

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	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2019	December 31 2019	No	<Not Applicable>

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

Please select

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)	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. 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 climate-related emissions reduction targets; a 25% reduction in GHG emissions intensity and a 50% reduction in flaring emissions intensity by 2020 against a 2014 baseline. Our CEO and the EHS Board Committee review progress against these targets when they receive quarterly EHS briefings. This oversight helps the company stay aligned and focused on its overarching climate objectives. The EHS Board Committee also reviews climate-related issues because they are deemed high priority within the company and by external stakeholders. Formal Board level oversight ensures that these climate change issues are reviewed with the Board Committee, and that senior management receives their input when determining the strategy for addressing climate change.

C1.1b

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

Frequency with which climate-related issues are integrated a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	<ul style="list-style-type: none"> Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues 	<Not Applicable>	Hess updated its climate change strategy in 2015 to closely align with the Task Force on Climate-Related Disclosures (TCFD) recommendations: Governance; Strategy; Risk Management; and Metrics & Targets. Climate related issues are fully integrated into Hess's EHS & SR strategy and our Enterprise Risk Management Process. These teams are responsible for updating our EHS Board Committee 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 objectives for Hess on climate. By monitoring and overseeing progress against climate-related goals and targets, the EHS Board Committee can ensure that our climate-related actions are consistent with our climate change strategy. In 2019, Hess established a new team led by the Senior VP of Production to further identify, assess and make recommendations on climate change mitigation strategies, and emissions reduction technologies and opportunities. This team is focused on: flare reduction, energy efficiency, carbon capture, utilization and storage, low carbon technology investments, carbon offsets and trading, digitization and methane monitoring. The team is evaluating additional emissions reduction activities and will make specific recommendations in 2020 to senior management and the EHS Board Committee for consideration and implementation.

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)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	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, ensuring that these important issues are reviewed with the EHS Board Committee and that senior management receives 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 ensures that appropriate climate-related issues are brought to the attention and reviewed with the EHS Board of Directors Committee and the full board, and arranges for external experts to brief the Board at least annually on climate related issues, risks, and opportunities. This ensures 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 climate-related emissions reductions targets; a 25% reduction in GHG emissions intensity and a 50% reduction in flaring emissions intensity by 2020 vs. our 2014 baseline. Our CEO reviews progress against these targets each year. Through 2019, we have achieved a 26% reduction in GHG emissions intensity and a 35% reduction in flaring intensity towards these respective GHG and flaring targets.

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. One such target is related to our severe and significant environmental incident rate. We define uncontrolled natural gas releases as severe incidents and so this target is 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 2019, the base target was 0.085 and we outperformed this target, achieving an actual rate of 0.049, or a rate 42% below the target.
All employees	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. One such target is related to our severe and significant environmental incident rate. We define uncontrolled natural gas releases as severe incidents and so this target is 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 2019, the base target was 0.085 and we outperformed this target, achieving an actual rate of 0.049, or a rate 42% below the target.

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 a carbon price of \$40/tonne to the greenhouse gas emissions projected to be generated to evaluate the potential impact of carbon costs on project economics and to compare alternative project configurations.

C2.2

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

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. Across our operations, we have a comprehensive, standardized approach to identifying and managing risks of all types, including climate change. Central to our ERM process is our Risk Management Standard (RMS), which integrates risk management across our operations and functional areas. The standard applies to all assets, major capital projects and prospects throughout their respective lifecycles. The RMS establishes a risk framework, accountabilities and expectations across the organization to provide a consistent and integrated risk management process. Key elements include: Minimum risk management expectations for each asset and major capital projects (risk plan, ERM assessment, functional risk assessment, stakeholder engagement plan, integrated risk register and risk monitoring) to ensure consistent adoption and alignment in risk tools; a hierarchy of risk assessments, integrated across technical and functional areas, that outlines the level of management review applied to different risk tiers; a formalized process for aligning risk assessment with stakeholder engagement, including the facilitation of stakeholder mapping at ERM workshops; a risk monitoring process with accountabilities and an operating rhythm to help ensure appropriate monitoring, alignment and escalation of risk from the asset, project or function to and from senior management. We begin a risk assessment by bringing together business and asset level subject matter experts to develop a holistic risk profile for each asset and major project, utilizing performance data, incident investigations, lessons learned and recent internal audits. In these risk assessments, we identify each risk and assess its likelihood and potential impact to people, the environment, our reputation and our business, as well as other risks as appropriate. We also use the results of asset-level audits to generate a company-wide portfolio view of risks and potential financial impacts. 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 rolled-up Company risk profile on a quarterly basis to evaluate short, medium and long-term 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 models the three main scenarios detailed in the IEA's 2019 World Energy Outlook 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 2019 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 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 high risk on their risk register and heat map due to its potential reputational harm to the Company, as well as the cost of adding infrastructure to reduce flaring. Between 2012 and post 2020, the Company set a goal to reduce wellhead flaring from 27% to less than 10% of gas production in North Dakota. 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 GHG emissions. (Task) We have set a target to reduce the flaring intensity of our operated assets by 50% in 2020 versus our 2014 baseline. (Action) To reach said 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 CO₂e emissions. 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. A facility is advised as soon as possible to initiate evacuation of personnel and when possible, to take steps to protect equipment and environment. (2) Physical Risk/Opportunity: (Situation) Through our ERM process, our Gulf of Mexico subject matter experts who review their asset level heat map quarterly identified that hurricanes pose a significant potential tail risk to the company; a risk that is not highly likely but if it occurs could potentially have a significant impact. In 2018, Hurricane Michael hit the Gulf of Mexico. (Task/Action) This required Hess to shut-in its Tubular Bells and Stampede Production Platforms while executing emergency response plans as outlined above. Total gross deferred production was approximately 200 thousand barrels of oil equivalent which equated to a market value of approximately \$10 million, along with additional operating expenses of approximately \$400 thousand. (Result) Despite the disruption to our business from the shut-down, there were no injuries or process safety events, no environmental impact, and no property damage to these production platforms from Hurricane Michael.

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	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 2019, Hess and its partner purchased 145,926 allowances in addition to the 31,659 free allowances. Explanation: Our EHS & Government Affairs groups systematically reviews current energy and climate related regulations, including cap and trade and, as key participants in the ERM process, ensure that significant current regulatory risks are included in the ERM risk register for each Hess asset, if applicable.
Emerging regulation	Relevant, always included	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 could materially impact our operations and contribute to compliance costs, was enacted in a prior administration, rescinded and replaced in the current administration, and the replacement rule has now been vacated in the federal courts. Determining compliance remains a challenge when it is unclear which regulation will apply at any given time. The rigor and costs of programs is going to 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. Explanation: Our EHS & Government Affairs group systematically reviews energy and climate related emerging regulatory risks and, as key participants in the ERM process, ensure that significant emerging regulatory risks are included in the ERM risk register for each Hess asset, if applicable.
Technology	Relevant, always included	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 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 encompasses 100% of our on-shore assets over which we have operational control (excluding joint ventures) U.S. methane emissions. This program comprises monthly audible, visual and olfactory inspection of our equipment with the potential to leak and semi-annual optical gas imaging to detect fugitive emissions. In 2019, the cost of conducting this program was approximately \$1.9 million, which resulted in approximately 39,544 Mcf of recovered gas for the year at an average cost of approximately \$47.47 per Mcf. Explanation: Our EHS, Technology and Operations teams systematically review technology related risks, and as key participants in the ERM process ensure that significant technology risks are included 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.
Legal	Relevant, always included	Example: An example of a legal risk for Hess is the difficulty in determining compliance resulting from regulatory uncertainty associated with the Bureau of Land Management's Methane and Waste Prevention Rule. While Hess prepared to comply with the original rule promulgated in 2016 by the Obama administration, the new Trump administration subsequently suspended and ultimately attempted to overturn the rule through its own rulemaking process. The Trump administration's rulemaking was challenged in the courts, however, and the case is now pending in the Northern District of California. If the Court overturns the rule, Hess could be faced with a difficult compliance deadline depending on the scope and timing of the Court's ruling. Through our ERM process, we have identified this onshore regulatory risk as having a low impact which would put the cost of compliance at \$60-\$100 million. Explanation: Our Legal team systematically reviews energy and climate related legal issues and, as key participants in the ERM process, ensure that significant legal risks are included in the ERM risk register for each Hess asset, if applicable.
Market	Relevant, always included	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. Explanation: Our EHS and Economics groups systematically review energy and climate related market related risks, and as key participants in the ERM process, ensure that significant market risks are included in the ERM risk register for each Hess asset, if applicable.
Reputation	Relevant, always included	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 2019, at least \$12 billion (approximately 60%) of Hess shares were owned by investors who are signatories to the United Nations Principles for Responsible Investment indicating investor concern with ESG performance. Explanation: Our Government Affairs group systematically reviews energy and climate related reputational risks and, as key participants in the ERM process, ensure that significant emerging regulatory risks are included in the ERM risk register for each Hess asset, if applicable. To help mitigate these risks, part of Hess's strategy is to be a leader in ESG reporting and performance among its peers. We specifically have set targets: 25% GHGs and 50% flare reduction, and 1% methane leak/loss rate target across the U.S. natural gas value chain through our voluntary participation in ONE Future. 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. When we benchmark our performance vs. our peers we are consistently in the top quartile.
Acute physical	Relevant, always included	Example: Acute physical risk for Hess is related to increased storm activity, which could materially affect our operations in the Gulf of Mexico. In 2018, Hurricane Michael hit the Gulf of Mexico requiring Hess to shut-in its Tubular Bells and Stampede Production Platforms. Total gross deferred production was approximately 200 thousand barrels of oil equivalent which equated to a market value of approximately \$10 million, along with additional operating expenses of approximately \$400,000. Despite the disruption to our business from the shut-down, there were no injuries or process safety events, no environmental impact, and no property damage to these production platforms from Hurricane Michael. Explanation: Our Operations team systematically reviews energy and climate related acute physical risks, and as key participants in the ERM process ensure that significant acute physical risks are included in the ERM risk register for each Hess asset, if applicable.
Chronic physical	Relevant, always included	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. Explanation: Our Operations and project groups systematically review energy and climate related chronic physical risks and as key participants in the ERM process ensure that significant chronic physical risks are included in the ERM risk register for each Hess asset, if applicable.

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.

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
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

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). 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 2019, Hess purchased 92,241 allowances in addition to the 31,659 free allowances. Our joint venture partner, INEOS we also purchased 53,685 allowances. We expect the gap between the annual number of free allowances and actual GHG emissions to widen. We expect we 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 2019, the cost we paid for carbon credits was between 23-25 euros as compared to between €8 to €25/carbon credit in 2018.

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)

3900000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The cost to purchase additional allowances in 2019 was approximately \$3.9 million. This was estimated based on an EU ETS Allowance Unit (EUA) costs ranging from \$23 -25 per EUA depending on when the allowances were purchased. In 2019, Hess's cost to purchase additional allowances was approximately \$2.5 million (92,241 allowances x 24 euros x 1.12 (euro to \$ conversion) = \$2.5 million) and our partner, INEOS's cost was estimated at \$1.4 million (53,686 allowances x 24 euros x 1.12 (euro to \$ conversion)= \$1.4 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

25000

Description of response and explanation of cost calculation

In compliance with regulation, our management strategy is to purchase allowances in addition to our free allocation to meet regulatory requirements. Hess' Demark operations banked free allowances under EU ETS Phase II. In 2019, to meet our full obligations, we and our partners purchased 145,926 allowances on the spot market and applied an additional 31,659 free allowances. There is minimal additional administrative cost, roughly \$25,000, for managing the purchase of allowances to meet our EU ETS obligations. The cost of using a third party to purchase allowances on our behalf is already included in the price we pay for allowances. Annual third party verification of GHG emissions is part of the EU ETS and costs are nominal. Costs are expected to remain nominal for the duration of the EU ETS program.

Comment**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
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

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, as a result in an increased supply of abundant, low cost natural gas. Since 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 rule was rescinded and replaced with a new rule by the current administration which has recently been vacated by the federal courts. A principal focus in 2019 was the continuation of an extensive leak detection and repair (LDAR) program across all of our production facilities in North Dakota. 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

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1877260

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Currently, conducting Hess' LDAR program in North Dakota increases operating costs by approximately \$1.9 million per year; however, this cost might materially increase if Hess is required to modify its operating systems or shut-in production due to future regulation. The \$1.9 million in additional operating expenses is comprised of approximately \$0.5 million in labor costs, \$0.1 million in transportation expenses and \$1.3 million in repair costs.

Cost of response to risk

500000

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 two programs under the Environmental Partnership by API. Under the "Leak Program for Natural Gas and Oil Production Sources", Hess conducted semi-annual surveys at 869 sites in 2019. 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, 86 have been replaced, with the remaining ones scheduled to be replaced by 2022. To meet our ONE Future and Environmental Partnership commitments, Hess continued implementing 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. methane emissions. In 2019, LDAR resulted in 39,544 Mcf of recovered gas at a cost of \$47.47 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. Cost of management cannot be reasonably determined until we understand what regulations might be imposed. However, this number, approximately \$500,000, is reflective of the LDAR program's fixed cost of labor as a potential example of cost of administration. This is part of the \$1.9 million figure that we have provided in financial impact.

Comment

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
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Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

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, such as the impact of Hurricane Michael in 2018 on Hess' Tubular Bells and Stampede Production Platforms in the Gulf of Mexico, in addition to 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 Corporation 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)

10400000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Increased storm activity could materially affect our operations in the Gulf of Mexico. The financial impact of recent storms may serve as an indicator of potential future implications. As an example, in 2018 Hurricane Michael hit the Gulf of Mexico requiring Hess to shut-in its Tubular Bells and Stampede Production Platforms. Total gross deferred production was approximately 200 thousand barrels of oil equivalent which had a market value of about \$10 million, along with additional operating expenses of \$400k related to evacuating two platforms. Without these extensive processes in place the impact could have been more significant.

Cost of response to risk

2000000

Description of response and explanation of cost calculation

Each Hess asset, including Tubular Bells 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 soon as possible to evacuate personnel and when possible, to protect equipment and environment. As an example, in 2018, Hurricane Michael hit the Gulf of Mexico, requiring Hess to shut-in its Tubular Bells and Stampede Production Platforms. Total gross deferred production was about 200,000 BOE with a market value of \$10 million and operating expenses of \$400,000. Following the emergency response risk management during this hurricane resulted in no damage to the facilities and minimized the financial impact of the shutdown. There were no injuries or process safety events, no environmental impact, and no property damage to these platforms. 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. The cost of response to this risk represents the typical cost for annual subscription/maintenance for weather forecasting, emergency response preparedness (approximately \$ 2 million).

Comment

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
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Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

In 2015, we completed an EHS & SR Strategy Refresh project to fully align with our transition to an Exploration & Production (E&P) company and our commitment to operating as a trusted energy partner. This identified a range of material issues for benchmarking and evaluated Hess's strategic position relative to its peers to inform strategy development. Through benchmarking and a materiality assessment, six EHS & SR issues material for strategy enhancement were identified based on the level of risk to the company and stakeholder expectations (Climate Change/Greenhouse Gas Emissions, Community and Stakeholder Engagement, Human Rights and Security, Process Safety and Spills, Regulatory Assurance, and Water Management). Based on Hess's materiality assessment, climate change has a high level of external interest and is a high priority to the company. The issues reviewed in the materiality determination are based on a survey of internal and external stakeholder evaluation of risk and impact, level of stakeholder interest, and applicability of international reporting frameworks and oil and gas sector guidelines and best practices. We updated our Materiality Assessment in late 2019 and will discuss these issues as part of our EHS & SR strategy update in our 2020 Sustainability Report. 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 2019, at least \$12 billion which represents 60% 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)

10000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

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 2019, at least \$12 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

500000

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 2019, we purchased 530,714 MWh of RECs for wind power (75% of purchased electricity from E&P assets, along with 25% wind power off the grid for a total of 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 2019, Hess earned CDP climate leadership for the 11th consecutive year and was included in DJSI North America for the 10th consecutive year. 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.

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 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. 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. Over \$3 billion has been invested in midstream infrastructure in North Dakota between 2012-2019 to capture and monetize natural gas produced from our operations and minimize flaring. On an intensity basis, we continue to make progress towards our 50% reduction target by reducing our cumulative flaring intensity by 35% through 2019, compared to our 2014 baseline. In addition, in 2019, Hess 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. The team will focus on: flare reduction, energy efficiency, carbon capture, utilization and storage, low carbon technology investments, carbon offsets and trading, digitalization and methane monitoring. The team is currently evaluating additional emissions reduction opportunities and will make recommendations to senior management and the EHS Board Committee for consideration and implementation in 2020.

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)

18000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

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 2019 onshore natural gas price of \$1.59 per thousand cubic foot (MCF) found in Hess' 2019 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 \$18 million per year in the mid 2020's (51-20=31 MMscfd x 365 days x \$1.59 per MCF = \$18 million).

Cost to realize opportunity

300000000

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 represents a one-time capital cost. Costs for staff resources to obtain the necessary licenses and permits and to operate new and expanded infrastructure are considered routine.

Comment

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 has committed to various industry-wide voluntary agreements. For example, Hess is a founding member of the ONE Future Coalition which is comprised of companies from across the natural gas industry and focuses on identifying policy and technical solutions that yield continuous improvement in the management of methane emissions associated with the production, processing, transportation and distribution of natural gas. Under this voluntary agreement, Hess set the target to reduce methane emissions to less than 1% of gross methane production across the value chain by 2025. In addition, Hess became one of the principal participants in the American Petroleum Institute's Environmental Partnership, which is focused on voluntary reductions in methane emissions. To help achieve these methane emissions reductions, Hess has implemented a leak detection and repair (LDAR) program covering 100% of our total on-shore U.S. methane emissions across our production and gathering facilities in the Bakken region of North Dakota and our gas plant in Tioga, ND. The Natural Gas STAR Program, a voluntary U.S. EPA partnership which Hess has belonged to since 1997, encourages oil and gas companies to adopt cost-effective technologies, including low/no bleed pneumatics and practices that improve operational efficiency and reduce methane emissions. Hess has an on-going voluntary opportunity to reduce methane emissions and operational costs at our North Dakota asset by replacing high-bleed pneumatic devices installed before August 2011, when new EPA regulatory requirements came into effect.

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)

<Not Applicable>

Potential financial impact figure – minimum (currency)

202523

Potential financial impact figure – maximum (currency)

702523

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 \$1.59 per thousand cubic foot (per Hess 2019 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 \$102,523 per year (248 units x 260 Mcf x \$1.59 = \$102,523). Potential additional maintenance cost savings range from \$100,000 to \$600,000 per year. (low = \$102,523 + \$100,000 = \$202,523; high = \$102,523 + \$600,000 = \$702,523).

Cost to realize opportunity

458800

Strategy to realize opportunity and explanation of cost calculation

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 869 sites in 2019, 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

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 27 million barrels, is transported by flexible hose which reduced truck transport emissions by 18,734 tonnes in 2019, eliminated 216,000 truck deliveries and 8.6 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 2019, Hess operated 11 GTUIT units and 2 ColdStream units which allowed us to capture 7.2 million gallons of natural gas liquids which avoided 513 million standard cubic feet per day of gas flared resulting in a reduction of 44,661 tonnes of CO₂e emissions. In addition, in 2019 Hess 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. The team will focus on: flare reduction, energy efficiency, carbon capture, utilization and storage, low carbon technology investments, carbon offsets and trading, digitization, and methane monitoring. This team is evaluating additional emissions reduction opportunities and will make recommendations to senior management and the EHS Board Committee for consideration and implementation in 2020.

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)

17100000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Each project has its own financial implications, but as an example: Hess transported about 27 million barrels of water in 2019 via flexible pipe versus 18 million barrels of water in 2018. Transporting water by use of flexible pipe rather than trucks saved an estimated incremental \$17.1 million in 2019 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: 27 million barrels in 2019 - 18 million barrels in 2018 = 9 million barrels. Transport of 9 million barrels via truck @ \$3.50/bbl. = \$31.5 million; transport of 9 million barrels via flexible pipe @ \$1.60/bbl. = \$14.4 million; net savings = \$31.5 million-\$14.4 million = \$17.1 million).

Cost to realize opportunity

14400000

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 2019, 100% of the water we used for hydraulic fracturing in North Dakota (approximately 27 million barrels) was transported using flexible hose. As a result of this project, between 2018 and 2019, we eliminated an additional incremental 638,298 gallons of diesel use in trucks which resulted in an additional 6,535 tonnes GHG decrease. Each project has its own costs, but as an example: the cost to eliminate water truck transport by using flexible hose are approximately \$14,400,000 (calculation as follows: 27 million barrels of water in 2019 - 18 million barrels of water in 2018 = 9 million barrels of water x \$1.60/bbl. to transport via flexible pipe = \$14.4 million). There are no costs for project and contract management beyond the normal course of business.

Comment**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

In 2015, we completed an EHS & SR Strategy Refresh project to fully align with our transition to an exploration and production company and our commitment to operating as a trusted energy partner. This identified a wide range of material issues for benchmarking and evaluated Hess' strategic position relative to its peers to inform strategy development. Through benchmarking and a materiality assessment, six material EHS & SR issues (Climate Change and Greenhouse Gas Emissions, Community and Stakeholder Engagement, Human Rights and Security, Process Safety and Spills, Regulatory Assurance, and Water Management) for strategy enhancement were identified based on the level of opportunity to the company and stakeholder expectations. Based on Hess' materiality assessment, climate change has a high level of external interest and is a high priority to the company. The issues reviewed in the materiality determination are based on a survey of both internal and external stakeholder's evaluation of opportunity and impact, level of stakeholder interest, and applicability of international reporting frameworks and oil and gas sector guidelines and best practices. As part of an EHS & SR strategy refresh, we updated our materiality assessment in late 2019-early 2020 and will discuss this in more detail in our 2020 Sustainability report. 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 (for example Hess consistently achieves leadership status on CDP each year), which could result in improved reputation, public awareness and accountability which could impact our cost and access to future capital. In addition, in 2019 Hess 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. The team will focus on: flare reduction, energy efficiency, carbon capture, utilization and storage, low carbon technology investments, carbon offsets and

trading, digitization, and methane monitoring. This team is currently evaluating additional emissions reduction opportunities and make recommendations to senior management and the EHS Board Committee for consideration and implementation in 2020.

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)

100000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

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 2019, at least \$12 billion of Hess shares (60%) 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

500000

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 2019, Hess earned CDP climate leadership for the 11th consecutive year, and included in the DJSI North America for the 10th consecutive year. 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 several 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) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative and quantitative

C3.1b

(C3.1b) 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 models three main scenarios detailed in the IEA's 2019 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 2019 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., \$60 per barrel Brent oil, \$2.75 per million MMBtu Henry Hub natural gas, and sustained \$40/tonne carbon price, all in 2020 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 three main scenarios: Current Policies (2040), New Policies (2040) and SDS (2050). These timeframes are most relevant because 2050 aligns with the Paris Accord and 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 20% higher NPV. This demonstrates the robustness of Hess's conservative planning assumptions as they relate to commodity 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 addition, according to an independent study, our offshore developments in Guyana are considered among the lowest cost offshore developments in the world. Our scenario analysis led to the establishment a new team, led by the Senior VP Production to further identify, assess and make recommendations on climate change mitigation strategies and opportunities 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 100% RECs in 2019 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 400,961 tonnes of Scope 2 emissions.

C3.1d

(C3.1d) 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	We begin a risk assessment by bringing together business and asset level subject matter experts to establish a holistic risk profile for a particular asset. Findings from recent EHS and operational audits also inform the process. 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 2015 Strategy Refresh was a determination of EHS&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. For example, we have invested over \$3 billion in a substantive business decision to add infrastructure in North Dakota to reduce flaring, which allows us to increase revenue by capturing and selling gas that was previously flared, as well as using it to run our operations thereby reducing the need to buy other fuels. 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, since natural gas is less carbon intensive than other fossil fuels. Another example is our LDAR program in North America. This program comprises monthly audible, visual and olfactory equipment inspection for the potential of leakage and semi-annual optical gas imaging performed by our certified field assurance personnel to detect fugitive emissions. In 2019, the cost of implementation in ND was approximately \$1.9 million, which resulted in approximately 39,544 Mcf of recovered gas for the year at an average cost of approximately \$47.47 per Mcf. These measures, together with the steps we are taking to reduce flaring in ND, aim to help further reduce our fugitive emissions.
Supply chain and/or value chain	Yes	When Hess goes into new joint venture (JV) projects with partners, we engage directly to evaluate project economics, ensure safety and minimize emissions. For example, at our Stabroek Block (offshore Guyana), in which Hess holds a 30% interest, we worked with our JV partners 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. Since we knew that this project was one of the largest recent offshore developments, 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 JV partners 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 view extending that strategy across non-operated joint ventures. The action that we took, along with our JV partner, to mitigate climate-related risks was a substantive business decision which resulted in investing 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. This gas reinjection program has a significant impact on our business, and should cover the short, medium and long term as we expect it to extend for the life of these oil fields.
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	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 2015 Strategy Refresh was a determination that EHS&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. 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 is a win-win situation 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. Another example is our LDAR program. 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 2019, the cost of implementation in ND was approximately \$1.9 million, which resulted in approximately 39,544 Mcf of recovered gas for the year at an average cost of \$47.47 per Mcf. These measures, together with the steps we are taking to reduce flaring in ND, aim to help further reduce our fugitive emissions.

C3.1e

(C3.1e) 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 on 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 decided to 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. Return on investment was then calculated with and without a sustained \$40 per tonne price on carbon or if a carbon regulation was in effect in a particular country where we are doing business, we used that country's cost of carbon. This enables management to 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. We have not changed the \$40/tonne carbon price because it remains consistent with what our peers are currently using to assess their long-term investment opportunities. (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) Use this 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 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. 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 to 2050 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 the three main scenarios detailed in the IEA's 2019 World Energy Outlook 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. 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. The SDS in the IEA's 2019 WEO (with a 2050 timeframe) 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. 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 our JV partner 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 activity as having a substantive impact on our business (Result) The action that we took, along with our JV partner, 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.</p>

C3.1f

(C3.1f) 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).

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 CO2e per unit of production

Base year

2014

Intensity figure in base year (metric tons CO2e 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 CO2e 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 CO2e per unit of activity)

30.2

% of target achieved [auto-calculated]

103.921568627451

Target status in reporting year

Underway

Is this a science-based target?

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

Please explain (including target coverage)

We have 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 CO2 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.

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 CO2e per unit of production

Base year

2014

Intensity figure in base year (metric tons CO2e 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 CO2e 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 CO2e per unit of activity)

180

% of target achieved [auto-calculated]

69.5652173913044

Target status in reporting year

Underway

Is this a science-based target?

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

Please explain (including target coverage)

We have 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. We anticipate flaring reduction will result from a major initiative from our Bakken asset in North Dakota assuming we receive approval from key stakeholders for these initiatives.

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.

Target reference number

Low 1

Year target was set

2019

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

2019

Figure or percentage in base year

0

Target year

2019

Figure or percentage in target year

100

Figure or percentage in reporting year

100

% of target achieved [auto-calculated]

100

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 (2019). In accordance with our target to purchase 100% renewable energy (based on our 2019 electricity use of 707,620 MWh) our goal is to purchase 530,714 RECs (KPI in baseline year). Because we actually bought 530,714 RECs or 75% of our electricity use, as well as obtained 25% of our grid energy from renewable sources (176,906 MWh), in total we used 707,620 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.

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))
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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

0.52

% of target achieved [auto-calculated]

95.4545454545454

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 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 2019, 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 0.03%. Our combined methane emissions rate from production, gathering, boosting, and processing was 0.52%, 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.

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	275116
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

Transportation	Other, please specify (Reduced use of contractor trucking by transporting water via flexible hose versus truck fleet)
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Estimated annual CO2e savings (metric tonnes CO2e)

6535

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

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

17100000

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

14400000

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 2019, 100% of the water we used for hydraulic fracturing in North Dakota (approximately 27 million barrels) was transported using flexible hose, eliminating 216,000 truck deliveries and 8.6 million miles driven and cutting about 18,734 tonnes of transportation-related GHG emissions for the year which was an incremental increase of 6,535 tonnes from the previous year.

Initiative category & Initiative type

Energy efficiency in production processes	Process optimization
---	----------------------

Estimated annual CO2e savings (metric tonnes CO2e)

7476

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

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

631446

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

3000000

Payback period

4-10 years

Estimated lifetime of the initiative

6-10 years

Comment

We have continued to use technology developed through our partnership with GTUIT- a designer, manufacturer and operator of well site natural gas capture and Natural Gas Liquid (NGL) extraction equipment- to recover high-BTU gas from locations in North Dakota that were previously flaring this raw wet natural gas. The GTUIT equipment successfully addresses some of the technical challenges associated with capturing NGLs from the Bakken gas- the units are modular and mobile, they can operate reliably unmanned and they can adapt to the ever-changing flow conditions of the well and the changing chemistry of the associated gas. In 2019, we operated 11 GTUIT mobile units and two ColdStream energy recovery units (14 MMSCFD of capacity in total), allowing us to capture 7.2 million gallons of NGLs. As a result about 513 MMSCFD of gas flared was avoided and CO2e emissions were reduced by an estimated 44,661 tonnes, which was an incremental increase of 7,476 tonnes from last year. This project has dual economic and environmental benefits, as it converts gas into marketable products as well as reduces the amount of gas flared and the associated air emissions.

Initiative category & Initiative type

Low-carbon energy consumption	Wind
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Estimated annual CO2e savings (metric tonnes CO2e)

261106

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)

451107

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 these 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 2019, we purchased 530,714 REC's which offset 75% of our purchased electricity requirements, which along with the 25% renewable energy we got from the grid enabled Hess to offset 100% of its purchased electricity requirements. Last year we purchased 70,000 REC's, so the net increase of 460,714 incremental RECs in 2019 enabled us to offset 261,106 tonnes of Scope 2 GHG emissions.

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

13

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

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 23 years, Hess has been a partner 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 4.2 million tonnes of CO₂e (8,769,737 MCF).

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

- a) Installation of vapor recovery units (63.9% of emissions reductions)
- b) Installation of electric compressors (18.8%)
- c) Installation of flash tank separators on glycol dehydrators (7.0%)
- d) Catalytic converter installation (6.8%)
- e) Other (3.5%)

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 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 2019, 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 0.03%. Our combined methane emissions rate from the production, gathering, boosting, and processing sectors was 0.52%, 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 is aiming to reduce air emissions, including methane and volatile organic compounds, associated with natural gas and oil production. Hess is implementing two Environmental Performance Programs of the Environmental Partnership (detailed below) applicable to our operations in North Dakota:

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 869 sites in 2019.
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 has identified 248 high-bleed pneumatic controllers remaining in our North Dakota operations. In 2019 and early 2020 we have taken 86 high bleed pneumatic controllers out of service; we plan to phase out the remaining by 2022.

The third program, involving manual liquids unloading for natural gas production sources, is not applicable to Hess as the company does not currently operate any natural gas-only production wells.

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, 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 emissions. 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 400 well sites with approximately 2000 fugitive components per site. In 2019, the cost of implementing this program across all of our U.S. operations was approximately \$1.9 million, which resulted in approximately 39,544 Mcf of recovered gas for the year at an average cost of 47.47 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.

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 2019, Hess has made substantial progress against this target by reducing its flaring intensity by 35% 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. With Hess's 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. Our principal focus is the implementation of an extensive leak detection and repair (LDAR) program across all of our production facilities (new and existing) in North Dakota. This supplements our ongoing LDAR programs at our gas plant in North Dakota.

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 CO2e)

2499949

Comment

Scope 2 (location-based)

Base year start

January 1 2014

Base year end

December 31 2014

Base year emissions (metric tons CO2e)

376357

Comment

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

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 CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

3935240

Start date

<Not Applicable>

End date

<Not Applicable>

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 CO2e?

Reporting year

Scope 2, location-based

400961

Scope 2, market-based (if applicable)

100241

Start date

<Not Applicable>

End date

<Not Applicable>

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

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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 2019 materiality threshold is 2,460,000 tonnes CO₂e. Per the guidance and the Hess materiality threshold, Hess has only two material Scope 3 emissions categories which are 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 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.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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 2,460,000 tonnes CO₂e) 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 2019 oil drilling declined by 25% compared to 2012, so that this category is still not material.

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

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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 2,460,000 tonnes CO₂e) for determining the materiality/relevance of other Scope 3 categories. Since 2014, purchased fuel has not increased so this category is still deemed to be not material.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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 2,460,000 tonnes CO₂e) 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).

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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 CO₂, methane and N₂O 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 CO₂ 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 2,460,000 tonnes CO₂e) 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 2019 due to reduced activity, we did not recalculate emissions from this source because 2013 emissions were substantially below the materiality threshold.

Business travel

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

3533

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 CO₂e emissions in accordance with the US EPA Climate Leaders GHG Inventory Protocol, Table 7 Business Travel Emissions Factors. GPWs used for CO₂, CH₄ and N₂O were 1, 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

While GHG emissions 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 2019, we purchased 15,340 carbon offsets which more than offset the emissions from employee business travel.

Employee commuting

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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 (2,460,000 tonnes CO₂e). Based on the calculations we performed in 2012, and the fact that we have significantly fewer employees in 2019, we did not recalculate emissions from this source (2012 were substantially below the materiality threshold).

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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 2,460,000 tonnes of CO₂e) 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.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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 2,460,000 tonnes of CO2e) for determining the materiality/relevance of other Scope 3 categories. Hess exited the downstream transportation and Distribution business in 2014.

Processing of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

3697596

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

0

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 2019 materiality threshold is 2,460,000 tonnes CO2e. 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 CO2e

45507013

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 2019 materiality threshold is 2,460,000 tonnes CO2e. 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

0

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

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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 2,460,000 tonnes of CO2e) for determining the materiality/relevance of other Scope 3 categories. In 2012, we took the following steps to investigate and determine the relevance of this Scope 3 source: 1) reviewed 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. Thus we concluded that this Scope 3 category is not relevant to Hess.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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 2,460,000 tonnes of CO2e) 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. Emissions from this Scope 3 source were well below our materiality threshold.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Hess has no franchises.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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 2,460,000 tonnes CO2e) for determining the materiality/relevance of Scope 3 categories. None of our joint-venture investments exceed this materiality threshold, and therefore they have been excluded from the Investment category.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

As a pure play Exploration and Production company, Hess does not have any downstream operations.

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 CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

30.2

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

4336201

Metric denominator

barrel of oil equivalent (BOE)

Metric denominator: Unit total

143372785

Scope 2 figure used

Location-based

% change from previous year

10.5

Direction of change

Decreased

Reason for change

Our GHG emissions intensity improved by 10.5 % over the prior year primarily as a result of slightly higher absolute GHG emissions being more than offset by a 25% increase in production.

Intensity figure

0.000667621

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

4336201

Metric denominator

unit total revenue

Metric denominator: Unit total

6495000000

Scope 2 figure used

Location-based

% change from previous year

9.2

Direction of change

Increased

Reason for change

Slight increase in emissions intensity is primarily related to significant increase in year over year production. While production increased by 25% year over year, revenue did not increase significantly due to fluctuation in oil prices. Hess does not consider revenue to be an appropriate normalization factor for determining the company's GHG emissions intensity. We have set a target (based on emissions per unit of production) to reduce the GHG and flaring emissions intensity of our current portfolio of assets that we operate by 25% and 50%, respectively, by 2020 compared to a 2014 baseline. Through 2019, we have made substantial progress by reducing our cumulative GHG emissions intensity by 26% and our cumulative flaring emissions intensity by 35% vs. our 25% and 50% targets, respectively.

C-OG6.12

(C-OG6.12) Provide the intensity figures for Scope 1 emissions (metric tons CO2e) per unit of hydrocarbon category.

Unit of hydrocarbon category (denominator)

Other, please specify (Thousand BOE)

Metric tons CO2e from hydrocarbon category per unit specified

27.4

% change from previous year

11

Direction of change

Decreased

Reason for change

Our Scope 1 GHG intensity improved by 11% as a result of slightly higher GHG emissions year over year being offset by a 25% increase in year over year production. A portion of this GHG emissions reduction intensity improvement was related to two projects; the transportation of fresh water via flexible pipe versus using trucks and the GTUIT project designed to capture natural gas and natural gas liquids which resulted in reducing GHG emissions by 14,011 tonnes versus 2018.

Comment

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

0.19

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

0.08

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	3613315	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	319397	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	2528	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)

2011292

Gross Scope 1 methane emissions (metric tons CH4)

4710

Total gross Scope 1 emissions (metric tons CO2e)

2129871

Comment

Emissions category

Combustion (excluding flaring)

Value chain

Upstream

Product

Oil

Gross Scope 1 CO2 emissions (metric tons CO2)

821721

Gross Scope 1 methane emissions (metric tons CH4)

526

Total gross Scope 1 emissions (metric tons CO2e)

836112

Comment

Emissions category

Fugitives

Value chain

Upstream

Product

Oil

Gross Scope 1 CO2 emissions (metric tons CO2)

73

Gross Scope 1 methane emissions (metric tons CH4)

4266

Total gross Scope 1 emissions (metric tons CO2e)

106728

Comment

Emissions category

Flaring

Value chain

Upstream

Product

Gas

Gross Scope 1 CO2 emissions (metric tons CO2)

12304

Gross Scope 1 methane emissions (metric tons CH4)

73

Total gross Scope 1 emissions (metric tons CO2e)

14124

Comment

Emissions category

Combustion (excluding flaring)

Value chain

Upstream

Product

Gas

Gross Scope 1 CO2 emissions (metric tons CO2)

231009

Gross Scope 1 methane emissions (metric tons CH4)

5

Total gross Scope 1 emissions (metric tons CO2e)

231330

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)

1825

Total gross Scope 1 emissions (metric tons CO2e)

45631

Comment

Emissions category

Flaring

Value chain

Midstream

Product

Gas

Gross Scope 1 CO2 emissions (metric tons CO2)

223396

Gross Scope 1 methane emissions (metric tons CH4)

649

Total gross Scope 1 emissions (metric tons CO2e)

239732

Comment

Emissions category

Combustion (excluding flaring)

Value chain

Midstream

Product

Gas

Gross Scope 1 CO2 emissions (metric tons CO2)

256372

Gross Scope 1 methane emissions (metric tons CH4)

5

Total gross Scope 1 emissions (metric tons CO2e)

256637

Comment

Emissions category

Fugitives

Value chain

Midstream

Product

Gas

Gross Scope 1 CO2 emissions (metric tons CO2)

57148

Gross Scope 1 methane emissions (metric tons CH4)

717

Total gross Scope 1 emissions (metric tons CO2e)

75074

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	3445896
Denmark	198258
Malaysia	291086

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	291086	7.013	103.214
South Arne	198258	56.096	4.221
Baldpate	175146	27.735	91.895
North Dakota Production	2417518	48.286	102.917
Tioga Gas Plant	237780	48.286	102.917
North Dakota Gathering	333662	48.286	102.917
TBells	119413	28.294	88.875
Stampede	132388	27.3	90.33
Tioga Rail Terminal	29989	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	Net Scope 1 emissions , metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Electric utility activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	3363797	<Not Applicable>	
Oil and gas production activities (midstream)	571443	<Not Applicable>	
Oil and gas production activities (downstream)	0	<Not Applicable>	Not Applicable
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<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)
United States of America	400961	100241	707620	530714

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	238831	59708
Tioga Gas Plant	162130	40533

(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
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	238831	59708	
Oil and gas production activities (midstream)	162130	40533	
Oil and gas production activities (downstream)	0	0	Not applicable to Hess
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<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?

Increased

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	261106	Decreased	6.7	In 2019, Hess purchased 530,714 RECs, along with 25% of purchased electricity coming off the grid to meet its target to source 100% of its purchased electricity requirements from renewable sources. In 2018, we purchased 70,000 REC's or 10% of our Purchased electricity requirements. As a result, our net increase of 460,714 REC purchases in 2019 resulted in an emissions reduction of 261,106 tonnes. The calculation is as follows: 2019 = 530,714 RECs x .566632798 (2019 electricity CO2e factor in CO2e Tonnes/Mw-hr) = 300,720 tonnes. 2018 = 70,000 RECs x .565918409 (2018 electricity CO2e factor in CO2e Tonnes/Mw-hr) = 39,614. Incremental emissions reduction = 300,720 - 39,614 = 261,106. Percent reduction = 261,106 CO2e/3,881,134 tonnes CO2e total Scope 1 and 2 emissions in 2018 = 0.067x 100= 6.7%
Other emissions reduction activities	14011	Decreased	1	Emissions reductions attributable to emissions reduction activities are 14,011 tonnes in 2019, which equates to 0.4% of scope 1 and 2 emissions based on 2018 market-based emissions which were 3,881,134. Note: 2019 market-based emissions were 3,943,025 which was an increase of 61,890 tonnes over 2018. This was calculated as follows: (14,011 tonnes/3,881,134 tonnes)*100= 0.4%. CO2 savings from emissions reduction initiatives, include flaring reductions, and transportation related reductions. These emissions reductions tie back to the projects outlined in question 4.3(a). While the emissions reductions associated with these two projects for 2019 were actually 63,395 tonnes, since these projects have been on-going for several years, only 14,011 tonnes of emissions reductions were incremental versus 2018.
Divestment	54560	Decreased	1.4	These emissions result from the divestment of our Utica shale asset. Since these emissions did not meet the materiality threshold, no adjustment was made to remove them from the inventory. The emissions calculation is as follows: (54560/3,881,134=1.4%)
Acquisitions		<Not Applicable >		Not applicable
Mergers		<Not Applicable >		Not applicable
Change in output	484023	Increased	12.5	This emissions increase is related to a 25% increase in Hess production between 2018 and 2019. This emissions calculation is as follows: 484,023/3,881,134=12.5%.
Change in methodology		<Not Applicable >		Not applicable
Change in boundary		<Not Applicable >		Not applicable
Change in physical operating conditions		<Not Applicable >		Not applicable
Unidentified		<Not Applicable >		Not applicable
Other		<Not Applicable >		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	6062111	6062111
Consumption of purchased or acquired electricity	<Not Applicable>	707620	0	707620
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	707620	6062111	6769732

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

5115443

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

59.0448

Unit

kg CO2e per million Btu

Emissions factor source

EPA Mandatory Reporting Rule

Comment

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

946668

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

74.1538

Unit

kg CO2e per million Btu

Emissions factor source

EPA Mandatory Reporting Rule

Comment

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

Other, please specify (Energy attribute certificates, I-RECs)

Low-carbon technology type

Wind

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

North America

MWh consumed accounted for at a zero emission factor

530714

Comment

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	61.63	From 10K
Natural gas liquids, million barrels	17.09	From 10K
Oil sands, million barrels (includes bitumen and synthetic crude)	0	Not Applicable
Natural gas, billion cubic feet	208.64	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

Shallow-water

In-year net production (%)

22

Net proved reserves (1P) (%)

15

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

Deepwater

In-year net production (%)

21

Net proved reserves (1P) (%)

15

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 (%)

49

Net proved reserves (1P) (%)

58

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

Onshore

In-year net production (%)

8

Net proved reserves (1P) (%)

12

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?

	Investment in low-carbon R&D	Comment
Row 1	Yes	In early 2020, Hess announced an investment of \$12.5 million over five years to help fund the Salk Institute's Harnessing Plants Initiative (HPI) research and development program. The aim of the HPI is to make use of the global and vast scale of agriculture to potentially achieve significant carbon removal, at the level of billions of tons of carbon per year, by sequestering carbon in the soil through row and crop cover plants. The initiative is being run by leading biologists and chemists in the field of plant genetics and biochemistry who are trying to advance the process to enhance the natural abilities of plants to store CO2.

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%	2.5	Five year total commitment of \$12.5 million or \$2.5 million for each year

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.

50

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_2019 CDP_ERM CVS Assurance Statement_FINAL.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_2019 CDP_ERM CVS Assurance Statement_FINAL.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_2019 CDP_ERM CVS Assurance Statement_FINAL.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_2019 CDP_ERM CVS Assurance Statement_FINAL.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 verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year emissions intensity figure	ISO14064-3	Page 1. Hess_2019 CDP_ERM CVS Assurance Statement_FINAL.pdf
C7. Emissions breakdown	Year on year change in emissions (Scope 1 and 2)	ISO14064-3	Page 1. Hess_2019 CDP_ERM CVS Assurance Statement_FINAL.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

% of Scope 2 emissions covered by the ETS

0

Period start date

January 1 2019

Period end date

December 31 2019

Allowances allocated

31659

Allowances purchased

145926

Verified Scope 1 emissions in metric tons CO₂e

177585

Verified Scope 2 emissions in metric tons CO₂e

0

Details of ownership

Facilities we own and operate

Comment

C11.1d

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

2019 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 annual allowances to cover the gap between free allowances and verified GHG emissions. In 2019, for Hess and its partner, Ineos, this resulted in an action to purchase 145,926 allowances in addition to the 31,659 free allowances. The action for our joint venture partner, INEOS was to purchase 53,685 allowances and the action for Hess was to purchase 92,241 allowances. The end result of these actions was that Hess' Denmark operation met its regulatory requirement under the EU ETS Phase 111. We expect the gap between the annual number of free allowances and actual GHG emissions to widen. We expect to be tasked with the requirement to purchase more allowances, which will likely add to routine operating costs.

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 15,340 tonnes of carbon credits from 3 Degrees for a third-party landfill gas recovery project. All of these were retired in 2019 as part of our EHS and SR strategy.

Verified to which standard

CAR (The Climate Action Reserve)

Number of credits (metric tonnes CO2e)

15340

Number of credits (metric tonnes CO2e): Risk adjusted volume

15340

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 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 2019 IEA WEO carbon prices which range up to \$140 /tonne when stress testing IEA's Current Policies, New Policies 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 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 2019 IEA WEO's three main 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

1.71

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 two suppliers because they offered the most innovative technologies with regards to our needs. One supplier has a product that takes gas that would otherwise be flared and condenses the gas into a saleable natural gas liquids product. Another supplier provides flexible pipe that is used to transport water used in our operations rather than delivering water via tank trucks. Both of these products are new to oil field operations and result in reduced GHG emissions.

Impact of engagement, including measures of success

Our measure of success was to transport 100% of the water we used in hydraulic fracturing using flexible hose. We achieved this in 2019, resulting in the elimination of 216,000 truck deliveries and 8.6 million miles driven which eliminated 18,734 tonnes of transportation-related emissions. In addition, in 2019 the recovery of gas by conversion to natural gas liquids also resulted in a reduction of 44,661 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 as well as how to help 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 help 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 partnerships 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 to minimize our environment, 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. Annually, the cost of conducting this program was approximately \$1.9 million, which resulted in approximately 39,544 Mcf of recovered gas for the year at an average cost of approximately \$47.47 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 its joint venture partner 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.

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.

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.

Trade association

American Petroleum Institute (API)

Is your position on climate change consistent with theirs?

Mixed

Please explain the trade association's position

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 supports minimizing methane emissions and where practical and safe, releases of methane should be captured and recovered. API also recognizes the growing focus on improving the quality of emissions estimation and continues to provide guidance to companies on mandatory reporting accuracy. API's newly formed Climate Committee identifies opportunities for the industry to engage with stakeholders on public policies that address the risks of climate change. Through an API voluntary emissions reduction effort called the Environmental Partnership, API member companies endorsed methane reduction steps, including phasing out the use of certain equipment and a program to find and fix methane leaks along the gas value chain.

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 approaches to methane leakage. Our internal working group is partially informed by studies coming out of the Environmental Defense Fund.

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. Across Hess, this ensures that we have a comprehensive, standardized approach to identifying and managing risks of all types, included climate-related risks, across our operations.

Hess released a Climate Change Position statement in 2019. 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 to limit the global average temperature to well below 2°C and is committed to reducing its footprint in line with the Paris Agreement.
- 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 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. This team reports directly to the CEO and COO.

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 and ensure that they are consistent 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. 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).

Publication

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

Status

Complete

Attach the document

Hess_Annual Report 2019.pdf

Page/Section reference

Pages 3, 9, 20, and 46.

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

hess-2019-sustainability-report.pdf

Page/Section reference

Pages 39 to 51.

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

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 state the main reason why you are declining to respond to your Customers

Request not received directly from Customers

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 2020 (“the CDP Questionnaire”).

Engagement summary	
Scope of our assurance engagement	<p>Whether the consolidated corporate GHG emissions data for Hess’s global operations for the period 1st January to 31st December 2019 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 CO₂, N₂O and CH₄, includes:</p> <ul style="list-style-type: none"> • Total absolute Scope 1 Direct GHG emissions from stationary fuel combustion, mobile fuel combustion, flaring, and fugitive sources (metric tonnes CO₂e). • Total absolute Scope 2 Indirect GHG emissions (location-based and market-based) associated with purchased electricity (metric tonnes CO₂e). • Total absolute Scope 3 Other indirect emissions from the following categories (metric tonnes CO₂e): <ul style="list-style-type: none"> • Use of sold products; • Processing of sold products; and • Business travel. <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>
Reporting criteria	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
Assurance standard	International Organization for Standardization (ISO) 14064-3:2019: Specification with guidance for the validation and verification of greenhouse gas assertions
Assurance level	Limited assurance.
Respective responsibilities	<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 2019 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:

Scope 1 GHG emissions:	3,935,240 tCO₂e
Scope 2 GHG emissions:	
Location-based	400,961 tCO ₂ e
Market-based	100,241 tCO ₂ e
Scope 3 GHG emissions:	
Use of sold products	45,507,013 tCO ₂ e
Processing of sold products	3,697,596 tCO ₂ e
Business travel	3,533 tCO ₂ 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. During our assurance engagement, travel restrictions were imposed following the outbreak of COVID-19. As a result of these it was necessary to adjust the assurance activities that we had originally agreed with Hess. We replaced the planned “in person” head office and site visit to Hess’ operations in North Dakota with virtual “visits” via tele- and video- conference calls for this year’s assurance engagement. These changes do not affect our limited assurance conclusions above. However, it is possible that in person visits may have identified errors and omissions that we did not discover through the alternative assurance program.

A global team of GHG and assurance specialists performed the following activities:

- An analytical review of the 2019 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 Stampede asset in the Gulf of Mexico, 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.

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 limited to confirming consistency with data in Hess’s Form 10K for the year ended 31 December 2019.

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



Jennifer lansen-Rogers
Partner, Head of Corporate Assurance
31 July 2020

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

ERM CVS
Informed Assured