We also sustained some property damage to these production platforms which cost an additional \$ 3 million to repair. (Result) Despite the disruption to our business from the shut-down, there were no injuries or process safety events and no environmental impact.

## C2.2a

### (C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>Example: Some examples of a current regulatory risk are cap and trade programs. These programs are risks to Hess because a price on carbon could materially impact our business. The rigor and costs of these types of programs is increasing as countries seek to align with the pledges that they made to the Paris Agreement. For instance, Hess's Denmark operations are subject under the EU ETS to a carbon price. Under Phase III of the EU ETS, Hess makes annual purchases of allowances to cover the gap between free allowances and verified GHG emissions. In 2020, Hess and its partner purchased 164,758 allowances and received no free allowances.</p> <p>Explanation: Our EHS &amp; Government Affairs groups systematically reviews current energy and climate related regulations, including cap and trade and, as key participants in the ERM process, include significant current regulatory risks in the ERM risk register for each Hess asset, if applicable.</p>
Emerging regulation	Relevant, always included	<p>Example: A emerging regulatory risk for Hess is the substantial regulatory uncertainty created by changing political dynamics. For example, the Bureau of Land Management's Methane and Waste Prevention Rule, which has the potential to impact our operations and contribute to compliance costs, was finalized in the Obama Administration (2016) and was subsequently revised by the Trump Administration (2018). The Biden Administration has now indicated its desire to revise the rule again. Meanwhile, lower court decisions in litigation on both the 2016 rule and the 2018 rule were appealed in two different Federal Circuit Courts. Determining compliance remains a challenge when it is unclear which regulation will apply at any given time. Additionally, the rigor and costs of emerging regulatory programs will likely increase as countries seek to align with the pledges that they made to the Paris Agreement and regulate GHG emissions. In 2020, Hess completed its annual scenario planning exercise to test the resilience of our portfolio against various alternative views of the market. This exercise establishes a range of energy supply, demand, oil, natural gas and carbon prices and emissions estimates that are projected to prevail under different publicly available long-term scenarios for environmental policy and market conditions. We tested the robustness of Hess' asset portfolio and intended forward investments under multiple scenarios, including the IEA's Sustainable Development scenario.</p>

		<p>Explanation: Our EHS &amp; Government Affairs group systematically reviews energy and climate related emerging regulatory risks and, as key participants in the ERM process, include significant emerging regulatory risks in the ERM risk register for each Hess asset, if applicable.</p>
Technology	Relevant, always included	<p>Example: A technology risk for Hess is related to methane emissions reduction, which could result in significant compliance costs and liabilities. We know that the rigor and costs of these types of programs is probably only going to increase as countries seek to align with the pledges that they made to the Paris Agreement and seek to regulate GHG emissions. Hess has implemented a leak detection and repair (LDAR) program at all of our production facilities in North Dakota, as well as at our gas plant in North Dakota, which encompass 100% of our on-shore assets over which we have operational control (excluding joint ventures) This program combines monthly audible, visual and olfactory inspection of our equipment and semi-annual optical gas imaging to detect fugitive emissions.</p> <p>Since methane detection and leak prevention and repair is a critical program for Hess, we work with API, ONE Future and other organizations to mitigate technology risk by acquiring, as appropriate, the most up to date technology including sensing solutions, thermal imaging, visual light imaging, video, analytics, and measurement and diagnostic technologies. We also provide the necessary training to the people using this thermal imaging equipment so that they are aware of the latest technological advances in methane leak detection and repair.</p> <p>In 2020, the cost of conducting this program was approximately \$1.7 million, which resulted in approximately 40,620 Mcf of recovered gas for the year at an average cost of approximately \$41.99 per Mcf.</p> <p>Explanation: Our EHS, Technology and Operations teams systematically review technology related risks, and as key participants in the ERM process include significant technology risks in the ERM risk register for each Hess asset, if applicable. Technology risks are assessed in relation to process emissions reductions. Where possible, we are integrating technology driven mitigation opportunities into our capital projects budgets and operating plans.</p>
Legal	Relevant, always included	<p>Example: An example of a legal risk for Hess is beginning in 2017, certain states, municipalities and private associations in California, Delaware, Maryland, Rhode Island and South Carolina separately filed lawsuits against oil, gas and coal producers, including Hess, for alleged damages purportedly caused by climate change. These proceedings include claims for monetary damages and injunctive relief. The</p>

		<p>ultimate impact of the aforementioned proceedings, and of any related proceedings by private parties, on our business or accounts cannot be predicted at this time due to the large number of other potentially responsible parties and the speculative nature of the alleged causation and damages.</p> <p>Explanation: Our Legal team systematically reviews energy and climate related legal issues and, as key participants in the ERM process, include significant legal risks in the ERM risk register for each Hess asset, if applicable.</p>
Market	Relevant, always included	<p>Example: A market risk for Hess is a rapid transition toward natural gas as a bridge fuel to a lower carbon economy. Climate change initiatives may reduce demand for crude oil and other hydrocarbons and have an adverse effect on our sales volumes, revenues and margins. In response to this risk, Hess has invested over \$3 billion in infrastructure in the Bakken in North Dakota to reduce flaring for operational purposes, as well as monetizing more gas to generate additional revenue and lower emissions.</p> <p>Explanation: Our EHS and Economics groups systematically review energy and climate related market related risks, and as key participants in the ERM process, include significant market risks in the ERM risk register for each Hess asset, if applicable.</p>
Reputation	Relevant, always included	<p>Example: A reputational risk for Hess is related to potential negative public perception of Hess's management of climate-related issues that could theoretically lead to our exclusion from ESG indices, which could increase our cost of capital. Because we cannot predict shareholders' future actions, we are unable to assign a specific monetary value to the potential for future higher cost of capital if we are excluded from ESG indices. However, most of Hess's top ten institutional investors use sustainability data to evaluate ESG performance. As of the end of 2020, approximately \$9 billion (approximately 56%) of Hess shares were owned by investors who are signatories to the United Nations Principles for Responsible Investment indicating investor concern with ESG performance.</p> <p>Explanation: Our Government Affairs group systematically reviews energy and climate related reputational risks and, as key participants in the ERM process, include significant emerging regulatory risks in the ERM risk register for each Hess asset, if applicable.</p> <p>To help mitigate these risks, part of Hess's strategy is to be a leader in ESG reporting and performance among its peers. As part of our recently updated environment, health, safety and social responsibility strategy, Hess leadership and our Board have set new five year GHG</p>

		<p>reduction targets for 2025: (1) reduce operated Scope 1 and 2 GHG emissions intensity by approximately 44% from our 2017 level to 17 kilograms per barrel of oil equivalent and (2) reduce methane emissions intensity by approximately 52% from our 2017 level to an intensity of 0.19%. From our initiative, we have been consistently recognized as a leader in the oil and gas industry for our disclosure and transparency by CDP and DJSI.</p> <p>In addition, Hess was the only U.S. oil and gas company to be awarded a Level 4 star rating in the Transition Pathway Initiative September, 2020 report. When we benchmark our performance with our peers we are consistently in the top quartile.</p>
Acute physical	Relevant, always included	<p>Example: Acute physical risk for Hess is related to increased storm activity, which could materially affect our operations in the Gulf of Mexico. In 2020, we experienced seven hurricanes impacting our Gulf of Mexico operations requiring Hess to shut-in its Tubular Bells, Baldpate and Stampede Production Platforms. Total net deferred production was approximately 1.2 million barrels of oil which equated to a market value of approximately \$42 million, along with additional operating expenses of approximately \$5 million. Despite the disruption to our business from these shut-down, there were no injuries or process safety events and no environmental impact. We also sustained approximately \$3 million of property damage related to the seven hurricanes that impacted our Gulf of Mexico operations in 2020.</p> <p>Explanation: Our Operations team systematically reviews energy and climate related acute physical risks, and as key participants in the ERM process include significant acute physical risks in the ERM risk register for each Hess asset, if applicable.</p>
Chronic physical	Relevant, always included	<p>Example: Chronic physical risks for Hess is related to potential extreme weather events, change in precipitation patterns, and sea level rise. For example, in areas where we operate, like the Gulf of Mexico and Offshore Malaysia, these types of risks could significantly impact the way we design and build new offshore platforms, as well as add substantive cost, which we define thru our ERM process as over \$100 million, to building and managing new offshore platforms.</p> <p>Explanation: Our Operations and project groups systematically review energy and climate related chronic physical risks and as key participants in the ERM process include significant chronic physical risks in the ERM risk register for each Hess asset, if applicable.</p>

### C2.3

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

## C2.3a

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

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### Identifier

Risk 1

### Where in the value chain does the risk driver occur?

Direct operations

### Risk type & Primary climate-related risk driver

Current regulation

Carbon pricing mechanisms

### Primary potential financial impact

Increased indirect (operating) costs

### Company-specific description

In 2018, we began evaluating the risk of carbon emissions trading policies to our entire business as part of our climate change scenario planning. We discovered these do not pose a material risk of increased operating costs, except to our operations in Denmark, which are subject to the European Union Emissions Trading Scheme (EU ETS). In terms of scope, Denmark's production accounted for approximately 2.3% of Hess's total 2020 production. Our management strategy is to purchase allowances to meet regulatory requirements. In order to comply with Phase III of the EU ETS, Hess' Denmark operation was tasked with the decision to purchase allowances to cover the verified GHG emissions. In 2020, for Hess and its co-owner, INEOS, this resulted in an action to purchase 164,758 allowances. The action for our co-owner, INEOS, was to purchase 60,613 allowances at a cost of 25 euros each and the action for Hess was to purchase 104,145 allowances at a cost of 26 euros each. We received no free allowances so we needed to purchase 164,758 allowances to offset the 164,758 tonnes of emissions that the Denmark operation emitted. (Please note that for the EUETS, you only include combustion sources and you must use Danish emissions factors, so these emissions (164,758 tonnes) differ slightly from the emissions that we report for Denmark in our Hess inventory (186,034 tonnes) because those emissions are calculated using API Compendium emissions factors and include non-combustion sources). The result of these actions was that Hess Denmark operation met its regulatory requirement under the EUETS Phase III. Failure to meet this obligation would have resulted in a fine of 100 euros per emissions allowance or \$18.8 million.

In the future, the Denmark operation will need to purchase more allowances, which will add to routine operating costs. In addition, we expect the cost of carbon credits to increase. In 2020, the cost we paid for carbon credits was between 25-26 euros as compared to approximately 24 euros per credit in 2019. Hess sold its equity interest in

all Denmark assets in early 2021, so although this operation's new owners will continue with the EUETS program, Hess will no longer have EUETS obligations.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

4,800,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

The cost to purchase allowances in 2020 was approximately \$4.8 million. This was based on an EU ETS Allowance Unit (EUA) cost of 26 euros for Hess and 25 euros for our joint-venture co-owner, Ineos. In 2020, Hess's cost to purchase allowances was approximately \$3.1 million (104,145 allowances x 26 euros x 1.14 (euro to \$ conversion) = \$3.1 million) and our co-owner, INEOS's cost was estimated at \$1.7 million (60,613 allowances x 25 euros x 1.14 (euro to \$ conversion)= \$1.7 million). While it is difficult to estimate future implications, using the past several years of costs is provided as a proxy.

**Cost of response to risk**

25,000

**Description of response and explanation of cost calculation**

Situation: Hess's Denmark operation accounts for approximately 2.3% of Hess's total 2020 production. Hess's Denmark operations are subject to the EUETS Emissions Trading System. Task: Under Phase III of the EUETS emissions trading scheme, a company that generates greenhouse gas emissions must offset these emissions through the purchase of allowances in order to achieve compliance with the regulation. Action: In order to achieve compliance with the EUETS Phase III regulations, Hess's strategy is to purchase allowances to mitigate greenhouse gas emissions and to meet regulatory requirements. Result: In 2020, to meet our full obligations, we and our partners purchased 164,758 allowances on the spot market at a cost of approximately \$4.8 million to cover our obligations. This is a positive business decision because under the EUETS regulations the fine for non-compliance is 100 euros per tonne of emissions

generated which could have resulted in a fine of approximately \$19 million (100 euros x 164,758 tonnes x 1.142 euro to dollar conversion = \$18,815,363), if no allowances had been acquired, in addition to potential reputational damage resulting from non-compliance.

The \$25,000 cost to respond to this risk entails the administrative expenses associated with Hess and its joint venture co-owner, INEOS, gathering the necessary information, interacting with the EUETS and annual third party verification of GHG emissions required to purchase the allowances needed to offset 164,758 tonnes of combustion emissions generated by our Denmark operations as calculated using Danish emissions factors.

## Comment

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### Identifier

Risk 2

### Where in the value chain does the risk driver occur?

Direct operations

### Risk type & Primary climate-related risk driver

Current regulation

Mandates on and regulation of existing products and services

### Primary potential financial impact

Increased indirect (operating) costs

### Company-specific description

The issue of fugitive emissions of methane during natural gas production has received attention as shale energy production in the United States has increased. Because methane is emitted by natural sources as well as by human activities, questions related to attribution and measurement have led to uncertainties in estimates of current and projected methane emissions. In 2016, the U.S. Environmental Protection Agency (EPA) and the Bureau of Land Management finalized regulations aimed at controlling fugitive methane emissions. These regulations are currently in a state of flux, as the original Obama administration rule was revised with a Trump administration rule and the current Biden administration wants to revise the rule again. Meanwhile, lower court decisions in litigation on both the 2016 and 2018 rules were appealed in two different Federal circuit courts.

As part of our updated EHS & SR strategy, Hess established a global methane intensity reduction target of 0.19% by 2025, using a 2017 methane baseline of 0.40%; our 2020 methane intensity was 0.22%. The continued implementation of our leak detection and repair (LDAR) program across all of our production facilities in North Dakota will help mitigate the risk of not achieving this new 2025 methane reduction target and potentially



lowering Hess' ESG rankings. In 2020, the cost of conducting this program was approximately \$1.7 million, which resulted in approximately 40,620 Mcf of recovered gas for the year at an average cost of approximately \$41.99 per Mcf. If programs like Hess' LDAR program were not implemented and the state decided to further regulate flaring and/or methane emissions, this could result in selective well's being shut-in, which might materially increase Hess' operating costs and reduce revenues due to less gas being supplied to our Tioga Gas Plant for processing and sale.

**Time horizon**

Medium-term

**Likelihood**

Unlikely

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

100,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

If we do not manage methane emissions, Hess, faces a potential reputational risk related to negative public perception of Hess's management of climate-related issues that could theoretically lead to our exclusion from ESG indices, which could increase our cost of capital. Because we cannot predict shareholders' future actions, we are unable to assign a specific monetary value to the potential for future higher cost of capital if we are excluded from ESG indices. While it is not possible to determine the potential financial impact of reputational damage related to unknown events, as an example, risks are considered substantive (ERM process) when they have a high likelihood of occurring and have an impact of \$100 million or greater. In this example, the \$100 million could be associated with Hess paying a higher interest rate to borrow money which could increase our cost of capital. In this example, the \$100 million could also be associated with the financial impact of halting operations, thereby losing production, as well as increased operating costs and capital expenditures related to materials, labor and repairs to damaged production platforms.

**Cost of response to risk**

1,700,000

**Description of response and explanation of cost calculation**

Key to Hess EHS & SR strategy is voluntary reduction in methane emissions. Hess is a founding member of the ONE Future Coalition focused on voluntary reduction of methane emissions to less than 1% of methane production across the value chain by 2025. Hess also participates in several programs under the Environmental Partnership by API. Under the “Leak Program for Natural Gas and Oil Production Sources”, Hess conducted semi-annual surveys at 950 sites in 2020. Under the program “Replace, Remove or Retrofit High-Bleed Pneumatic Controllers”, Hess identified 248 controllers remaining in North Dakota Operations which need to be replaced. Of those, 181 have been replaced, with the remaining 67 controllers scheduled to be replaced by 2022. To help meet our ONE Future, Environmental Partnership commitments, and new global methane emissions intensity reduction target of 0.19% by 2025, Hess continues to implement our LDAR program across our existing and new production facilities and gas plant in North Dakota, which encompass 100% of our total operated on-shore U.S. assets. In 2020, LDAR resulted in 40,620 Mcf of recovered gas at a cost of \$41.99 per Mcf. If Hess was not taking these actions, it might be required to shut-in Hess Bakken production facilities with the potential methane leakage above hypothetical regulatory requirements.

Currently, conducting Hess' LDAR program in North Dakota increases operating costs by approximately \$1.7 million per year, which is comprised of approximately \$1.3 million for repairing methane leaks, \$.3 million for labor costs and \$.1 million for transportation costs. Costs might materially increase if Hess is required to modify its operating systems or shut-in production due to future methane regulation.

## Comment

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### Identifier

Risk 3

### Where in the value chain does the risk driver occur?

Direct operations

### Risk type & Primary climate-related risk driver

Chronic physical

Changes in precipitation patterns and extreme variability in weather patterns

### Primary potential financial impact

Decreased revenues due to reduced production capacity

### Company-specific description

To the extent that climate change may result in more extreme weather related events, Hess could experience increased costs related to preparedness and recovery of affected operations. For example seven hurricanes in 2020 affected Hess' Tubular Bells, Baldpate and Stampede Production Platforms in the Gulf of Mexico, which increased costs and deferred revenues due to business disruption. In addition, the

potential for more robust metocean structural standards for offshore platforms to withstand storms of increased severity could increase capital costs for offshore facilities. Although we maintain insurance coverage against property and casualty losses, there can be no assurance that such insurance will adequately protect the Company against liability from all potential consequences and damages. Moreover, some forms of insurance may be unavailable in the future or be available only on terms that are deemed economically unacceptable.

**Time horizon**

Medium-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

100,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

Increased storm activity could materially affect our operations in the Gulf of Mexico. Because we cannot predict the frequency and impact of weather related events associated with our operations, we are unable to assign a specific monetary value to such events. However, as an example, risks are considered substantive (ERM process) when they have a high likelihood of occurring and have an impact of \$100 million or greater.

**Cost of response to risk**

52,200,000

**Description of response and explanation of cost calculation**

Each Hess asset, including Tubular Bells, Baldpate and Stampede, has an emergency response plan with procedures for emergency scenarios and severe weather events, as increased storm severity could materially affect our operations. When a hurricane might affect facility operations, Hess monitors the position, conditions, forecast of movements and intensity. A facility is advised as appropriate to evacuate personnel and when possible, to protect equipment and environment. As an example, in 2020, we experienced seven hurricanes, the most we have seen since commencing operations, which impacted our Gulf of Mexico operations, requiring Hess to shut-in its Tubular

Bells, Baldpate and Stampede Production Platforms fourteen times throughout the year. Total gross deferred production was about 1.2 million barrels of oil with a market value of approximately \$42 million based on an average crude oil price of \$35.52 in 2020. In addition, in 2020, Hess experienced increased operating expenses of approximately \$5 million from these seven hurricanes which included maintaining oil spill response standby vessels, helicopter transport, shore base support and transport, boats and fuel, rental equipment and employee assistance. Following the emergency response risk management during this hurricane reduced the financial impact of the various shutdowns. There were no injuries or process safety events and no environmental impact. We experienced some property damage to these platforms resulting in \$3 million of repairs. Hess also maintains strategic relationships and mutual aid agreements with third party emergency response and crisis management specialists, to supplement and support our response effort and mitigate risk. The cost of programs is approximately \$2.2 million per year which includes annual subscriptions for oil spill response(\$1.9 million), emergency preparedness (\$.2 million) and weather forecasting (\$.1 million).

To summarize, our cost of response to this risk can be calculated as follows: lost production = \$42 million; increased operating expenses = \$5 million; platform repairs = \$3 million and emergency response services = \$2.2 million = total cost of response of \$52.2 million.

## Comment

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### Identifier

Risk 4

### Where in the value chain does the risk driver occur?

Downstream

### Risk type & Primary climate-related risk driver

Reputation

Increased stakeholder concern or negative stakeholder feedback

### Primary potential financial impact

Decreased revenues due to reduced demand for products and services

### Company-specific description

To align our strategic sustainability actions with changes in 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. In Phase 1, we identified 26 sustainability topics relevant to our company. We then validated and prioritized the topics through a stakeholder engagement process. In Phase 2, we conducted a benchmarking assessment to review practices of our peers, supermajors and national oil companies.

The project team and steering committee reviewed the results, carefully considered practices in each area and what was fit for purpose for Hess. In Phase 3, 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. These eight topics included: Climate Related Risks and Greenhouse Gas Emissions; Process Safety and Release Prevention; Occupational Health and Safety; Emergency Preparedness and Response; Water Management; Diversity, Equity and Inclusion; Supply Chain and Contractor Management and Community and Stakeholder Engagement.

The company specific risk that we are trying to mitigate through being a leader in ESG transparency, disclosure and performance is a potential fall in our ESG rankings (i.e.; Hess consistently achieves leadership status on CDP), which could result in reputational harm potentially impacting our cost and access to future capital. Negative perceptions of Hess's management of climate related issues could theoretically lead to our exclusion from ESG indices, which could increase our cost of capital. Because we cannot predict shareholders future actions, we are unable to assign a specific monetary value to the potential for future higher cost of capital if we are excluded from ESG indices. However, most of Hess's top ten institutional investors used sustainability data to evaluate ESG performance. At year-end 2020, approximately \$9 billion which represents 56% of Hess's outstanding shares were owned by investors who were signatories to the United Nations Principles for Responsible Investment which shows that investors are concerned with ESG performance. As an example, Hess views financial risk of \$100 million or greater with a high potential to occur significant.

**Time horizon**

Medium-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

100,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

Negative perceptions of Hess' management of climate changes and related disclosures could theoretically lead to our exclusion from ESG indices, which could increase our cost of capital. Because we cannot predict shareholders' future actions, we are unable

to assign a specific monetary value to the potential for future higher cost of capital if we are excluded from ESG indices. However, most of Hess' top ten institutional investors used sustainability data to evaluate ESG performance. As of the end of 2020, approximately \$9 billion of Hess shares were owned by investors who were signatories to the United Nations Principles for Responsible Investment, which shows that investors are concerned with ESG performance. While, it is not possible to determine the potential financial impact of reputational damage related to an unknown event, as an example, risks are considered substantive (ERM process) when they have a high likelihood of occurring and have an impact of \$100 million or greater.

#### **Cost of response to risk**

500,000

#### **Description of response and explanation of cost calculation**

Hess is managing reputation risks through our climate change strategy, closely aligned with the TCFD recommendations around Governance, Strategy, Risk Management and Metrics and Targets. Our strategy includes public disclosure of our strategy, programs and performance; reducing operational flaring, energy efficiency and more renewable energy in our energy spend. In 2020, we purchased 634,000 MWh of Green-e energy certified RECs for multiple mix products, including wind, solar, biomass, landfill, geothermal or hydroelectric (76% of purchased electricity from E&P assets, along with 27% wind power off the grid for a total of more than 100% renewables to cover all of our purchased electricity requirements) and accounted for energy efficiency and carbon costs in all major new investments. We are dedicated to transparency through reporting, e.g. in our annual Sustainability Report with a GRI Index and external assurance. In 2020, Hess earned CDP climate leadership for the 12th consecutive year, was included in DJSI North America for the 11th consecutive year and was the only U.S. oil and gas company to be awarded a Level 4-star rating in the September, 2020, Transition Pathway Initiatives report. We work with others in our industry on energy efficiency, GHG reduction, energy management, flaring reduction, and upstream energy performance methodology. We are proactively reducing GHGs in countries of our operation, including where GHG emissions are not currently regulated.

Costs of our climate change strategy implementation, including staff time, are part of the costs of salaries. Hess also spends \$500,000 annually on costs for CDP reporting services, GHG assurance and external consultants. Cost of management for ESG reporting helps us achieve our goal of being in the top quartile performance in our sector for ESG transparency, disclosure, and performance.

#### **Comment**

## **C2.4**

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

## C2.4a

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

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**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Ability to diversify business activities

**Primary potential financial impact**

Other, please specify

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

**Company-specific description**

As part of Hess's climate change strategy, we will continue to take cost-effective, appropriate steps to monitor, measure and reduce emissions through applying innovation and efficiency to reduce energy use, waste and emissions across our operations. Our flare reduction strategy is a key component of this program because it provides us with an opportunity to reduce greenhouse gas emissions, increase our supply of natural gas to the marketplace where natural gas can serve as a bridging fuel in a transition to a lower carbon environment and to generate additional revenue. This strategy is a win-win for the company. To help implement this strategy, we have set a target to reduce the flaring intensity of our operated assets by 50% in 2020 versus our 2014 baseline. We over achieved this target by reducing flaring intensity by 59% through 2020 compared to our 2014 baseline. Over \$3 billion has been invested in midstream infrastructure in North Dakota between 2012-2020 to capture and monetize natural gas produced from our operations and minimize flaring.

In late 2020, Hess established a new task force to provide oversight for 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 Operations Officer and his operating committee. The task force will evaluate three main areas, primarily focusing on medium and long-term aspects of our strategy : (1) GHG, methane and flare 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. The EHS Board Committee is updated on a regular basis, as the EHS Board Committee has oversight of climate-related issues including reviewing and guiding both the strategy

and implementation. This oversight ensures that we stay aligned and focused on our overarching climate objectives. By overseeing progress against climate-related goals and targets, the EHS Board Committee can monitor our climate-related actions for consistency with our climate change strategy.

**Time horizon**

Medium-term

**Likelihood**

Virtually certain

**Magnitude of impact**

High

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

34,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

We estimate Hess' infrastructure investments will allow us to reduce our flaring rate from 27% (51 MMscfd) in 2014 to 10% (21 MMscfd) by the mid 2020's. Achieving this target will also result in an absolute reduction in our total volume of gas flared. Based on the average 2020 onshore natural gas price of \$2.98 per thousand cubic foot (MCF) found in Hess' 2020 SEC 10-K, the estimated market value of the amount of wellhead gas and natural gas liquids that would be captured instead of flared will be approximately \$34 million per year in the mid 2020's (51-20=31 MMscfd x 365 days x \$2.98 per MCF = \$34 million).

**Cost to realize opportunity**

3,000,000,000

**Strategy to realize opportunity and explanation of cost calculation**

Part of Hess's climate change strategy is to take cost-effective, appropriate steps to monitor, measure and reduce emissions, energy use, and waste across our operations, through applying innovation and efficiency. For example, Hess expanded its Tioga Gas Plant from 115 mln cubic feet of natural gas per day (MMSCFD) to 250 MMSCFD and expanded its natural gas liquids processing capacity from 8,000 barrels per day (MBD) to 60 MBD to provide the Bakken region with much needed capacity to process and monetize the liquids-rich associated natural gas and reduce operational flaring at the wellhead. Hess also has ongoing short-term wellhead gas capture projects. Hess is a



member of the North Dakota Petroleum Council's Flaring Task Force, and has regulatory and government affairs staff and a local landowner notification system. Hess has replaced an internal voluntary target to reduce our wellhead flaring rate in North Dakota with a newly established regulatory target for Bakken operators to achieve a 10% or lower wellhead flaring rate by 2020. We routinely track the flaring rate, flared volumes, and progress toward our flaring target; results are regularly reported internally.

Hess has invested over \$3 billion to construct capture, transport, process and fractionation infrastructure at Bakken. This \$3 billion investment includes expanding our Tioga Gas Plant to significantly increase gas processing capacity; building several new and expanding several existing gas compressor stations; building new and expanding existing gas gathering and processing pipelines throughout the North Dakota region and building a new gas processing plant south of the Missouri river. These expenditures represent one-time capital costs. Costs for staff resources to obtain the necessary licenses and permits and to operate new and expanded infrastructure are considered routine.

## Comment

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### Identifier

Opp2

### Where in the value chain does the opportunity occur?

Direct operations

### Opportunity type

Resource efficiency

### Primary climate-related opportunity driver

Other, please specify

Emissions reduction initiative and increased gas capture resulting in additional revenue generation

### Primary potential financial impact

Increased revenues resulting from increased production capacity

### Company-specific description

Hess is also a founding participant in The Environmental Partnership, established in 2017, which focuses on technologically feasible and commercially proven solutions that result in significant emissions reductions. Hess participates in the Leak Program for Natural Gas and Oil Production Sources and the Program to Replace, Remove or Retrofit High Bleed Pneumatic Controllers, along with other programs focused on pipeline blowdowns, compressor station emissions reductions and flare management. Hess implemented a leak detection and repair (LDAR) program covering 100% of our total on-shore U.S. assets across our production and gathering facilities in the Bakken region of North Dakota and our gas plant in Tioga, ND. In 2020, we conducted

semiannual surveys at 950 sites which resulted in 40,620 Mcf of recovered gas for the year at an average cost of \$41.99 per Mcf. In addition, thru 2020 we have taken 181 high bleed pneumatic controllers out of service of the 248 identified, with the remaining 67 controllers scheduled to be replaced by 2022.

As part of our EHS & SR strategy update, we also established a 2025 global methane intensity target of 0.19% for 2025, using a 2017 baseline of 0.40%. Our 2020 methane intensity based on this methodology was 0.22%. Our new target uses natural gas sales as a denominator, where the One Future Protocol uses methane production.

**Time horizon**

Medium-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

292,150

**Potential financial impact figure – maximum (currency)**

792,150

**Explanation of financial impact figure**

Hess utilized the EPA's Natural Gas STAR estimates of economic and environmental benefits of voluntarily replacing non-regulated high-bleed units with low bleed units before end-of-life. Based on this information, we assumed a natural gas price of \$2.98 per thousand cubic foot (per Hess 2020 SEC 10-K) and 260 Mcf natural gas savings for each of the 248 units. The total monetized value realized by this program from reducing emissions is approximately \$192,150 per year (248 units x 260 Mcf x \$2.98 = \$192,150). Potential additional maintenance cost savings range from \$100,000 to \$600,000 per year. ( low = \$192,150 + \$100,000 = \$292,150; high = \$192,150 + \$600,000 = \$792,150).

**Cost to realize opportunity**

458,800

**Strategy to realize opportunity and explanation of cost calculation**

Situation: Advancement in shale energy technology has resulted in an increased supply of cleaner burning, abundant, low cost natural gas; however, there is considerable debate about fugitive methane leakage along the natural gas value chain. Task: Find technical solutions that yield continuous improvement in the management of methane emissions across the natural gas value chain. Action: Hess has committed to several industry-wide voluntary efforts designed to promote technologically feasible and commercially proven solutions that reduce methane emissions. Results: Hess is a founding member of the ONE Future Coalition which is comprised of companies across the natural gas industry focused on identifying policy and technical solutions that yield continuous improvement in the management of methane emissions. Under this voluntary agreement, Hess set the target to reduce methane emissions for the sectors within the natural gas value chain where Hess participates to 0.47% by 2025. Through 2020, Hess has achieved 0.51% and is on track to make its target.

Another part of Hess's emissions reduction strategy is to apply innovation and efficiency to reduce energy use, waste and emissions reductions. In 2017, Hess joined the Environmental Partnership initiative launched by the American Petroleum Institutes focused on voluntary reductions in methane emissions. Hess participates in two programs established by the Partnership: 1) Leak Program for Natural Gas and Oil Production Sources and 2) Program to Replace, Remove or Retrofit High-Bleed Pneumatic Controllers within five years. Under the Leak Program, Hess conducted semi-annual surveys at 950 sites in 2020, implementing repair of fugitive emissions at selected sites using detection methods and technology, such as U.S. EPA Method 21 or optical gas imaging cameras. Under the Replace, Remove or Retrofit program Hess identified 248 high-bleed pneumatic controllers remaining in our North Dakota Operations which we plan to replace by 2022. Using EPA's Natural Gas STAR estimated implementation cost per unit \$1,850 for the 248 controllers, total implementation costs would be approximately \$458,800. This is a one-time capital cost.

## Comment

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### Identifier

Opp3

### Where in the value chain does the opportunity occur?

Direct operations

### Opportunity type

Resource efficiency

### Primary climate-related opportunity driver

Use of more efficient modes of transport

### Primary potential financial impact

Reduced indirect (operating) costs

### Company-specific description

**Opportunities for improved efficiency:** In support of our GHG emissions and flaring reduction targets, we track and monitor air emissions at each of our assets and undertake a variety of emissions reductions initiatives.

In North Dakota we use significant volumes of freshwater in our production activities. Previously this water was trucked to our well sites via diesel trucks. Now virtually all of our water, approximately 20 million barrels, is transported by flexible hose which reduced truck transport emissions by 19,392 tonnes in 2020, eliminated 178,000 truck deliveries and 8.9 million miles driven and reduced the truck traffic on roads. Hess also utilizes gas to liquids conversion units at remote sites. GTUIT and ColdStream units convert natural gas to natural gas liquids rather than flaring. In 2020, Hess operated 4 GTUIT units and 2 Cold Stream units which allowed us to capture 2.2 million gallons of natural gas liquids which avoided 120 million standard cubic feet per day of gas flared resulting in a reduction of 13,705 tonnes of CO<sub>2</sub>e emissions.

In late 2020, Hess established a new task force to provide oversight for 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 Operations Officer and his operating committee. The task force will evaluate three main areas, primarily focusing on medium and long-term aspects of our strategy: (1) GHG, methane and flare data reporting and metrics; (2) opportunities for Scope 1 and 2 GHG emissions and flaring reductions; and (3) feasibility of achieving net zero GHG emissions by 2050. The EHS Board Committee is updated on a regular basis, as the EHS Board Committee has oversight of climate-related issues including reviewing and guiding both the strategy and implementation. This oversight ensures that we stay aligned and focused on our overarching climate objectives. By overseeing progress against climate-related goals and targets, the EHS Board Committee can monitor our climate-related actions for consistency with our climate change strategy.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

70,000,000

**Potential financial impact figure – minimum (currency)**

## Potential financial impact figure – maximum (currency)

### Explanation of financial impact figure

Each project has its own financial implications, but as an example: Hess transported about 20 million barrels of water in 2020 via flexible pipe. Transporting water by use of flexible pipe rather than trucks saved an estimated incremental \$38 million in 2020 based on the cost differential between truck transport and use of flexible pipe. Cost of truck transport is \$3.50 per barrel. Cost of transport with flexible pipe is \$1.60 per barrel. Savings by using flexible pipe instead of truck transport is \$1.90 per barrel. (calculation as follows: 20 million barrels in 2020 . Transport of 20 million barrels via truck @ \$3.50/bbl. = \$70 million; transport of 20 million barrels via flexible pipe @ \$1.60/bbl. = \$32 million; net savings = \$38 million).

### Cost to realize opportunity

32,000,000

### Strategy to realize opportunity and explanation of cost calculation

To manage the opportunities presented by energy efficiency, we are implementing a number of projects, including use of flexible pipe to transport freshwater to drill sites. In North Dakota, we use significant volumes of freshwater in our production activities. Previously this water was trucked to our well sites via diesel trucks. Now virtually all of our water is transported by flexible hose which significantly reduces truck transport emissions and reduces the truck traffic on roads. Once the opportunity to use flexible pipe was identified, a test project was undertaken to determine what type flexible hose would withstand ambient temperature extremes as well as durability with heavy vehicle operations. Successful testing allowed us to increase flexible hose use each year until it is now exclusively used for water transport. In 2020, 100% of the water we used for hydraulic fracturing in North Dakota (approximately 20 million barrels) was transported using flexible hose.

Each project has its own costs, but as an example: the cost to eliminate water truck transport by using flexible hose are approximately \$32,000,000 (calculation as follows: 20 million barrels of water in 2020 x \$1.60/bbl. to transport via flexible pipe = \$32 million). There are no costs for project and contract management beyond the normal course of business.

### Comment

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#### Identifier

Opp4

#### Where in the value chain does the opportunity occur?

Direct operations

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Development and/or expansion of low emission goods and services

**Primary potential financial impact**

Increased revenues resulting from increased demand for products and services

**Company-specific description**

To align our strategic sustainability actions with changes in 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. In Phase 1, we identified 26 sustainability topics relevant to our company. We then validated and prioritized the topics through a stakeholder engagement process. In Phase 2, we conducted a benchmarking assessment to review practices from our peers, supermajors and national oil companies. The project team and steering committee reviewed the results, carefully considered practices in each area and what was fit for purpose for Hess. In Phase 3, 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. These eight topics included: Climate Related Risks and Greenhouse Gas Emissions; Process Safety and Release Prevention; Occupational Health and Safety; Emergency Preparedness and Response; Water Management; Diversity, Equity and Inclusion; Supply Chain and Contractor Management and Community and Stakeholder Engagement.

Reputational enhancement: The company specific opportunity that we are trying to realize through being a leader in ESG transparency, disclosure and performance is maintenance and improvement in our ESG rankings (i.e., Hess consistently achieves leadership status on CDP), which could result in improved reputation, public awareness and accountability which could impact our cost and access to future capital.

In late 2020, Hess established a new task force to provide oversight for 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 Operations Officer and his operating committee. The task force will evaluate three main area: (1) GHG, methane and flare 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. The EHS Board Committee is updated on a regular basis, as the EHS Board Committee has oversight of climate-related issues.

**Time horizon**

Medium-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

100,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

Positive perceptions of Hess' management of climate change and related disclosures have led to our inclusion in ESG indices, which could theoretically decrease our cost of capital. Because we cannot predict shareholders' future actions or the makeup of our top shareholders going forward, at this time we are unable to assign a specific monetary value to the potential for future lower cost of capital resulting from our inclusion on ESG indices. However, most of Hess' top ten institutional investors used sustainability data to evaluate ESG performance and inform shareholding strategy. At year-end 2020, approximately \$9 billion of Hess shares (56%) were owned by investors who were signatories to the United Nations Principles for Responsible Investment which shows that investors are concerned with ESG performance. As an example, Hess would view a financial opportunity of \$100,000,000 or more related to enhanced reputational ESG performance as significant.

**Cost to realize opportunity**

500,000

**Strategy to realize opportunity and explanation of cost calculation**

Hess is managing these opportunities through implementation of our climate change strategy, which includes public disclosures of our strategy, programs and performance; reducing operational flaring; energy efficiency and more renewable energy in our energy spend; accounting for energy efficiency and carbon costs in all major new investments. Hess continues to meet our goal of top quartile performance in our sector for the quality of our climate change disclosures. In 2020, Hess earned CDP climate leadership for the 12th consecutive year, and included in the DJSI North America for the 11th consecutive year. Hess was also the only U.S. oil and gas company to be awarded a Level 4-star rating in the September, 2020, Transition Pathway Initiative report. We also work with others in our industry on energy efficiency and GHG emissions reduction, energy management systems, operational flaring reduction, and upstream energy performance methodology. We are proactively reducing GHG emissions intensity in countries where we operate, including those where GHG emissions are not currently regulated.

Costs of implementing our climate change strategy, such as CSR report preparation and

responding to CDP, including staff time are not separated from the costs of salaries. In addition to staff time, Hess spends approximately \$500,000 annually on costs that include CDP reporter services, GHG report assurance, and external consultants.

**Comment**

## C3. Business Strategy

### C3.1

**(C3.1) Have climate-related risks and opportunities influenced your organization’s strategy and/or financial planning?**

Yes, and we have developed a low-carbon transition plan

#### C3.1a

**(C3.1a) Is your organization’s low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?**

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	No, and we do not intend it to become a scheduled resolution item within the next two years	

### C3.2

**(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?**

Yes, qualitative and quantitative

#### C3.2a

**(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.**

Climate-related scenarios and models applied	Details
IEA Sustainable development scenario	To help quantify climate-related risks and opportunities Hess conducts an annual scenario planning exercise to assess longer-term portfolio resilience using Hess's equity interest in all existing assets and intended forward investments. This approach allows us to communicate to our stakeholders our understanding of future risks and opportunities in relation to the evolution of energy demand, mix, the emergence of new technologies, and possible changes by policymakers with respect to GHG emissions. Hess modeled two main scenarios detailed in the IEA's 2020 World Energy Outlook against our own internal base case. The TCFD recommends organizations use a 2 degree



C or lower scenario to test portfolio resilience. The Sustainable Development Scenario in the IEA's 2020 WEO, which is part of Hess's modelling, fits within this recommendation. We have internal guidance which details our approach to scenario planning and serves as a roadmap for our external verifier. Hess established a base case (i.e., \$45 per barrel Brent oil in 2021, increasing to \$55 per barrel in 2022 through 2040; \$2.75 per million MMBtu Henry Hub natural gas held constant for 2021-2040, and sustained \$40/tonne carbon price, all in 2021 real terms) and ran our asset portfolio and intended forward investments through this model to assess financial robustness. Hess base case was compared against various oil, natural gas and carbon prices in the IEA's two main scenarios: Stated Policies and SDS. This timeframe is most relevant because 2040 aligns with IEA industry benchmarks. For Hess, oil and natural gas prices (and the demand that drives them), along with carbon prices are of most immediate concern. Based on comparing the ratio of the NPV of Hess's portfolio, calculated at Hess's base price assumptions, against the NPV for the same portfolio under the price assumptions underlying IEA's SDS, our scenario analysis shows that the latter NPV (SDS case) results in a 10% higher NPV. This demonstrates the robustness of Hess's conservative planning assumptions as they relate to oil prices and the competitive pipeline of future investments in our portfolio. We believe our scenario analysis validates Hess' strategic priorities to focus investment on high-return, low-cost oil and gas opportunities and to build a focused and balanced portfolio, robust at low prices. When looking at long range price trends outlined by IEA, our two most significant assets, the Bakken in North Dakota and our joint-venture in Guyana are resilient due to their favorable cost structure and emissions attributes. In Guyana, where our offshore oil discoveries are among the largest in the last decade, our Liza Phase 1 and Phase 2 developments breakeven costs are \$35 and \$25 per barrel Brent oil, respectively. Our scenario analysis led to the establishment a new team, led by the Senior VP Production to further identify, assess and recommend climate change mitigation strategies to management and the EHS Board Committee for implementation starting in 2020. (Situation) Since the team's formation they have used the results of scenario analysis to directly inform our business objectives and strategy. While seeking longer term solutions to reducing emissions from operations, Scope 2 emissions generated from purchased electricity usage were identified as a significant opportunity to immediately mitigate our carbon footprint. (Task/Action) As the team pursues these long range opportunities, short term strategies were developed including tasking the committee with purchasing RECs in 2020 as an action to offset 100% of the Company's purchased electricity requirements. (Result) In the short-term, we expect this action to help enhance Hess's ESG reputation in the marketplace, and act as a bridge strategy to the longer term pursuits that Hess is developing. The result of purchasing RECs and obtaining renewable energy from the grid was to offset 420,969 tonnes of Scope 2 emissions.

### C3.3

**(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>We begin a risk assessment by bringing together business and asset level subject matter experts to establish a holistic risk profile for a particular asset. We use the results of asset-level risk assessments to generate a company-wide portfolio view of risks and impacts in financial terms. Included in our recent 2020 Strategy Refresh was a determination of EHS&amp;SR priority risks and stakeholder expectations. This priority risk register is updated annually to reflect changing business conditions and risk prioritization. Since our products and services are carbon intensive, we have identified potential future risks of carbon pricing. Managing these costs proactively reduces our cost per barrel of production and makes us more economically and environmentally competitive. We expect this to have a high to moderate impact in the long-term horizon as our strategy includes minimizing our carbon footprint as we grow and expand, and we use this process to identify opportunities that help us grow our business while mitigating risk.</p> <p>For example, we have invested over \$3 billion in a substantive business decision to add infrastructure in North Dakota to reduce flaring, which reduces GHG emissions from flaring and allows us to increase revenue by capturing and selling gas, as well as using it to run our operations. This effort is a win-win situation for Hess because it reduces costs, generates additional revenue and supports efforts to transition to lower carbon emitting products. To help achieve this objective, we have set a new 2025 target to reduce our global methane intensity to 0.19% from a 2017 baseline of 0.40%.</p> <p>Our LDAR program in North America will help mitigate methane emissions, promote the use of natural gas and help us meet our 2025 target. This program comprises monthly audible, visual and olfactory equipment inspection</p>

		<p>for the potential of leakage and semi-annual optical gas imaging performed by our certified field assurance personnel to detect fugitive emissions. In 2020, the cost of implementation in ND was approximately \$1.7 million, which resulted in approximately 40,620 Mcf of recovered gas for the year at an average cost of approximately \$41.99 per Mcf. These measures; together with the steps we are taking to reduce flaring in ND, aim to help further reduce our fugitive emissions.</p>
<p>Supply chain and/or value chain</p>	<p>Yes</p>	<p>Situation: When Hess enters into new joint venture (JV) projects with partners, we engage directly to evaluate project economics, promote safety and minimize emissions. For example, at our Stabroek Block (offshore Guyana), in which Hess holds a 30% interest, we worked with the JV parties on initial development of the Lisa field (within the block) to attempt to minimize emissions across the whole value chain as we develop these fields. Task: Since we knew that this project was one of the largest recent offshore developments in the world, we understood the climate-related risks of this project and wanted to minimize GHG emissions. While these types of JV investments are equity investments for Hess, we view these investments as having the potential for reputation risks and opportunities. Similar to our wholly- owned operations, our other JV parties identify and manage the potential future risks of carbon pricing. Our climate change strategy includes continuing to take cost-effective, appropriate steps to monitor, measure and reduce emissions through applying innovation and efficiency to reduce energy use, waste and emissions across our operations. We also believe it is appropriate to use reasonable efforts to extend that strategy across non-operated joint ventures. Action: The actions that we took, along with our JV parties, to mitigate climate-related risks was a substantive business decision which resulted in investing in a system to reinject the associated gas from oil production for storage so that we could minimize flaring from these oil fields. Result: This gas reinjection program in Guyana has had a significant impact on reducing our greenhouse gas emissions by dramatically reducing natural gas flaring associated with oil production and should cover the short, medium and long term as we expect it to extend for the life of these oil fields. When we look at Supply Chain issues, in general, we examine short term (&lt; 1 year),</p>

		medium term (>1 year and <5 years) and longer term (> 5 years) impacts on our business operations.
Investment in R&D	No	Hess does not invest in fundamental R&D. A company of our size has limited resources and no R&D budget; hence there is minimal risk associated with climate-related R&D risks or opportunities and this does not have a substantive financial impact on our business. Since it does not have a substantive impact, we do not anticipate R&D having an impact on our business in the short or medium-term. This is primarily a long-term risk and impact to the business.
Operations	Yes	<p>We begin a risk assessment by bringing together business and asset level subject matter experts to establish a holistic risk profile for a particular asset. We use the results of asset-level risk assessments to generate company-wide portfolio view of risks and impacts on value in financial terms. Included in our 2020 Strategy Refresh was a determination that EHS&amp;SR priority risks and stakeholder expectations. This priority risk register is updated annually to reflect changing business conditions and risk prioritization. We have identified potential future risks of climate change (both transitional and physical) to our operations. Managing these costs proactively means that our cost per barrel is coming down and makes us more economically and environmentally competitive. We expect this to have a high to moderate impact as our strategy includes minimizing our carbon footprint as we grow and expand in order to enhance our ESG performance and minimize reputational risk.</p> <p>In North Dakota, our most strategic decision influenced by climate related risks was to invest over \$3 billion in a substantive business decision to develop infrastructure to reduce flaring. This allows us to increase revenue by capturing and selling gas that was previously flared. This infrastructure investment will result in substantial climate-related benefits associated with flare reduction in the medium and long term. This effort reduces costs, generates additional revenue and supports efforts to transition to lower carbon emitting products.</p> <p>As part of our updated EHS &amp; SR strategy, Hess established a global methane intensity reduction target of 0.19% by 2025, using a 2017 methane baseline. The continued implementation of our LDAR program will help mitigate the risk of not achieving our 2025 methane intensity</p>

		<p>reduction target. This program comprises monthly audible, visual and olfactory inspection of equipment with the potential to leak; and, semi-annual optical gas imaging which is performed by our field assurance personnel who are certified in the use of infra-red thermal cameras and other monitoring techniques to detect fugitive emissions. In 2020, the cost of implementation in ND was approximately \$1.7 million, which resulted in approximately 40,620 Mcf of recovered gas for the year at an average cost of \$41.99 per Mcf.</p>
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### C3.4

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	Indirect costs Assets	<p>Indirect/Operating Costs Description: In 2016, Hess introduced an internal price of carbon into our new investment decision process with the aim to test a projects financial resilience over the long-term (typical project lifecycle of 20-40 years) in a carbon constrained environment. We conducted a benchmark study and set a \$40/tonne carbon price which was at the high range of what the super majors were using at the time, as well equivalent to the Obama Administration's social cost of carbon. If a carbon regulation was in effect in a particular country where we are doing business, we used that country's cost of carbon. Return on investment was then calculated with and without a sustained \$40 per tonne price on carbon (or the applicable country-specific value). Setting an internal cost of carbon enables management to evaluate project value and review different options and technologies to achieve the most efficient ones, as well as to achieve the company's long-range strategic objectives. Since establishing a price on carbon is a long-term measure, we periodically review this carbon price. In early 2021, we amended our planning guidance to include evaluating new investments using the IEA's SDS carbon pricing as as sensitivity case. (Situation) For example, Hess recently applied the \$40/tonne price of carbon when evaluating the Stampede project in the Gulf of Mexico and the North Malay Basin project in Malaysia. (Task/Action) Using a sustained \$40/tonne price of carbon in the project economics to evaluate different options and technologies for GHG emissions reductions. (Result) Since the technologies applied to both of these projects resulted in desired production levels over the long</p>

		<p>term with relatively low levels of GHG emissions, the projects were sanctioned and the \$40/tonne carbon price did not have a substantive impact on these business decisions.</p> <p>As part of our long term financial planning process, to help quantify climate-related risks and opportunities- and to provide perspectives to our investors and to other key stakeholders- Hess now conducts an annual scenario planning exercise as a methodology to assess portfolio resilience over the longer term (2040 plus time frame which is consistent with the Paris Accord). 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 and mix, the emergence of new technologies and possible changes by policymakers with respect to GHG emissions. Because the TCFD recommends transparency around key parameters, assumptions and analytical choices, Hess has chosen to model two main scenarios detailed in the IEA's 2020 World Energy Outlook (the Stated Policy Scenario and the Sustainable Development Scenario) against our own internal base planning case. These scenarios include incorporating long-range carbon prices of up to \$140 per tonne into the planning process.</p> <p>Furthermore, the TCFD recommends that organizations use a 2 degree C or lower scenario to test portfolio resilience- in other words, a scenario under which global warming is kept to well below a 2 degree C increase compared to preindustrial levels. Such scenarios usually feature reductions in demand for oil, natural gas and coal; growth in clean technologies; and a reshaping of trade flows, among other assumptions.</p> <p>The SDS in the IEA's 2020 WEO which is part of Hess's modeling, fits within this recommendation. The Hess portfolio and our pipeline of forward investments remain resilient and provides strong financial returns even under the SDS scenario. Hess has incorporated scenario planning into our regular business planning cycle.</p> <p>Recalibrating our financial planning process to evaluate potential climate-related impacts on our long-term business decisions through the use of carbon pricing and scenario analysis has resulted in changes in business strategy which help us identify potential cost-effective opportunities to minimize GHG emissions . (Situation) For example, at our Stabroek Block (offshore Guyana), in which Hess holds a 30% interest, we worked with the JV parties on initial development of the Lisa field(within the block) to attempt to minimize emissions across the whole value chain as we develop these fields. ( Task/ Action) Since we knew that this project was one of the largest recent offshore developments, we understood the climate-related risks of the project and wanted to ensure that we minimized gas flaring and resulting GHG emissions. We viewed this</p>
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		activity as having a substantive impact on our business (Result) The action that we took, along with our JV parties, to mitigate climate-related risks was to invest in a system to reinject the associated gas from our future oil production for storage so that we could minimize flaring from these oil fields.
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### C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

## C4. Targets and performance

### C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Intensity target

### C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

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**Target reference number**

Int 1

**Year target was set**

2015

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

**Intensity metric**

Metric tons CO<sub>2</sub>e per unit of production

**Base year**

2014

**Intensity figure in base year (metric tons CO<sub>2</sub>e per unit of activity)**

40.8

**% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

100

**Target year**

2020

**Targeted reduction from base year (%)**

25

**Intensity figure in target year (metric tons CO<sub>2</sub>e per unit of activity) [auto-calculated]**

30.6

**% change anticipated in absolute Scope 1+2 emissions**

40

**% change anticipated in absolute Scope 3 emissions**

0

**Intensity figure in reporting year (metric tons CO<sub>2</sub>e per unit of activity)**

22.1

**% of target achieved [auto-calculated]**

183.3333333333

**Target status in reporting year**

Achieved

**Is this a science-based target?**

Yes, we consider this a science-based target, but it has not been approved by the Science Based Targets initiative

**Target ambition**

Well-below 2°C aligned

**Please explain (including target coverage)**

We set a 2020 target to reduce GHG emissions intensity (Tonnes/MBOE) for the current portfolio of assets we operate by 25% compared to a 2014 baseline. This target is exclusive of Renewable Energy Certificates (RECs). We consider this to be equivalent to a science-based target because the WEO's Sustainable Development scenario requires an ambitious 21% carbon intensity reduction by 2030 in order to be consistent with a less than 2 degree aim. This 21% carbon intensity figure is derived from the SDS's CO<sub>2</sub> emissions divided by primary world energy demand in 2030 vs. 2017. Hess' 25% GHG intensity reduction target which was set in 2015 and is based on our operated Scope 1 and 2 GHG emissions divided by production, is aligned with the IEA's Sustainable Development scenario 2030 goal and is consistent with the Paris Agreement's 2 degree ambition. We have completed this 2020 GHG intensity reduction target and overachieved it; 44% GHG intensity reduction versus our 25% target



compared to our 2014 baseline.

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 kg carbon dioxide equivalent (CO<sub>2</sub>e) per BOE by 2025 versus a 2017 baseline of 30 kg CO<sub>2</sub>e per BOE. We aligned this GHG intensity reduction target with the IEA's WEO 2020 SDS, which requires a 22% carbon intensity reduction by 2030 versus 2017 in order to be consistent with the Paris Agreement's less than 2 degree ambition. This 22% carbon intensity reduction figure is derived from the SDS's CO<sub>2</sub> emissions divided by primary world energy demand in 2030 vs 2017. Hess's new GHG intensity reduction target is based on operated Scope 1 and 2 emissions normalized by production. This target results in a 44% GHG intensity reduction between 2017 and 2025, puts us on a track more aggressive than the IEA SDS' 22% reduction by 2030 and aligns with the Paris Agreement's less than 2 degree ambition. This target is 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.

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**Target reference number**

Int 2

**Year target was set**

2015

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1

**Intensity metric**

Metric tons CO<sub>2</sub>e per unit of production

**Base year**

2014

**Intensity figure in base year (metric tons CO<sub>2</sub>e per unit of activity)**

276

**% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

100

**Target year**

2020

**Targeted reduction from base year (%)**

50

**Intensity figure in target year (metric tons CO<sub>2</sub>e per unit of activity) [auto-calculated]**

138

**% change anticipated in absolute Scope 1+2 emissions**

17

**% change anticipated in absolute Scope 3 emissions**

0

**Intensity figure in reporting year (metric tons CO<sub>2</sub>e per unit of activity)**

114

**% of target achieved [auto-calculated]**

117.3913043478

**Target status in reporting year**

Achieved

**Is this a science-based target?**

No, and we do not anticipate setting one in the next 2 years

**Target ambition**

**Please explain (including target coverage)**

We set a 2020 target to reduce flaring intensity (scf/BOE) by 50% for the current portfolio of assets we operate compared to a 2014 baseline. Flaring reduction has primarily resulted from a major initiative from our Bakken asset in North Dakota. We over performed against this target by reducing flaring intensity by 59% through 2020 versus our 2014 baseline.

## C4.2

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Target(s) to increase low-carbon energy consumption or production

Target(s) to reduce methane emissions

## C4.2a

**(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.**

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**Target reference number**

Low 1

**Year target was set**

2020

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Intensity

**Target type: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Metric (target numerator if reporting an intensity target)**

Percentage

**Target denominator (intensity targets only)**

Other, please specify

**Base year**

2020

**Figure or percentage in base year**

0

**Target year**

2020

**Figure or percentage in target year**

100

**Figure or percentage in reporting year**

102.956

**% of target achieved [auto-calculated]**

102.956

**Target status in reporting year**

Achieved

**Is this target part of an emissions target?**

No, this is a commitment on Hess's part to purchase RECs to offset 100% of annual net electricity requirements

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

Part of Hess's strategy is to purchase 100 % of our annual electricity consumption from renewable energy sources based on net electricity usage each year. Because this is an annual target to purchase 100% renewables based on actual electricity consumption for the year, we are effectively setting a new target each year. As a result, the base year, the start year, and the target year are all the same (2020). In accordance with our target to purchase 100% renewable energy (based on our 2020 electricity use of 838,794 MWh) our goal is to purchase 609,216 RECs (KPI in baseline year). Because we actually bought 634,000 RECs or 75.6% of our electricity use, as well as obtained 27.37% of our grid energy from renewable sources (229,578 MWh), in total we used 863,591 MWh generated from renewable sources and therefore met our 100% target.

**C4.2b**

**(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.**

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**Target reference number**

Oth 1

**Year target was set**

2015

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Intensity

**Target type: category & Metric (target numerator if reporting an intensity target)**

Methane reduction target  
Other, please specify  
Methane emitted (tonnes)

**Target denominator (intensity targets only)**

Other, please specify  
Methane produced (tonnes)

**Base year**

2012

**Figure or percentage in base year**

1.57

**Target year**

2025

**Figure or percentage in target year**

0.47

**Figure or percentage in reporting year**

0.51

**% of target achieved [auto-calculated]**

96.3636363636

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

Int2

**Is this target part of an overarching initiative?**

Other, please specify

It is part of the ONE Future coalition which was established to voluntarily lower methane emissions to less than 1% across the natural gas value chain.

**Please explain (including target coverage)**

Hess is part of the ONE Future coalition which was established to voluntarily lower methane emissions to less than 1% across the natural gas value chain. To achieve this goal, ONE Future has established 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 totals 1%. Hess has activities in three sectors, production, gathering and boosting and processing. In 2020, our methane emissions rate for production was 0.35%, our methane emissions rate from gathering and boosting as 0.14%, and our emissions rate from processing was 0.02%. Our combined methane emissions rate from production, gathering, boosting, and processing was 0.51%, which is above the 2025 One Future combined target of 0.47% for those three sectors. With our planned reductions to flaring and phase out of high-bleed pneumatic controllers in North Dakota we anticipate that we will achieve the ONE Future target by 2025.

In addition to this commitment, 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% or anticipate achieving a 52% reduction in methane intensity versus our baseline. Our 2020 methane intensity based on this methodology was 0.22%.

## C4.3

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

### C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	3	579,020
Not to be implemented	0	0

### C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

**Initiative category & Initiative type**

Waste reduction and material circularity  
 Other, please specify  
 Flaring Reduction

**Estimated annual CO2e savings (metric tonnes CO2e)**

560,899

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

21,000,000

**Investment required (unit currency – as specified in C0.4)**

3,000,000,000

**Payback period**

>25 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

As part of Hess's climate change strategy, we will continue to take cost-effective appropriate steps to monitor, measure and reduce emissions through applying innovation and efficiency to reduce energy use, waste and emissions across our operations. Our flare reduction strategy is a key component of this program because it provides us with an opportunity to generate additional revenue, increase our supply of natural gas to the marketplace where natural gas can serve as a bridging fuel in a transition to a lower carbon environment and it enables us to reduce greenhouse gas emissions. This strategy is a win-win for the company. Through infrastructure investments, during 2020 we reduced flaring from 70.7 MMscfd in 2019 to 51.3 MMscfd in 2020 or by 19.4 MMscfd. Based on the average 2020 onshore natural gas price of \$2.98 per thousand cubic foot (MCF) found in Hess' 2020 SEC 10-K, the estimated market value of the amount of wellhead gas and natural gas liquids that was captured instead of flared is approximately \$21 million (  $70.7 - 51.3 = 19.4 \text{ MMscfd} \times 365 \times \$2.98 \text{ per MCF} = \$21 \text{ million}$ ). This 19.4 MMscfd reduction in flaring reduced GHG emissions by 560,899 tonnes in 2020 vs. 2019.

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**Initiative category & Initiative type**

Low-carbon energy consumption  
Wind

**Estimated annual CO2e savings (metric tonnes CO2e)**

17,468

**Scope(s)**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

0

**Investment required (unit currency – as specified in C0.4)**

1,122,180

**Payback period**

No payback

**Estimated lifetime of the initiative**

1-2 years

**Comment**

Part of Hess's EHS & SR strategy has been to purchase REC's in order to secure a portion of our purchased electricity requirements from renewable sources. As an outgrowth of our scenario analysis, we established a new team, led by the Senior VP Production to further identify, assess and make recommendations with respect to climate change mitigation strategies, and emissions reduction technologies and

opportunities to senior management and the EHS Board Committee for implementation starting in 2020. Since the teams formation they have used the results of scenario analysis to directly inform our business objectives and strategy. In the interim, while we pursue longer range opportunities, the committee was tasked with purchasing 100% RECs starting in 2019 as an action to offset 100% of the Company's purchased electricity requirements. In the short-term, we expect this action to help result in enhancing Hess's ESG reputation in the marketplace. In 2020, we purchased 634,000 REC's which offset 76% of our purchased electricity requirements, which along with the 27% renewable energy we got from the grid enabled Hess to offset 100% of its purchased electricity requirements. Last year we purchased 530,714 REC's, so the net increase of 103,286 incremental RECs in 2020 enabled us to offset 17,468 tonnes of Scope 2 GHG emissions.

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**Initiative category & Initiative type**

Transportation

Other, please specify

Reduced use of contractor trucking by transporting water via flexible hose

**Estimated annual CO2e savings (metric tonnes CO2e)**

653

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

70,000,000

**Investment required (unit currency – as specified in C0.4)**

32,000,000

**Payback period**

<1 year

**Estimated lifetime of the initiative**

3-5 years

**Comment**

In North Dakota, we continue to utilize flexible hose to transport fresh water directly from our water sources to our wells, instead of using trucks. Over the past five years, we have steadily increased the percentage of water we supply to our fracturing operations by hose rather than by truck, which reduces noise, GHG emissions and the potential for accidents associated with truck traffic. In 2020, 100% of the water we used for hydraulic fracturing in North Dakota (approximately 20 million barrels) was transported using flexible hose. For 2020, the monetary savings and investment required calculation is as



follows: Transport of 20 million barrels via truck @ \$3.50/bbl. = \$70 million; transport of 20 million barrels via flexible pipe @ \$1.60/bbl. = \$32 million; net savings = \$70 million - \$32 million = \$38 million. Through the use of flexible pipe, in 2020, we eliminated 178,042 truck deliveries and 8.9 million miles driven and reduced greenhouse gas emissions by 19,392 tonnes; however, because we only transported slightly more water via flexible pipe in 2020 versus 2019, the incremental greenhouse gas emissions reduction year to year was only 653 tonnes.

### C4.3c

**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Other	Capital projects which meet investment hurdles and are approved by key stakeholders that result in energy efficiency and emissions reductions activities.
Internal price on carbon	We use this when we evaluate new projects to ensure that they are financial viable.

### C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**

Yes

### C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.**

**Level of aggregation**

Product

**Description of product/Group of products**

Natural Gas

**Are these low-carbon product(s) or do they enable avoided emissions?**

Low-carbon product

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify

Natural gas considered as bridging fuel

**% revenue from low carbon product(s) in the reporting year**

14

### Comment

We consider natural gas, which typically has about half the GHG emissions of coal in electricity generation, as a bridging fuel as customers transition to a lower carbon economy

## C-OG4.6

### (C-OG4.6) Describe your organization's efforts to reduce methane emissions from your activities.

For the past 24 years, Hess has been a participant in the US EPA's Natural Gas STAR program. This program created a partnership between EPA and industry to identify and share best practices that yield reduced methane emissions. Since joining the Natural Gas STAR program in 1997, Hess has achieved cumulative methane emissions reductions of 5.1 million tonnes of CO<sub>2</sub>e (10,537,055 MCF).

These results have been achieved through employing the following Natural Gas STAR methane reduction technologies and practices:

- a) Installation of vapor recovery units (67.9% of emissions reductions)
- b) Installation of electric compressors (17.5%)
- c) Installation of flash tank separators on glycol dehydrators (about 6%)
- d) Catalytic converter installation (about 6%)
- e) Other (about 2%)

In addition, Hess is one of the founding members of ONE Future, a coalition of companies 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, transmission and distribution of natural gas. If adopted widely, ONE Future's system of emissions management could lower total methane emissions to less than 1% of gross production - the point at which the use of natural gas for any purpose provides clear and immediate greenhouse gas reduction benefits compared to any other conventional fossil fuel. To achieve its goal, ONE Future has established methane emission 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 to the 1% target. Hess has activities in three sectors, production, gathering and boosting and processing. In 2020, our methane emissions rate for production was 0.35%, our emissions rate from gathering and boosting was 0.14% and our emissions rate from processing was 0.02%. Our combined methane emissions rate from the production, gathering, boosting, and processing sectors was 0.51%, which is slightly above the 2025 combined target of 0.47% for those three sectors. With our planned reduction in flaring and phase out of high-bleed pneumatic controllers in North Dakota, we anticipate that we will achieve the ONE Future targets by 2025.

In a related voluntary effort, in 2017 Hess became one of the initial participants in the American Petroleum Institute's Environmental Partnership, which has a goal to reduce air emissions, including methane and volatile organic compounds, associated with natural gas and oil

production. Hess is implementing several of API's Environmental Partnership programs to reduce methane emissions in our North Dakota operations, two of which are detailed below:

1. 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 U.S. EPA Method 21 or optical gas imaging cameras. Hess conducted semi-annual surveys at 950 sites in 2020.
2. Program to Replace, Remove or Retrofit High-Bleed Pneumatic Controllers: Participants will replace, remove or retrofit high-bleed pneumatic controllers with low- or zero-emitting devices within five years. Hess identified 226 high-bleed pneumatic controllers in our North Dakota operations. Through 2020, we have removed 181 high bleed pneumatic controllers from service; we plan to phase out the remaining 67 devices by 2022.

In addition to these commitments, as part of our 2020 EHS & SR strategy update, we established a 2025 global methane intensity reduction 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 of 0.40% or anticipate achieving a 52% reduction in methane intensity versus our baseline. Our 2020 methane intensity based on this methodology was 0.22%.

Since we view natural gas as a bridging fuel to a lower emissions economy, we continuously seek technical solutions that yield continuous improvement in the management of natural gas across our value chain. Our voluntary initiatives to reduce methane emissions as part of the One Future and API Environmental Partnership programs, along with our new global methane reduction target, will keep the emphasis on managing methane emissions as we continue to grow our business.

## C-OG4.7

**(C-OG4.7) Does your organization conduct leak detection and repair (LDAR) or use other methods to find and fix fugitive methane emissions from oil and gas production activities?**

Yes

## C-OG4.7a

**(C-OG4.7a) Describe the protocol through which methane leak detection and repair or other leak detection methods, are conducted for oil and gas production activities, including predominant frequency of inspections, estimates of assets covered, and methodologies employed.**

In order to meet both our ONE Future and Environmental Partnership commitments, we continued implementation of our leak detection and repair (LDAR) program across all of our production facilities (existing and new) in North Dakota, and at our gas plant in North Dakota. Based on our U.S. methane emissions, the scope of this program includes 100% of our total on-shore operated methane assets. The protocol includes: a monthly audible, visual

and olfactory inspection of equipment with the potential to leak and semi-annual optical gas imaging, which is performed by our field assurance personnel who are certified in the use of infra-red thermal cameras and other monitoring techniques to detect fugitive emissions. For example, we apply this protocol at our North Dakota production operations where we typically examine approximately 950 well sites with approximately 2000 fugitive components per site. In 2020, the cost of implementing this program across all of our U.S. operations was approximately \$1.7 million, which resulted in approximately 40,620 Mcf of recovered gas for the year at an average cost of 41.99 per Mcf. These measures, together with the steps we are taking to reduce flaring in North Dakota, aim to help further reduce our fugitive methane emissions.

## C-OG4.8

**(C-OG4.8) If flaring is relevant to your oil and gas production activities, describe your organization's efforts to reduce flaring, including any flaring reduction targets.**

Flare reduction is a key component of Hess's climate related strategy because it provides us with an opportunity to generate additional revenue, increases our supply of natural gas to the marketplace where natural gas can serve as a bridging fuel in a transition to a lower carbon environment and it enables us to reduce greenhouse gas emissions. Because reducing flaring across our operations is a major component of Hess's emissions reduction strategy, Hess has set a flaring reduction target for operated production to reduce the flaring per BOE produced by 50% from 2014 to 2020. Through 2020, Hess has achieved this target by reducing its flaring intensity by 59% versus our 2020 target of 50%. Hess views this as a substantive business decision. Our primary focus on flaring reduction remains to decrease our GHG emissions, which includes investing over \$3 billion in natural gas capture, processing and fractionation capacity, adding much-needed regional capacity for our own production and that of other operators to process and monetize natural gas and reduce wellhead flaring. Hess is a founding member of ONE Future, a group of companies from across the natural gas industry focused on identifying policy and technical solutions that yield continuous improvement of methane emissions. The goal is to voluntarily reduce methane emissions to less than 1% of methane production across the value chain- each sector is responsible for meeting its own sectoral target representing a portion of this overall goal. We believe our planned reductions to flaring, phase out of high-bleed pneumatic controllers in North Dakota and our continued emphasis on our LDAR program will enable us to achieve the ONE Future target by 2025 and our global methane intensity reduction target of 0.19% by 2025.

## C5. Emissions methodology

### C5.1

**(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).**

#### Scope 1

---

##### Base year start

January 1, 2014

**Base year end**

December 31, 2014

**Base year emissions (metric tons CO<sub>2</sub>e)**

2,499,949

**Comment**

**Scope 2 (location-based)**

---

**Base year start**

January 1, 2014

**Base year end**

December 31, 2014

**Base year emissions (metric tons CO<sub>2</sub>e)**

376,357

**Comment**

**Scope 2 (market-based)**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

## **C5.2**

**(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

IPIECA's Petroleum Industry Guidelines for reporting GHG emissions, 2nd edition, 2011

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

US EPA Mandatory Greenhouse Gas Reporting Rule

## C6. Emissions data

### C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO<sub>2</sub>e?

Reporting year

---

**Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)**

3,250,701

**Comment**

### C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

---

**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

**Scope 2, market-based**

We are reporting a Scope 2, market-based figure

**Comment**

### C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO<sub>2</sub>e?

Reporting year

---

**Scope 2, location-based**

420,969

**Scope 2, market-based (if applicable)**

102,781

**Comment**

## C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

## C6.5

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

### Purchased goods and services

---

#### Evaluation status

Not relevant, explanation provided

#### Please explain

Hess reports Scope 3 emissions in accordance with the industry guidance issued by IPIECA and API in 2016: "Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas Emissions." In 2014 Hess completed divestment of all downstream (refining, terminals and retail) operations and became a pure play E&P company. Hess uses a 5% of Scope 3 emissions as the materiality threshold for reporting. Therefore our 2020 materiality threshold is 2,655,000 tonnes CO<sub>2</sub>e. Per the guidance and the Hess materiality threshold, Hess only has two material Scope 3 emissions categories which are Scope 11 (use of products sold) and Scope 10 (processing of sold products). As a pure play E&P company Hess has two sold products: oil and natural gas. Hess calculates use of sold products by taking the entire volume of crude oil and natural gas produces and assuming that it is all ultimately consumed as a fuel by end users. This conservative method accounts for all possible GHG emissions that could be associated with our sold products. Hess uses EPA GHG emissions factors for crude oil and natural gas in our Scope 3 calculations. Hess uses GHG emissions factors multiplied by the quantity of crude produced to calculate the Category 10 processing of sold products. The Purchased goods and services category does not meet Hess's 5% materiality threshold and is therefore not relevant to calculating Hess's Scope 3 emissions.

### Capital goods

---

#### Evaluation status

Not relevant, explanation provided

#### Please explain

Our most significant Scope 3 emissions are associated with customer and consumer use of our crude oil and natural gas products. We have established a threshold of 5% of total Scope 3 emissions (equivalent to 2,655,000 tonnes CO<sub>2</sub>e) for determining the materiality/relevance of other Scope 3 categories. Based on the calculations that we performed in 2012, when Hess oil drilling was near its peak, we did not exceed the 5%

threshold. In 2020 oil drilling declined by 25% compared to 2012, so that the Capital goods category is being excluded because it does not meet our 5% materiality threshold and is therefore not relevant to calculating Scope 3 emissions.

## **Fuel-and-energy-related activities (not included in Scope 1 or 2)**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

The reporting boundary for this Scope 3 category is operational control. In 2014, we obtained total volumes of third party fuel consumed by Hess in our operations. We utilized life cycle GHG emissions factors from the U.S. Department of Energy (DOE) National Energy Technology Laboratory (NETL document DOE/NETL 1009-1346) for stage 1 (raw material acquisition), stage 2, 25, NS298, respectively (IPCC Fourth Assessment Report AR4-100). Data quality: The DOE NETL study provides detailed information on data quality for life cycle stages 1,2, and 3 (see pages 123-127). The resulting GHG of 93,000 tonnes was determined to be immaterial. Our most significant Scope 3 emissions are associated with customer and consumer use of our crude oil and natural gas products. We have established a materiality threshold of 5% of total Scope 3 emissions (equivalent to 2,655,000 tonnes CO<sub>2</sub>e) for determining the materiality/relevance of other Scope 3 categories. Since 2014, purchased fuel has not increased so that the Fuel-and-energy related activities category is being excluded because it does not meet our 5% materiality threshold and therefore is not relevant to calculating Scope 3 emissions.

## **Upstream transportation and distribution**

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### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

Our most significant Scope 3 emissions are associated with customer and consumer use of our fuel and other products. We have established a threshold of 5% of total Scope 3 emissions (equivalent to 2,655,000 tonnes CO<sub>2</sub>e) for determining the materiality/relevance of other Scope 3 categories. In previous years, calculated Scope 3 emissions were substantially below our materiality threshold and we did not recalculate upstream transportation and distribution emissions this year (2013 emissions were substantially below the materiality threshold and business activity has not picked up substantially since then). As a result, the Upstream transportation and distribution activities category is being excluded from our Scope 3 emissions calculation because it does not meet our 5% materiality threshold and is therefore not relevant to calculating Hess's Scope 3 emissions.

## **Waste generated in operations**

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### **Evaluation status**

Not relevant, explanation provided



### **Please explain**

The reporting category for this Scope 3 category is operational control. We reviewed our 2013 enterprise-wide waste generation amounts and waste management methods, and entered waste volumes by management method into the U.S. EPA's Waste Reduction Model (WARM version 12). The GPWs for CO<sub>2</sub>, methane and N<sub>2</sub>O were from the IPCC Fourth Assessment Report (AR-100 year): these were 1, 25 and 298 respectively. Data quality: The WARM model is typically used to compare CO<sub>2</sub> emissions between one type of waste management method and alternatives and there can be a high degree of uncertainty. Our most significant Scope 3 emissions are associated with customer and consumer use of our crude oil and natural gas products. We have established a threshold of 5% of total Scope 3 emissions (equivalent to 2,655,000 tonnes CO<sub>2</sub>e) for determining the materiality/relevance of other Scope 3 categories. Based on calculations we performed in 2013, and the fact that waste quantities were even less in 2020 due to reduced activity, we did not recalculate emissions from this source because 2013 emissions were substantially below the materiality threshold. As a result, the Waste generated in operations activity category is being excluded because it does not meet our 5% materiality threshold and is therefore not relevant to calculating Hess's Scope 3 emissions.

### **Business travel**

---

#### **Evaluation status**

Not relevant, calculated

#### **Metric tonnes CO<sub>2</sub>e**

694

#### **Emissions calculation methodology**

The reporting boundary for this Scope 3 category is operational control. We utilize our travel agency's records which include the number of short, medium and long haul flights flown. We calculate the CO<sub>2</sub>e emissions in accordance with the US EPA Climate Leaders GHG Inventory Protocol, Table 7 Business Travel Emissions Factors. GPWs used for CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O were 2, 25 and 298, respectively. Data quality (flight miles): the uncertainty is between 5% and 10%.

#### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Please explain**

The reporting boundary for this Scope 3 category is operational control. We utilize our travel agency's records which include the number of short, medium and long haul flights flown. We calculate the CO<sub>2</sub>e emissions in accordance with the US EPA Climate Leaders GHG Inventory Protocol, Table 7 Business Travel Emissions Factors. GPWs used for CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O were 1, 25 and 298, respectively. Data quality (flight miles): the uncertainty is between 5% and 10%. While GHG emissions associated with business travel are significantly below our 5% materiality threshold, we are reporting these emissions because a component of our climate change strategy is to offset 100%

of emissions associated with employee business travel with carbon offsets. In 2020 we purchased 9800 carbon credits which offset business travel and company operated truck fleet, aviation activities and vehicle miles driven in 2020.

## Employee commuting

---

### Evaluation status

Not relevant, explanation provided

### Please explain

We took the following steps in 2012 to investigate and identify the relevance of this Scope 3 category. We determined that employee commuting by air carrier is already included in our Scope 3 Business Travel emissions; employee commuting via company-contracted services is already included in our Scope 1 emissions and made conservative assumptions regarding potential employee commuting by car. The conclusion of our investigation was that Scope 3 emissions from employee commuting are well below the 5% materiality threshold ( 2,655,000 tonnes CO<sub>2</sub>e). Based on the calculations we performed in 2012, and the fact that we have significantly fewer employees in 2020, we did not recalculate emissions from this source. As a result, the Employee commuting activity category did not meet Hess's 5% materiality threshold and is therefore not relevant to calculating Hess's Scope 3 emissions

## Upstream leased assets

---

### Evaluation status

Not relevant, explanation provided

### Please explain

Our most significant Scope 3 emissions are associated with customers and consumer use of our crude oil and natural gas products. We have established a threshold of 5% of total Scope 3 emissions (equivalent to 2,655,000 tonnes of CO<sub>2</sub>e) for determining the materiality/relevance of other Scope 3 categories. We have reviewed our Hess operated assets to determine if there were upstream leased assets that were not included in our Scope 1 emissions and determined that there were none. As a result, the Upstream leased assets category is being excluded from our Scope 3 emissions calculation because it does not meet our 5% materiality threshold and is therefore not relevant to calculating our Scope 3 emissions.

## Downstream transportation and distribution

---

### Evaluation status

Not relevant, explanation provided

### Please explain

Our most significant Scope 3 emissions are associated with customer and consumer use of our crude oil and natural gas products. We have established a 5% threshold of total Scope 3 emissions (equivalent to 2,655,000 tonnes of CO<sub>2</sub>e) for determining the materiality/relevance of other Scope 3 categories. In 2012, the emissions associated with getting our crude oil and natural gas products to our downstream processing plants

was approximately 200,000 tonnes of emissions relative to our current 5% Scope 3 materiality threshold of 2,655,000 tonnes of emissions and was therefore excluded. Hess completed its divestment of downstream business operations in 2016, and, as a result, the Downstream transportation and distribution category is being excluded from our Scope 3 emissions calculation because it is not applicable to our operations and is therefore not relevant to calculating Hess's Scope 3 emissions.

## Processing of sold products

---

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

4,103,844

### Emissions calculation methodology

Hess uses GHG emission factors multiplied by the quantity of crude produced to calculate the Category 10 processing of sold products.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

### Please explain

Hess reports Scope 3 emissions in accordance with the industry guidance issued by IPIECA and API in 2016: "Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas Emissions". In 2014 Hess completed divestment of all downstream (refining, terminals and retail) operations and became a pure play E&P company. Hess uses 5% of total Scope 3 emissions as a materiality threshold for reporting. Therefore our 2020 materiality threshold is 2,655,000 tonnes CO<sub>2</sub>e. Per the guidance and Hess materiality threshold, Hess has only two material Scope 3 emissions categories: Scope 11 (use of sold products) and Scope 10 (processing of sold products). As a pure play E&P company Hess has two sold products: oil and natural gas. Hess calculates use of sold products by taking the entire volume of crude and natural gas produced and assuming that it is all ultimately burned as fuel directly by the end user. This conservative method accounts for all possible GHG emissions that could be associated with our sold products. Hess uses EPA GHG emissions factors for crude oil and natural gas in our Scope 3 calculations. Hess uses GHG emissions factors multiplied by the quantity of crude produced to calculate the Category 10 processing of sold products.

## Use of sold products

---

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

49,000,625

### Emissions calculation methodology

Hess reports Scope 3 emissions in accordance with the industry guidance issued by IPIECA and API in 2016: 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. In 2014 Hess completed divestment of all downstream (refining, terminals and retail) operations and became a pure play E&P company. Hess uses 5% of Scope 3 emissions as the materiality threshold for reporting. Therefore our 2020 materiality threshold is 2,655,000 tonnes CO<sub>2</sub>e. As a pure play E&P company Hess has two sold products: oil and natural gas. Hess calculates use of sold products by taking the entire volume of crude and natural gas produced and assuming that it is all ultimately burned as a fuel by end users. This conservative method accounts for all possible GHG emissions that could be associated with end use of our sold products. Hess uses EPA GHG emissions factors for crude oil and natural gas in our Scope 3 calculations.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

**Please explain**

As a pure Exploration and Production company, per IPIECA guidance, category 11 "Use of Products Sold" are related to the carbon emissions resulting from use of our crude oil and natural gas products. Hess conservatively calculates these emissions by using EPA factors for the carbon content of crude oil and natural gas and assumes that all of the carbon is emitted.

**End of life treatment of sold products**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Our most significant Scope 3 emissions are associated with customer and consumer use of our crude oil and natural gas products. We have established a threshold of 5% of total Scope 3 emissions (equivalent to 2,655,000 tonnes of CO<sub>2</sub>e) for determining the materiality/relevance of other Scope 3 categories. In 2012, we took the following steps to investigate and determine the relevance of this Scope 3 source: 1) reviewed GHG life cycle assessments of petroleum fuels; 2) established that these studies do not include an "end-of-life treatment of sold products" stage since fossil fuel products are consumed during use. As a result, we concluded that the End of life treatment of sold products category is not relevant to Hess because it does not meet our 5% materiality threshold and therefore not relevant to calculating Hess's Scope 3 emissions.

**Downstream leased assets**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Our most significant Scope 3 emissions are associated with customer and consumer use of our crude oil and natural gas products. We have established a threshold of 5% of total Scope 3 emissions (equivalent to 2,655,000 tonnes of CO<sub>2</sub>e) for determining the materiality/relevance of other Scope 3 categories. Historically, Hess had very few leased facilities and the emissions were insignificant. In 2014, Hess divested all retail stations including leases. As a result, we determined that the Downstream leased assets category does not meet Hess's 5% materiality threshold and therefore is not relevant to calculating Hess's Scope 3 emissions.

**Franchises**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Hess has no franchises. As a result, we determined that the Franchises category does not meet Hess's 5% materiality threshold and therefore is not relevant to calculating Hess's Scope 3 emissions.

**Investments**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Our most significant Scope 3 emissions are associated with customer and consumer use of our crude oil and natural gas products. We have established a threshold of 5% of total Scope 3 emissions (equivalent to 2,655,000 tonnes CO<sub>2</sub>e) for determining the materiality/relevance of Scope 3 categories. As a result, the Investments category does not meet our 5% materiality threshold, and therefore is not relevant to calculating Hess's Scope 3 emissions.

**Other (upstream)**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

All Hess Operated Upstream assets that meet the 5% materiality threshold have been included in the Use of Sold Products and Processing of Sold Products categories. As a result, the Other (upstream) category does not meet Hess's 5% materiality threshold and therefore is not relevant to calculating Hess's Scope 3 emissions.

**Other (downstream)**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

As a pure play Exploration and Production company, Hess does not have any downstream operations. As a result, we have determined that the Other (downstream) category does not meet Hess's 5% materiality threshold and therefore it is not relevant to calculating Hess's Scope 3 emissions.

## C6.7

**(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?**

No

## C6.10

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

---

**Intensity figure**

0.00078673

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)**

3,671,670

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

4,667,000,000

**Scope 2 figure used**

Location-based

**% change from previous year**

17.8

**Direction of change**

Increased

**Reason for change**

Intensity per unit of revenue increased due to a dramatic change in crude oil prices year to year. In 2019, our average crude oil price was \$56.76 compared to a significantly lower average crude oil price of \$35.52 in 2020. It is for this reason (large fluctuations in crude oil prices) that we do not consider emissions intensity per dollar of revenue to be an appropriate normalization factor for determining the company's GHG emissions intensity performance. Our year over year GHG emissions intensity performance when

measured on a production basis improved by 27% due to significantly lower flaring in 2020 resulting from infrastructure improvements, coupled with increased production

## C-OG6.12

**(C-OG6.12) Provide the intensity figures for Scope 1 emissions (metric tons CO<sub>2</sub>e) per unit of hydrocarbon category.**

---

**Unit of hydrocarbon category (denominator)**

Other, please specify  
Thousand barrels of oil equivalent

**Metric tons CO<sub>2</sub>e from hydrocarbon category per unit specified**

22.1

**% change from previous year**

27

**Direction of change**

Decreased

**Reason for change**

Reduction in GHG emissions in 2020 coupled with strong production growth in 2020 resulted in a 27% improvement in GHG intensity year over year.

**Comment**

Over \$3 billion in capital investment in infrastructure in North Dakota over the past nine years enabled us to significantly reduce flaring emissions. These emissions reductions coupled with strong production growth in 2020 resulted in this 27% reduction in GHG intensity year to year and enabled us to overachieve our 25% GHG intensity reduction target for 2020 compared to a 2014 baseline. Actual GHG intensity reductions achieved between 2014 and 2020 were 46%.

## C-OG6.13

**(C-OG6.13) Report your methane emissions as percentages of natural gas and hydrocarbon production or throughput.**

---

**Oil and gas business division**

Upstream

**Estimated total methane emitted expressed as % of natural gas production or throughput at given division**

0.15

**Estimated total methane emitted expressed as % of total hydrocarbon production or throughput at given division**

0.06

**Comment**

## C7. Emissions breakdowns

### C7.1

**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

Yes

### C7.1a

**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	2,976,420	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	272,162	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	2,119	IPCC Fourth Assessment Report (AR4 - 100 year)

### C-OG7.1b

**(C-OG7.1b) Break down your total gross global Scope 1 emissions from oil and gas value chain production activities by greenhouse gas type.**

---

**Emissions category**

Flaring

**Value chain**

Upstream

**Product**

Oil

**Gross Scope 1 CO2 emissions (metric tons CO2)**

1,561,201



**Gross Scope 1 methane emissions (metric tons CH4)**

3,517

**Total gross Scope 1 emissions (metric tons CO2e)**

1,649,775

**Comment**

---

**Emissions category**

Flaring

**Value chain**

Upstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

12,735

**Gross Scope 1 methane emissions (metric tons CH4)**

72

**Total gross Scope 1 emissions (metric tons CO2e)**

14,537

**Comment**

---

**Emissions category**

Flaring

**Value chain**

Midstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

146,148

**Gross Scope 1 methane emissions (metric tons CH4)**

492

**Total gross Scope 1 emissions (metric tons CO2e)**

158,516

**Comment**

---

**Emissions category**

Combustion (excluding flaring)

**Value chain**

Upstream

**Product**

Oil

**Gross Scope 1 CO2 emissions (metric tons CO2)**

725,176

**Gross Scope 1 methane emissions (metric tons CH4)**

501

**Total gross Scope 1 emissions (metric tons CO2e)**

738,730

**Comment**

---

**Emissions category**

Combustion (excluding flaring)

**Value chain**

Upstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

240,616

**Gross Scope 1 methane emissions (metric tons CH4)**

279

**Total gross Scope 1 emissions (metric tons CO2e)**

247,820

**Comment**

---

**Emissions category**

Combustion (excluding flaring)

**Value chain**

Midstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

244,413

**Gross Scope 1 methane emissions (metric tons CH4)**

5

**Total gross Scope 1 emissions (metric tons CO2e)**

244,665

**Comment**

---

**Emissions category**

Fugitives

**Value chain**

Upstream

**Product**

Oil

**Gross Scope 1 CO2 emissions (metric tons CO2)**

78

**Gross Scope 1 methane emissions (metric tons CH4)**

4,237

**Total gross Scope 1 emissions (metric tons CO2e)**

106,015

**Comment**

---

**Emissions category**

Fugitives

**Value chain**

Upstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

0

**Gross Scope 1 methane emissions (metric tons CH4)**

1,114

**Total gross Scope 1 emissions (metric tons CO2e)**

27,855

**Comment**

**Emissions category**

Fugitives

**Value chain**

Midstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

46,053

**Gross Scope 1 methane emissions (metric tons CH4)**

669

**Total gross Scope 1 emissions (metric tons CO2e)**

62,786

**Comment**

## C7.2

**(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	2,774,454
Denmark	186,034
Malaysia	290,213

## C7.3

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By facility

## C7.3b

**(C7.3b) Break down your total gross global Scope 1 emissions by business facility.**

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
North Malay Basin	290,213	7.013	103.214
South Arne	186,034	56.096	4.221
Baldpate	60,923	27.735	91.895
North Dakota Production	1,986,074	48.286	102.917
Tioga Gas Plant	218,139	48.286	102.917
North Dakota Gathering	247,829	48.286	102.917
TBells	85,888	28.294	88.875
Stampede	149,716	27.3	90.33
Tioga Rail Terminal	25,886	48.286	102.917

## C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4

**(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO2e.**

	Gross Scope 1 emissions, metric tons CO2e	Comment
Oil and gas production activities (upstream)	2,758,847	
Oil and gas production activities (midstream)	491,854	
Oil and gas production activities (downstream)	0	Not Applicable

## C7.5

**(C7.5) Break down your total gross global Scope 2 emissions by country/region.**

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
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United States of America	420,969	102,781	838,794	634,000
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## C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By facility

### C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
North Dakota Production	136,108	33,231
Tioga Gas Plant	284,861	69,550

## C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7

(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization's total gross global Scope 2 emissions by sector production activity in metric tons CO2e.

	Scope 2, location-based, metric tons CO2e	Scope 2, market-based (if applicable), metric tons CO2e	Comment
Oil and gas production activities (upstream)	136,108	33,231	
Oil and gas production activities (midstream)	284,861	69,550	
Oil and gas production activities (downstream)	0	0	Not Applicable

## C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

## C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	17,468	Decreased	0.43	In 2020, Hess purchased 634,000 RECs, along with 27% of purchased electricity coming off the grid to meet our target to source 100% of purchased electricity requirements from renewable sources. In 2019, we purchased 530,714 REC's. As a result, our net increase of 103,286 REC purchases resulted in an emissions reduction of 17,468 tonnes. The calculation is as follows: 2020 = 634,000 RECs x .501873792 (2020 electricity CO2e factor in CO2e Tonnes/Mw-hr) = 318,188 tonnes. 2019 = 530,714 RECs x .566632798 (2019 electricity CO2e factor in CO2e Tonnes/Mw-hr)= 300,720 tonnes. Incremental emissions reduction = 318,188 - 300,720 = 17,468 tonnes. Percent reduction = 17,468 CO2e/4,035,481(2019 market-based emissions).
Other emissions reduction activities	561,552	Decreased	13.92	Emissions reductions attributable to emissions reduction activities are 561,552, which equates to 13.92% of Scope 1 and 2 emissions based on 2019 market-based emissions of 4,035,481. The CO2 savings from emissions reduction initiatives, include primarily flare reduction and a small amount of transportation related reductions. These emissions reductions tie back to the projects outlined in question 4.3(a). In 2019, total CO2e emissions related to flaring was 2,383,727 tonnes and in 2020, total CO2e emissions related to flaring was 1,822,829 tonnes. This resulted in a

				560,899 tonne reduction in flaring for 2020 vs. 2019. In addition, the second project was transportation related emissions associated with transporting 100% of the water needed for fracking in North Dakota via flexible pipe versus truck transportation. While the savings are quite large on an absolute basis (see question 2.4(a), Opportunity 3), on an incremental year over year basis, the savings are as follows: In 2020, we avoided 8.9 MM miles of trucking versus 8.6 MM miles of trucking in 2019 = .3 MM miles of trucking /4.7 miles per gallon = 63,830 gallons of diesel fuel avoided / 42 gallons/bbl. = 1520 barrels of diesel fuel avoided x 0.43 tonnes emissions per barrel = 653 tonnes of avoided emissions. Combining the two projects, you get 561,522 tonnes of emissions reductions related to these two projects.
Divestment	0		0	Not Applicable
Acquisitions	0		0	Not Applicable
Mergers	0		0	Not Applicable
Change in output	102,979	Decreased	2.55	This emissions decrease is primarily related to a 27% reduction in flaring between 2019 and 2020 related to infrastructure improvements. The emissions calculation is as follows: 102,972/4,035,481 (2019 market based emissions)
Change in methodology	0		0	Not Applicable
Change in boundary	0		0	Not Applicable
Change in physical operating conditions	0		0	Not Applicable
Unidentified	0		0	Not Applicable
Other	0		0	Not Applicable



## C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

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

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

### C8.2a

**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh

Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	5,558,987	5,558,987
Consumption of purchased or acquired electricity		838,794	0	838,794
Total energy consumption		838,794	5,558,987	6,397,781

## C8.2b

**(C8.2b) Select the applications of your organization's consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

## C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

### Fuels (excluding feedstocks)

Fuel Gas

### Heating value

HHV (higher heating value)

### Total fuel MWh consumed by the organization

4,874,150

### Emission factor

59.0048

### Unit

kg CO<sub>2</sub>e per million Btu

**Emissions factor source**

EPA Mandatory Reporting Rule

**Comment**

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**Fuels (excluding feedstocks)**

Diesel

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

684,836

**Emission factor**

74.1538

**Unit**

kg CO<sub>2</sub>e per million Btu

**Emissions factor source**

**Comment**

EPA Mandatory Reporting Rule

**C8.2e**

**(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.**

---

**Sourcing method**

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

**Low-carbon technology type**

Other, please specify

Green-e Energy certified RECs from Multiple Mix Products, including wind, solar, biomass, landfill, geothermal or hydroelectric

**Country/area of consumption of low-carbon electricity, heat, steam or cooling**

United States of America

**MWh consumed accounted for at a zero emission factor**

634,000

**Comment**

We support renewable energy through the purchase of RECs so that in total 100% of the net electricity used in our operations is attributable to renewable sources.

## C9. Additional metrics

### C9.1

**(C9.1) Provide any additional climate-related metrics relevant to your business.**

### C-OG9.2a

**(C-OG9.2a) Disclose your net liquid and gas hydrocarbon production (total of subsidiaries and equity-accounted entities).**

	In-year net production	Comment
Crude oil and condensate, million barrels	82.44	From 10k
Natural gas liquids, million barrels	21.37	From 10k
Oil sands, million barrels (includes bitumen and synthetic crude)	0	Not Applicable
Natural gas, billion cubic feet	373.36	From 10k

### C-OG9.2b

**(C-OG9.2b) Explain which listing requirements or other methodologies you use to report reserves data. If your organization cannot provide data due to legal restrictions on reporting reserves figures in certain countries, please explain this.**

Proved reserves – In accordance with Securities and Exchange Commission regulations and practices recognized in the publication of the Society of Petroleum Engineers entitled, “Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information,” those quantities of crude oil and condensate, NGLs and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

**We cannot provide data for 2P and 3P reserves because this information is highly speculative in nature and might lead to misleading conclusions by investors and the company considers this information confidential.**

### C-OG9.2c

(C-OG9.2c) Disclose your estimated total net reserves and resource base (million boe), including the total associated with subsidiaries and equity-accounted entities.

	Estimated total net proved + probable reserves (2P) (million BOE)	Estimated total net proved + probable + possible reserves (3P) (million BOE)	Estimated net total resource base (million BOE)	Comment
Row 1				

### C-OG9.2d

(C-OG9.2d) Provide an indicative percentage split for 2P, 3P reserves, and total resource base by hydrocarbon categories.

	Net proved + probable reserves (2P) (%)	Net proved + probable + possible reserves (3P) (%)	Net total resource base (%)	Comment
Crude oil/ condensate/ natural gas liquids				
Natural gas				
Oil sands (includes bitumen and synthetic crude)				

### C-OG9.2e

(C-OG9.2e) Provide an indicative percentage split for production, 1P, 2P, 3P reserves, and total resource base by development types.

---

**Development type**

Onshore

**In-year net production (%)**

1

**Net proved reserves (1P) (%)**

10

**Net proved + probable reserves (2P) (%)**

**Net proved + probable + possible reserves (3P) (%)**

**Net total resource base (%)**

**Comment**

We cannot provide data for 2P and 3P reserves because this information is highly speculative in nature and might lead to misleading conclusions by investors and the company considers this information confidential

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**Development type**

Shallow-water

**In-year net production (%)**

18

**Net proved reserves (1P) (%)**

14

**Net proved + probable reserves (2P) (%)**

**Net proved + probable + possible reserves (3P) (%)**

**Net total resource base (%)**

**Comment**

We cannot provide data for 2P and 3P reserves because this information is highly speculative in nature and might lead to misleading conclusions by investors and the company considers this information confidential

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**Development type**

Deepwater

**In-year net production (%)**

23

**Net proved reserves (1P) (%)**

23

**Net proved + probable reserves (2P) (%)**

**Net proved + probable + possible reserves (3P) (%)**

**Net total resource base (%)**

**Comment**

We cannot provide data for 2P and 3P reserves because this information is highly speculative in nature and might lead to misleading conclusions by investors and the company considers this information confidential

**Development type**

Tight/shale

**In-year net production (%)**

58

**Net proved reserves (1P) (%)**

53

**Net proved + probable reserves (2P) (%)**

**Net proved + probable + possible reserves (3P) (%)**

**Net total resource base (%)**

**Comment**

We cannot provide data for 2P and 3P reserves because this information is highly speculative in nature and might lead to misleading conclusions by investors and the company considers this information confidential

**C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6**

**(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?**

	<b>Investment in low-carbon R&amp;D</b>	<b>Comment</b>
Row 1	Yes	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 in our second year of a five year commitment of \$12.5 million to help

		<p>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 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 CO<sub>2</sub>. 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. While the impact of COVID-19 has slowed research down somewhat, Salk is in the process of growing and testing a series of target crop plants in its research greenhouse.</p> <p>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.</p>
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### C-CO9.6a/C-EU9.6a/C-OG9.6a

**(C-CO9.6a/C-EU9.6a/C-OG9.6a) Provide details of your organization's investments in low-carbon R&D for your sector activities over the last three years.**

Technology area	Stage of development in the reporting year	Average % of total R&D investment over the last 3 years	R&D investment figure in the reporting year (optional)	Comment
Carbon capture and storage/utilisation	Applied research and development	81-100%		Five year total commitment of \$12.5 million or \$2.5 million for each year. Additional commitment of \$3 million in 2020.

### C-OG9.7

**(C-OG9.7) Disclose the breakeven price (US\$/BOE) required for cash neutrality during the reporting year, i.e. where cash flow from operations covers CAPEX and dividends paid/ share buybacks.**



## C10. Verification

### C10.1

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

### C10.1a

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 Hess\_CDP\_ERM CVS Assurance Statement.pdf

**Page/ section reference**

Page 1

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

### C10.1b

**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

---

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 Hess\_CDP\_ERM CVS Assurance Statement.pdf

**Page/ section reference**

Page 1

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

---

**Scope 2 approach**

Scope 2 market-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 Hess\_CDP\_ERM CVS Assurance Statement.pdf

**Page/ section reference**

Page 1

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

### C10.1c

**(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

**Scope 3 category**

Scope 3 (downstream)

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 Hess\_CDP\_ERM CVS Assurance Statement.pdf

**Page/section reference**

Page 1

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

### C10.2

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

### C10.2a

**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module	Data verified	Verification standard	Please explain
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verification relates to			
C6. Emissions data	Year on year emissions intensity figure	ISO14064-3	Please refer to Page 63 (Pdf Page Number 65) of the 2020 Sustainability Report and Page 1 of the Hess_CDP_ERM CVS Assurance Statement 📎 <sup>1,2</sup>
C7. Emissions breakdown	Year on year change in emissions (Scope 1 and 2)	ISO14064-3	Please refer to Page 63 (Pdf Page Number 65) of the 2020 Sustainability Report and Page 1 of the Hess_CDP_ERM CVS Assurance Statement 📎 <sup>1,2</sup>

📎<sup>1</sup>Hess\_CDP\_ERM CVS Assurance Statement.pdf

📎<sup>2</sup>Hess Corporation 2020 Sustainability Report.pdf

## C11. Carbon pricing

### C11.1

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

Yes

### C11.1a

**(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

EU ETS

### C11.1b

**(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.**

**EU ETS**

**% of Scope 1 emissions covered by the ETS**

5.7

**% of Scope 2 emissions covered by the ETS**

0

**Period start date**

January 1, 2020

**Period end date**

December 31, 2020

**Allowances allocated**

0

**Allowances purchased**

164,758

**Verified Scope 1 emissions in metric tons CO<sub>2</sub>e**

164,758

**Verified Scope 2 emissions in metric tons CO<sub>2</sub>e**

0

**Details of ownership**

Facilities we own and operate

**Comment**

Hess operates the South Arne, Denmark production facility. Under Phase III of the EU ETS, Hess makes annual purchases of allowances to cover the gap between free allowances and verified GHG emissions. In 2020, we received no free allowances so we needed to purchase 164,758 allowances to offset the 164,758 tonnes of emissions that the Denmark operation emitted. (Please note that for the EUETS, you only include combustion sources and you must use Danish emissions factors, so these emissions (164,758 tonnes) differ slightly from the emissions that we report for Denmark in our Hess inventory (186,034) because those emissions are calculated using API Compendium emissions factors and include non-combustion sources). In 2020, Hess purchased 104,145 allowances and our joint venture co-owner, INEOS, purchased 60,613 allowances at 26 euros and 25 euros per allowance, respectively.

## C11.1d

**(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

2020 Summary: Our management strategy is to purchase allowances to meet regulatory requirements. In order to comply with Phase III of the EU ETS, Hess' Denmark operation was tasked with the decision to purchase allowances to cover the verified GHG emissions. In 2020, for Hess and its co-owner, Ineos, this resulted in an action to purchase 164,758 allowances. The action for our equity co-owner, INEOS was to purchase 60,613 allowances and the action for Hess was to purchase 104,145 allowances. The result of these actions was that Hess' Denmark operation met its regulatory requirement under the EU ETS Phase 111. Hess sold our equity in all Denmark assets in early 2021 and will no longer have EU ETS obligations.

## C11.2

**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

Yes

## C11.2a

**(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.**

---

### Credit origination or credit purchase

Credit purchase

### Project type

Landfill gas

### Project identification

We purchased 9,800 tonnes of carbon credits from 3 Degrees for a third-party landfill gas recovery project. All of these were retired in 2020 as part of our EHS and SR strategy

### Verified to which standard

CAR (The Climate Action Reserve)

### Number of credits (metric tonnes CO<sub>2</sub>e)

9,800

### Number of credits (metric tonnes CO<sub>2</sub>e): Risk adjusted volume

9,800

### Credits cancelled

Yes

### Purpose, e.g. compliance

Voluntary Offsetting

## C11.3

**(C11.3) Does your organization use an internal price on carbon?**

Yes

## C11.3a

**(C11.3a) Provide details of how your organization uses an internal price on carbon.**

---

### Objective for implementing an internal carbon price

Stakeholder expectations

Drive energy efficiency

Stress test investments

**GHG Scope**

Scope 1  
Scope 2

**Application**

Cost of carbon effective across all business units

**Actual price(s) used (Currency /metric ton)**

40

**Variance of price(s) used**

We use a carbon price of \$40/tonne to evaluate all significant new investments, unless this investment is in a country that currently has carbon regulations. In that instance, we would use whatever price is in effect in that country. For example, Hess has recently applied the \$40/tonne shadow price of carbon when evaluating the Stampede project in the Gulf of Mexico in 2013 and the North Malay Basin project in Malaysia in 2016. The resulting outcome of applying this \$40/tonne shadow price for carbon did not substantially impact the Net Present Value of these projects and both were sanctioned. In early 2021, we amended our planning guidance to also stress test all significant new investments based on the IEA's SDS carbon pricing which currently range up to \$140/tonne.

In addition, in our scenario planning analysis which is now part of our annual business cycle, we use an internal carbon price of \$40/tonne in our Hess base case, as well as the 2020 IEA WEO carbon prices which range up to \$140 /tonne when stress testing IEA's Stated Policy and Sustainable Development scenarios against Hess' portfolio of current assets and intended forward investments.

**Type of internal carbon price**

Shadow price

**Impact & implication**

A cost of carbon is incorporated in the financial planning of all significant new projects as a sensitivity analysis to financials so that we understand and evaluate the ramifications that potential carbon regulations may have on our business. Starting in 2016, our economic evaluation process for significant new projects (any project requiring an investment of at least \$50 million) was updated to include a carbon price of \$40/tonne, which was equivalent to the U.S. EPA's social cost of carbon at the time. If a carbon regulation is in effect in a particular country where we do business, the cost of carbon is part of the base financial analysis as opposed to being used in a sensitivity analysis. To date, imposing this \$40/tonne shadow price of carbon has not had a substantive impact on the decision to move forward in any new project, including the decision to sanction the Stampede project in the Gulf of Mexico in 2013 and the North Malay Basin project in Malaysia in 2016. In early 2021, our economic evaluation process for significant new projects was amended to stress test these potential new investments at the IEA's SDS carbon prices which currently range up to \$140/tonne.

In addition, carbon prices ranging up to \$140/tonne are used in our annual scenario planning exercise to stress test Hess' portfolio of existing assets and intended forward investments against the 2020 IEA WEO's Stated Policy and Sustainable Development scenarios.

## C12. Engagement

### C12.1

#### (C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, other partners in the value chain

### C12.1a

#### (C12.1a) Provide details of your climate-related supplier engagement strategy.

---

##### Type of engagement

Innovation & collaboration (changing markets)

##### Details of engagement

Run a campaign to encourage innovation to reduce climate impacts on products and services

##### % of suppliers by number

1

##### % total procurement spend (direct and indirect)

1

##### % of supplier-related Scope 3 emissions as reported in C6.5

2

##### Rationale for the coverage of your engagement

In our North Dakota operations we engage with suppliers to help us reduce gas being flared and reduce energy use. We engage specifically in North Dakota because this is our most significant onshore operation and an area where our strategy is to reduce flaring through infrastructure investment and technology related solutions. We engaged specifically with multiple suppliers because they offered the most innovative technologies with regard to our needs. For example, one supplier has a product that takes gas that would otherwise be flared and condenses the gas into saleable natural gas liquids product. Another supplier provides flexible pipe that is used to transport water used in our operations rather than delivering the water via tank trucks. A third supplier takes natural gas from the wellsite that would otherwise be flared to generate electricity. These products are new to oil field operations and result in reduced GHG emissions.



### **Impact of engagement, including measures of success**

For example, one measurement of success was to transport 100% of the water we used in hydraulic fracturing using flexible hose. In 2020, this action resulted in the elimination of 178,042 truck deliveries and 8.9 million truck miles driven which eliminated 19,392 tonnes of GHG emissions. In addition, in 2020, other initiatives of this nature which are detailed in our Corporate Sustainability report resulted in the elimination of an additional 100,000 tonnes of GHG emissions.

### **Comment**

## **C12.1d**

### **(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.**

We engage with venture partners throughout our value chain.

Method of engagement: When we enter into new joint venture projects with partners, we engage directly to evaluate project economics and identify ways to minimize emissions.

Strategy for prioritizing engagement: Our strategy for prioritizing joint ventures is in line with our overall business strategy. Our mission is to be a trusted energy partner and we are committed to helping meet the world's growing energy needs in a safe, environmentally responsible, socially sensitive and profitable way. Sustainability practices are a fundamental part of our business strategy and operations - they create value for our shareholders and opportunities to continuously improve business performance. We evaluate all potential relationships with third parties while considering the overall impact on our business and the environment, including project economics and emissions production. Specifically, we prioritize select joint venture partners based on the size of our financial investment. When we make significant financial investments (over \$50 million), we engage in a higher level of direct involvement in an effort to minimize environmental, social and reputational risk.

Success is based on whether or not the goals of the project have been met, which include measuring actual performance against financial, environmental, and social metrics established during the project planning process. In addition, in countries where we have joint ventures which include regulatory related emissions trading schemes, success is based on measuring compliance costs for carbon emissions.

As an example, flare reduction is a key component of Hess's climate change strategy. Since 2012, Hess has invested in midstream infrastructure in North Dakota to capture and monetize natural gas produced from our operations and minimize flaring. For example, the cost of conducting one such program in 2020, the LDAR program, was approximately \$1.7 million, which resulted in approximately 40,620 Mcf of recovered gas for the year at an average cost of \$41.99 per Mcf. We also look for opportunities to generate revenue and reduce emissions with joint venture partners. One such example is a 50/50 joint venture between Hess Midstream Partners LP and Targa Resources Corp., another midstream energy company, to construct a

new 200 million standard cubic feet per day gas processing plant called Little Missouri Four at a cost of \$200 million. The new gas plant is located at Targa's existing Little Missouri facility, south of the Missouri River in McKenzie County, North Dakota. The plant became operational in August of 2019 and will help Hess and Targa process and monetize additional amounts of natural gas and reduce flaring.

## C12.3

**(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

Trade associations

## C12.3b

**(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

Yes

## C12.3c

**(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.**

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### Trade association

International Petroleum Industry Environmental Conservation Association (IPIECA)

**Is your position on climate change consistent with theirs?**

Consistent

### Please explain the trade association's position

IPIECA is a global oil and gas association for environmental and social issues. It is the industry's principal channel of communication with the United Nations. The association supports the international community's commitment to address the global challenge of climate change and has a Climate Change Working Group. The working group actions include: a) developing GHG management good practices, b) publishing guidelines for monitoring, measuring and reporting GHG emissions and emissions reduction projects; c) proposing sustainable biofuels standards; d) developing industry tools to help reduce flaring and venting, and improve energy efficiency; e) sharing knowledge on carbon capture and storage, including through partnerships such as with the Global Carbon Capture and Storage Institute (GCCSI); f) engaging with the international policy process under the UN Framework Convention on Climate Change, and g) supporting climate science, including engaging with the Intergovernmental Panel on Climate Change (IPCC).

**How have you influenced, or are you attempting to influence their position?**

Hess is an active participant in the relevant working groups and committees, including Climate Change, Reporting, Water and Supply Chain.

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**Trade association**

International Oil and Gas Producers Association (IOGP)

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

IOGP works on behalf of the world's oil and gas exploration and production companies to promote safe, responsible, and sustainable operations. It represents the industry before international organizations and regionally at the European Commission. IOGP supports the international community's commitment to address the global challenge of climate change. IOGP also believes that the oil and gas industry can help address this challenge while meeting society's future energy needs. IOGP believes that the long term objective of climate change policy should be to reduce the risk of serious impacts on society and ecosystems, while recognizing the importance of reliable and affordable energy to society.

**How have you influenced, or are you attempting to influence their position?**

Hess is an active participant in the relevant committees and working groups, including Safety, Environmental, Process Safety, Environmental data, Oil Spill, Land Transport and Aviation.

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**Trade association**

American Petroleum Institute (API)

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

Hess recently conducted an evaluation of our alignment on climate related issues with trade associations to which we belong and historically contribute more than \$50,000 (more information can be found in our 2020 Corporate Sustainability report). Our evaluation was conducted using 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 transparent carbon price or other market based mechanism applied to emitters across all sectors.

The American Petroleum Institute (API) is a national trade association that represents all

aspects of America's oil and gas industry. API and its members commit to delivering solutions that reduce the risks of climate change and recognize the vital role that the industry plays to develop and deploy technologies and products that continue to reduce GHG emissions while advancing human and economic prosperity that are essential to extending the benefits of modern life to all. API's Executive Committee has directed API to prioritize efforts to reduce greenhouse gas emissions through industry-led solutions and to actively work on policies that address the risks of climate change while meeting the global need for affordable, reliable and sustainable energy. API has recently taken significant steps to revise its position on climate and continues to consider forward leaning climate action that is consistent with Hess' position on the four topics described above. We will continue to use our influence to promote changes in climate policy direction at the API, where appropriate.

**How have you influenced, or are you attempting to influence their position?**

Hess's Chief Executive Officer serves on the API Board of Directors and Executive Committee. Hess is a member of API's Climate Committee, Committee on Federal Relations, and Upstream Committee, among others. We have our own established internal process to share information and promote Hess's position on emerging regulatory issues such as methane leakage. Our internal working group is partially informed by studies coming out of the Environmental Defense Fund.

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**Trade association**

U.S. Chamber of Commerce

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

Hess recently conducted an evaluation of our alignment on climate related issues with trade associations to which we belong and have historically contributed more than \$50,000 (more information can be found in our 2020 Corporate Sustainability report). Our evaluation was conducted using 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 transparent carbon price or other market based mechanism applied to emitters across all sectors.

The U.S. Chamber of Commerce is the world's largest business organization representing companies of all sizes across every sector of the economy. Their position is that "the climate is changing and humans are contributing to these changes. We believe that there is much common ground on which all sides of this discussion could come together to address climate change with policies that are practical, flexible, predictable and durable." The Chamber believe that an effective climate policy should:

- Support a market based approach to accelerate GHG emissions reductions across the U.S. economy
- Leverage the power of business
- Maintain U.S. leadership in climate science
- Embrace technology and innovation
- Aggressively pursue greater energy efficiency
- Promote climate resilience infrastructure
- Support trade in U.S. technologies and products
- Encourage international cooperation

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 Hess' position.

### **How have you influenced, or are you attempting to influence their position?**

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#### **Trade association**

Independent Petroleum Association of America (IPAA)

#### **Is your position on climate change consistent with theirs?**

Mixed

#### **Please explain the trade association's position**

Hess recently conducted an evaluation of our alignment on climate related issues with trade associations to which we belong and have historically contributed more than \$50,000 (more information can be found in our 2020 Corporate Sustainability report). Our evaluation was conducted using 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 transparent carbon price or other market based mechanism applied to emitters across all sectors.

The IPAA.. is dedicated to ensuring a strong, viable domestic oil and natural gas industry, recognizing that an adequate and secure supply of energy is essential to the national economy. It is a lobbying group for oil and gas producers in the U.S. IPAA believes the benefits of using natural gas and oil products helps secure the economic wellbeing of citizens of the nation, particularly disadvantaged communities who are most threatened by high energy prices. The IPAA believes that because of the production and use of natural gas, the United States has reduced emissions more than any other country. IPAA supports the spirit of the Paris climate accord- our industry serves a critical role in the necessary effort to reduce greenhouse gas emissions, and the United States must collaborate with other nations to meet global climate targets. IPAA

supports voluntary efforts by industry and our members, like the Environmental Partnership (API), and constant improvements to the technology being used in the field to reduce, measure and report emissions.

The IPAA maintains climate positions that are somewhat inconsistent with Hess' position, although discussions are proceeding in a positive direction.

**How have you influenced, or are you attempting to influence their position?**

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 participating in this organization.

---

**Trade association**

National Ocean Industries Association (NOIA)

**Is your position on climate change consistent with theirs?**

Mixed

**Please explain the trade association's position**

Hess recently conducted an evaluation of our alignment on climate related issues with trade associations to which we belong and have historically contributed more than \$50,000 (more information can be found in our 2020 Corporate Sustainability report). Our evaluation was conducted using 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 transparent carbon price or other market based mechanism applied to emitters across all sectors.

NOIA serves the offshore oil, gas and wind industries and provides tremendous value to its members by uniting and advancing the business and professional interests of its members and the industry. NOIA represents and advances a dynamic and growing offshore energy industry, providing solutions that support communities and protect workers, the public and our environment. NOIA recognizes the risks of climate change and, as innovators, we strive to contribute solutions and best practices to optimally balance societal and environmental needs. "NOIA and its member companies commit to a collaborative approach with all stakeholders in providing solutions that balance economic, environmental and energy needs for society. We contribute to the advancement of principals of innovation, conservation, efficiency, resiliency, mitigation, and adaptation that must be part of a systematic approach to addressing the climate challenge."

The NOIA maintains climate positions that are somewhat inconsistent with Hess' position, although discussions are proceeding in a positive direction.

**How have you influenced, or are you attempting to influence their position?**

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 participating in this organization.

## C12.3f

**(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

At Hess, we have an Enterprise Risk Management (ERM) process that is led by the Chief Risk Officer, who reports to the Chief Financial Officer. The ERM process is a comprehensive, standardized approach to identifying and managing risks of all types, included climate-related risks, across our operations.

Hess updates its Climate Change Position annually, as appropriate. The statement outlines its position on climate change and our strategy for approaching climate-related risks and opportunities and can be summarized as follows:

- Hess supports the aim of the Paris Agreement and a global ambition to achieve net zero emissions by 2050. We are committed to reducing our carbon footprint in line with the Paris Agreement.
- Hess supports transparent carbon pricing as an economically efficient method for managing carbon emissions
- Hess has committed to align its strategy with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).
- Hess is working with government and industry partners to advance the development of a range of low-GHG emissions pathways, including technological advancements.
- Hess will continue to take steps to monitor, measure and reduce our GHG emissions through the following actions:
  - Setting and disclosing our targets to reduce the carbon intensity of our operation
  - Applying technological innovation and efficiency to decrease energy use and GHG emissions across our operations
  - Investing in scientific solutions to mitigate climate change
  - Accounting for the cost of carbon in significant new investments
  - Incorporating carbon risk scenario analysis into our business planning cycle

To ensure this statement is taken forward, in 2019, Hess established a team, led by the Senior VP Production to further identify, assess and make recommendations with respect to climate change mitigation strategies, and emissions reduction technologies and opportunities. This team reports directly to the CEO and COO. In late 2020, Hess established a new task force, comprised of nine senior executives, to provide oversight for our climate change strategy implementation and to evaluate the medium and longer term aspects of our strategy.

Hess' Board of Directors works alongside senior management to actively oversees Hess' sustainability practices. The Environmental, Health and Safety (EHS) Board 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 Hess Board is routinely briefed by experts to help them remain climate change literate and that climate change-related risks are considered in the development of company strategies and policies.

In addition to utilizing our ERM process to achieve a standardized approach to climate-related risks and a common approach to climate-related engagement activities throughout the company, a process is in place where our Vice President of EHS meets quarterly, or more frequently if necessary, with the EHS Board Committee to brief them on climate-related issues and strategic initiatives (including regulatory matters), progress against targets and GHG reduction activities and to review external drivers for strategy and reporting and to prioritize ongoing and future actions. These briefings allow senior management and the Board to assess climate engagement activities consistently throughout the company. A third process in place to achieve a common approach to climate-related activities throughout the company is the establishment of a Sustainability Steering Committee, comprised of senior officers within the company from various disciplines, which reviews climate-related policies, strategies, initiatives and targets and provides direction and guidance regarding external reporting of these matters.

Finally, to address concerns related to potential misalignment between our positions and those of the associations, organizations and collaborative working groups in which we participate, we publish our positions on key sustainable issues in our annual corporate sustainability report and have recently completed an assessment of our key Trade Associations' alignment with Hess's climate related positions. Internal and external communication helps all parties who engage with policymakers on Hess's behalf be aware of our climate change strategy. Because we are just one of many members, we recognize that our positions cannot always fully align with all formal positions of the associations, organizations, and collaborative working groups in which we participate. Effective communication of our climate change strategy helps all stakeholders understand where our positions align, even though our participation or funding should not be considered a direct endorsement of the entire range of activities undertaken by these membership organizations.

## C12.4

**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

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### Publication

In mainstream reports, in line with the CDSB framework (as amended to incorporate the TCFD recommendations)



**Status**

Complete

**Attach the document**

 Hess Corporation 2020 Annual Report.pdf

**Page/Section reference**

Pages 2-3,9-11 of Hess Annual Report

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets  
Other metrics

**Comment**

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**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

 Hess Corporation 2020 Sustainability Report.pdf

**Page/Section reference**

Pages 2,3,8-19,39-53, 62-65

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets  
Other metrics  
Other, please specify

**Comment**

## C15. Signoff

### C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

### C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	President and COO	President

## Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms

## Independent Assurance Statement to Hess Corporation

ERM Certification and Verification Services (“ERM CVS”) was engaged by Hess Corporation (“Hess”) to provide limited assurance on selected Greenhouse Gas (GHG) emissions data and information which Hess has reported in its CDP Climate Change Questionnaire 2021 (“the CDP Questionnaire”).

Engagement summary	
<b>Scope of our assurance engagement</b>	<p>Whether the consolidated corporate GHG emissions data for Hess’s global operations for the period 1st January to 31st December 2020 reported at Sections C6.1, C6.3 and C6.5 of the CDP Questionnaire are fairly presented, in all material respects, in accordance with the reporting criteria. The GHG inventory, reported on an operational control basis and covering emissions of CO<sub>2</sub>, N<sub>2</sub>O and CH<sub>4</sub>, includes:</p> <ul style="list-style-type: none"> <li>• Total absolute Scope 1 Direct GHG emissions from stationary fuel combustion, mobile fuel combustion, flaring, and fugitive sources (metric tonnes CO<sub>2</sub>e).</li> <li>• Total absolute Scope 2 Indirect GHG emissions (location-based and market-based) associated with purchased electricity (metric tonnes CO<sub>2</sub>e).</li> <li>• Total absolute Scope 3 Other indirect emissions from the following categories (metric tonnes CO<sub>2</sub>e):               <ul style="list-style-type: none"> <li>• Use of sold products;</li> <li>• Processing of sold products; and</li> <li>• Business travel.</li> </ul> </li> </ul> <p>Whether the information reported at the following sections of the CDP Questionnaire is fairly presented: C4.1, C4.1b*, C4.2, C5.1, C5.2, C6.2, C6.4, C6.10*, C7.1a, C7.1b, C7.2, C7.3b, C7.4, C7.5, C7.6, C7.7, C7.9a and C8.2a</p>
<b>Reporting criteria</b>	The World Resources Institute and the World Business Council for Sustainable Development (WRI/WBCSD) GHG Protocol, IPIECA’s Petroleum Industry Guidelines for reporting GHG emissions, 2nd edition, 2011, and US EPA Mandatory Greenhouse Gas Reporting Rule
<b>Assurance standard</b>	International Organization for Standardization (ISO) 14064-3:2019: Specification with guidance for the validation and verification of greenhouse gas assertions
<b>Assurance level</b>	Limited assurance.
<b>Respective responsibilities</b>	<p>Hess is responsible for preparing the data and for its correct presentation in the CDP Questionnaire, including disclosure of the reporting criteria and boundary.</p> <p>ERM CVS’s responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>

### Our conclusions

Based on our activities, nothing has come to our attention to indicate that the following consolidated corporate 2020 GHG emissions data reported at Sections C6.1, C6.3 and C6.5 of the CDP Questionnaire are not fairly presented, in all material respects, with the reporting criteria:

<b>Scope 1 GHG emissions:</b>	<b>3,250,701 tCO<sub>2</sub>e</b>
<b>Scope 2 GHG emissions:</b>	
Location-based	420,969 tCO <sub>2</sub> e
Market-based	102,781 tCO <sub>2</sub> e
<b>Scope 3 GHG emissions:</b>	
Use of sold products	49,000,625 tCO <sub>2</sub> e
Processing of sold products	4,103,844 tCO <sub>2</sub> e
Business travel	694 tCO <sub>2</sub> e

In addition, nothing has come to our attention to indicate that the information reported in the sections of the CDP Questionnaire listed under ‘Scope of our assurance engagement’, above, taking into account the limitations described under ‘The limitations of our engagement’ below, is not fairly presented.

### Our assurance activities

Our objective was to assess whether the emissions data are reported in accordance with the principles of completeness, comparability (across the organisation) and accuracy (including calculations, use of appropriate conversion factors and consolidation). 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 conclusions. A global team of GHG and assurance specialists performed the following activities:

- An analytical review of the 2020 GHG emissions data from all assets and a check on the completeness and accuracy of the data consolidation at the Hess corporate level;
- Virtual “visits” to Hess’ operations in North Dakota and the North Malay Basin, to verify the source data for the assets’ GHG emissions;
- A virtual “visit” to Hess’ head office in Houston, Texas to review the data consolidation process and the results of the internal data validation process, and to conduct interviews with subject matter experts responsible for preparing the GHG inventory and the CDP Questionnaire;
- Evaluation of the data management systems and processes (including data collection and internal review processes) used for collecting and reporting the GHG data;
- A review of the calculations of the GHG emissions from underlying activity data, including the conversion factors and emission factors used, and the accuracy of the consolidation of the GHG data at the corporate level;


- A review of samples of documentary evidence, including internal and external documents, supporting the underlying data on which the GHG emissions data are based; and
- A review of the consistency of the data and information reported in the sections of the CDP Questionnaire listed under 'Scope of our assurance engagement', above, with the consolidated assured data.

limited to confirming consistency with data in Hess's Form 10K for the year ended 31 December 2020.

### **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.

\* For the production figures used in the calculations of progress against intensity targets included in Section C4.1b of the CDP Questionnaire, and the revenue and production figures used in the calculations of the intensity figures included in Section C6.10 of the CDP Questionnaire, we have not independently reviewed or verified the production or revenue figures. Our work in relation to these figures was



Beth Wyke  
Partner, Head of Corporate Assurance  
13 July 2021

ERM Certification and Verification Services Inc.  
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**ERM CVS**  
Informed Assured