

A high-angle, top-down view of an offshore oil rig deck. Several large, yellow-painted steel columns are visible, extending from the deck down into the blue ocean. The deck is made of metal grating and has orange safety railings. Two workers in yellow protective suits and white hard hats are standing on the deck, looking down. The water is a deep blue with some white foam from the rig's operations.

HESS CORPORATION
2017 Sustainability Report



HESS VALUES

Hess Values set the framework and establish the ethical standards by which we conduct our business.



- **INTEGRITY:** We are committed to the highest level of integrity in all our relationships.
- **PEOPLE:** We are committed to attracting, retaining and energizing the best people by investing in their professional development and providing them with challenging and rewarding opportunities for personal growth.
- **PERFORMANCE:** We are committed to a culture of performance that demands and rewards outstanding results throughout our business.
- **VALUE CREATION:** We are committed to creating shareholder value based on sustained financial performance and long-term profitable growth.
- **SOCIAL RESPONSIBILITY:** We are committed to meeting the highest standards of corporate citizenship by protecting the health and safety of our employees, safeguarding the environment and creating a long-lasting, positive impact on the communities where we do business.
- **INDEPENDENT SPIRIT:** We are committed to preserving the special qualities and unique personality that have made us a successful independent enterprise.

REPORTING STANDARDS AND ASSURANCE

GLOBAL REPORTING INITIATIVE (GRI) IN ACCORDANCE OPTION

This report has been prepared in accordance with the GRI Standards: Core option. Our declaration of conformance with the GRI Standards has been reviewed and confirmed by our external verifier, ERM Certification and Verification Services. See the assurance statement on page 54.



UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS

This is our Communication on Progress in implementing the principles of the United Nations Global Compact. We welcome feedback on its contents.



ON THE COVER
Offshore Operations, Gulf of Thailand

INDEX OF REPORTING INDICATORS

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

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MESSAGE FROM THE CEO

Hess is committed to helping meet the world's growing energy needs in a safe, environmentally responsible, socially sensitive and profitable way that delivers long-term value and superior financial returns to shareholders. As part of this commitment, we successfully completed an ambitious asset sales program in 2017 to high grade and focus our portfolio by investing in our highest return assets — Guyana, which is one of the industry's largest oil discoveries in a decade, and the Bakken, our largest operated asset where we have more than 500,000 net acres in the core of the play — and by divesting higher cost, mature assets. In Guyana, we continued our extraordinary exploration success on the Stabroek Block with five world-class discoveries in 2017. The Liza Phase 1 development, which was sanctioned in June 2017, will have the gross capacity to produce approximately 120,000 barrels of oil per day, with first production expected in March 2020. The second phase of the Liza development is expected to start up by mid-2022, closely followed by a third phase of development that is expected to bring gross production to more than 500,000 barrels of oil per day. In the Bakken, we continued to drive down drilling and completion costs and increase well productivity. Through the application of geosteering, optimized spacing, higher stage counts and proppant loading, we have increased Bakken well productivity by approximately 50 percent over the last two years. In terms of developments, we safely completed the North Malay Basin full field development in Malaysia in 2017 and advanced the Stampede development in the Gulf of Mexico, which achieved first oil in January 2018.

These achievements support our strategy to grow our resource base in a capital disciplined manner, move down the cost curve so we are resilient in a low oil price environment and be cash generative at a \$50 per barrel Brent oil price post-2020. Our strategy reflects our view that shale alone will not be enough to meet the world's oil demand growth and offset global base production declines. For the past several years the industry has significantly underinvested in conventional projects, which currently represent approximately 95 percent of global oil supply.

Sustainability practices are an integral part of our strategy and operations because we believe they create value for our shareholders and opportunities to improve business

performance. Sustainability issues are therefore examined by our Board of Directors and taken into account in formulating our company strategy. Our Board is climate change literate and evaluates various sustainability risks and global scenarios, including some of the most ambitious greenhouse gas reduction scenarios from the International Energy Agency, in making strategic decisions. The Board's Compensation Committee also has tied executive compensation to advancing the environmental, health and safety goals of the company.

Our 2017 Sustainability Report shows how we are addressing sustainability issues and integrating sustainable business practices into our strategy and goals. Hess' environment, health, safety and social responsibility strategy is focused on several key areas for our operations, including process safety, social responsibility and climate change, which are described below. Detailed information on our programs and performance is provided in this report and on our company website at hess.com.

SAFETY

Our company's top priority is the safety of our workforce and the communities in which we operate. We work closely with our employees and contractors to promote a strong safety culture, with the ultimate goal of everyone, everywhere, every day, home safe. As a result, we reduced both our 2017 workforce recordable incident rate and lost time incident rate by 38 percent compared with 2016, with improvements in both employee and contractor performance. While our overall safety performance was positive, our severe safety incident rate did not meet our internal target. After identifying an upward trend early in the year, we implemented immediate corrective actions that resulted in an 18 percent reduction in our severe safety incident rate from June to December. Severe safety incidents will continue to be a focus of our key improvement initiatives in 2018.

We continually work to increase awareness of process safety across the company and enhance our process safety management systems, which are an integral part of our business and play a critical role in mitigating risk. In 2017 we concluded a two-year assessment of our process safety management systems across the company, along with a

“Our company’s mission is to be a trusted energy partner.”

review of the mechanical integrity of our onshore and offshore locations as part of our ongoing integrity management program. Recommendations and actions from both reviews will help inform improvement programs from 2018 onward.

SOCIAL RESPONSIBILITY

Our company’s mission is to be a trusted energy partner, and as part of that mission we strive to make a positive impact on the communities where we operate. We are guided by our commitments to international voluntary initiatives designed to advance transparency, environmental protection, human rights and good governance. Along with our other voluntary commitments, Hess continues to support the United Nations Global Compact and the Global Compact U.S. Network, which share best practices in sustainable business conduct across the private sector.

In 2017 our social investments totaled nearly \$16 million, with more than \$8 million going toward education projects, more than \$1 million going to disaster relief and recovery efforts in the aftermath of Hurricane Harvey and the balance directed toward economic development, health and capacity building.

ENVIRONMENT AND CLIMATE CHANGE

Climate change is a global challenge that requires government, business leaders and civil society to work together on cost-effective policy responses that recognize the vital role that safe, affordable and reliable energy plays in ensuring human welfare, economic growth and security. In June 2017, the Task Force on Climate-Related Financial Disclosures, which was an outgrowth of the G20 Financial Stability Board, issued its final recommendations on how the financial sector should take account of climate-related issues. Our climate change strategy, which was implemented beginning in 2015, is closely aligned with these recommendations.

Our company has established 2020 reduction targets for greenhouse gas (GHG) emissions and flaring. Through 2017, we have reduced flaring and GHG emissions intensities by 38 percent and 23 percent, respectively, compared to our 2014 baseline. Between 2008 and 2017, we have reduced our equity GHG emissions by more than 6 million tonnes. We will continue

to take steps to monitor and measure our progress, including additional infrastructure investments in the Bakken that will continue to reduce flaring.

PEOPLE

Hess’ culture is defined by our Values of Integrity, People, Performance, Value Creation, Social Responsibility and Independent Spirit. As part of our Values, we are committed to a diverse and inclusive workplace that fosters learning and development, engagement and innovation.

In 2017 we continued to reduce the size of our workforce as a result of our divestitures and cost-reduction initiatives and announced plans to introduce a new organizational structure in early 2018. Throughout these changes, the Hess Values guided our decisions and the support we provided to those affected.

Our leadership team regularly shares strategic updates, explains the rationale for business decisions and listens to the views of our workforce through a robust program of employee engagement and communications.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE DISCLOSURE

Our company views transparency in reporting as a key part of being a trusted energy partner. We are proud to have been recognized once again in 2017 for the quality of our environmental, social and governance performance and disclosure, reinforcing our position as a top-quartile performer in our industry.

Thank you to our employees, communities, customers, business partners and investors. With your ongoing support and partnership, we are building a sustainable enterprise that makes a positive difference for all our stakeholders and the world around us.



John B. Hess
Chief Executive Officer

ABOUT HESS

Hess Corporation is a leading global independent energy company engaged in the exploration and production of crude oil and natural gas.

2017 HIGHLIGHTS

- We achieved continued exploration success on the Stabroek Block (offshore Guyana), in which Hess holds a 30 percent working interest, with four additional world-class discoveries announced in 2017. The first phase of the Liza development was sanctioned in June 2017, with first production expected by 2020. At the end of 2017, total gross discovered recoverable resources on the Block were estimated at more than 3.2 billion barrels of oil equivalent.
- Our Bakken team increased well productivity by approximately 50 percent over the last two years through the application of geosteering, optimized spacing, higher stage counts and proppant loading.
- The North Malay Basin Full Field Development, offshore Malaysia, achieved first gas in July 2017 safely, on time and under budget.
- We continued to advance the Stampede Development Project in the deepwater Gulf of Mexico, achieving first oil in January 2018.
- We high graded and focused our portfolio by divesting mature, lower-return assets in Norway, Equatorial Guinea and West Texas. Our 2017 asset monetizations resulted in total proceeds of \$3.4 billion.

2017 KEY ECONOMIC METRICS

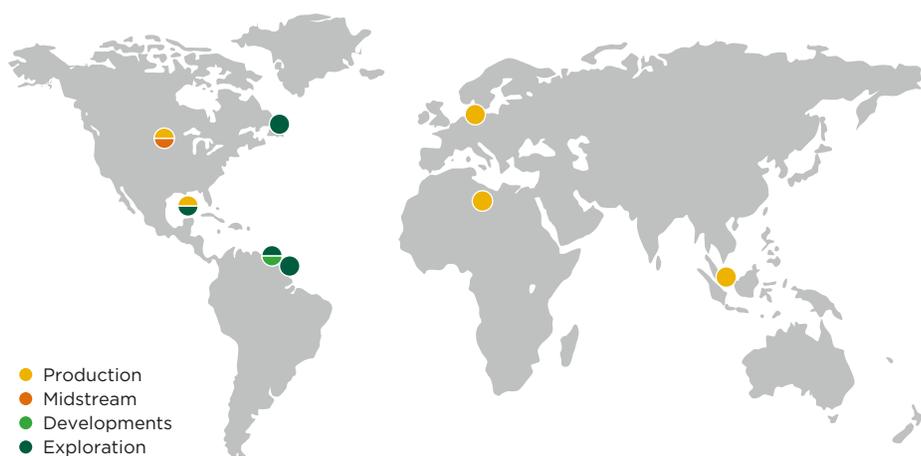
\$ MILLIONS

Recordable Supplier Spend (Exploration & Production)	\$4,656
Capital and Exploration Expenditures	\$2,168
Income Tax Expenses/(Benefit)	\$(1,837)
Wages and Benefits (U.S.)	\$603
Royalties and Other Payments	\$379
Dividends	\$363
Interest Expenses	\$325
Social Investments	\$16
Carbon and NO _x Taxes	\$1

A portion of capital and exploration expenditures may include payments to suppliers.

1,154 Million Barrels of Oil Equivalent Proved Reserves 10.2 Years of Reserve Life 306,000 Barrels of Oil Equivalent per Day Total Net Hydrocarbons Produced

HESS PORTFOLIO OF OPERATIONS



Production: Operated assets include the Bakken in North Dakota; the Utica in Ohio; Baldpate, Conger, Penn State, Stampede and Tubular Bells in the Gulf of Mexico; South Arne in Denmark and North Malay Basin in Malaysia. Nonoperated assets include the Malaysia/Thailand Joint Development Area, Shenzi and Llano in the Gulf of Mexico and the Waha Concessions in Libya.



Midstream: Assets operated by Hess Midstream Partners LP include a natural gas processing plant, a rail-loading terminal and associated rail cars, a crude oil truck and pipeline terminal, and crude oil and natural gas gathering systems, all in North Dakota.



Developments: Activities are focused on the nonoperated Liza development on the Stabroek Block, offshore Guyana.



Exploration: Activities are focused on the Atlantic Margin and include nonoperated interests in offshore Guyana, Suriname and Canada, and both operated and nonoperated interests in the Gulf of Mexico.

Note: Divestitures in 2017 and early 2018 are not shown on the map. For the purposes of this report, Hess Midstream Partners LP is considered a subsidiary of Hess Corporation. Boundaries and restatements of data included in this report are discussed in the Approach to Reporting section.

APPROACH TO REPORTING

In this report, we provide descriptions of the company's 2017 strategy and performance regarding material economic, environmental and social issues. Our annual report, Form 10-K filing and proxy statement detail our financial and governance information and can be found on our website.

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

REPORTING STANDARDS

This report was prepared in accordance with the Core option of the Global Reporting Initiative (GRI) Standards. It was also informed by the *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting* developed by IPIECA, the American Petroleum Institute and the International Association of Oil and Gas Producers; the United Nations (UN) Global Compact's Ten Principles; key environmental, social and governance (ESG) ratings, including *Disclosing the Facts*, an investor scorecard developed by As You Sow, Boston Common Asset Management and the Investor Environmental Health Network; and recommendations from the Task Force on Climate-Related Financial Disclosures.

 An index of GRI, IPIECA and UN Global Compact reporting indicators is available at hess.com/gri-index

MATERIALITY

Consistent with GRI's materiality guidance, we identified and prioritized new and emerging issues important to our stakeholders when developing the content for this report. Through a survey of select industry peers and external stakeholder groups, as well as an annual, document-based assessment of key stakeholder perspectives and Hess' operational and regulatory risks, we identified the 10 most material issues for our company:

- Regulatory Assurance
- Water Management

- Transportation Impacts
- Emergency Preparedness and Response
- Process Safety and Spills
- Community Engagement
- Climate Change and Greenhouse Gas (GHG) Emissions
- Stakeholder Engagement
- Transparency in Business Conduct
- Human Rights and Security

These material issues have informed our environment, health, safety and social responsibility strategy and helped to define the boundaries of this report.

 See reporting boundaries for each of these issues at hess.com/sustainability/approach-to-reporting/boundaries-for-material-issues

BOUNDARY SETTING

Included within the scope of this report are the principal facilities and assets operated by Hess Corporation and our subsidiaries during calendar year 2017, unless otherwise indicated. Data presented are gross figures from operated facilities, unless specified otherwise. The report includes partial-year data for the following assets that were divested in 2017:

- West Texas, including the Permian Basin enhanced oil recovery assets. Period of data included: January–July 2017.
- Equatorial Guinea, including the Okume and Ceiba production operations. Period of data included: January–November 2017.
- Norway, including the (nonoperated) Valhall production operations. Period of data included in GHG equity-share emissions and social investment spend: January–November 2017.

We report GHG emissions on both an operated and equity-share basis in accordance with the GRI G4 *Oil and Gas Sector Supplement* and the IPIECA

Petroleum Industry Guidelines for Reporting GHG Emissions (3rd edition, 2015). We report social investments for our operated assets, joint ventures and nonoperated facilities in which we hold a significant interest. We include contractors in workforce metrics for those contractors whose hours we track.

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

RESTATEMENTS

We believe our approach to restating data complies with the GRI Standards' principle of comparability and the specific disclosure regarding restatements of information, as well as IPIECA guidance. For GHG emissions, in cases of acquisitions and divestitures and other source ownership and control changes, we adjust our base year emissions if the change exceeds 10 percent of the original base year emissions total. The exact timing of the adjustment depends on several factors, as described in the Hess GHG Inventory Protocol.

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

ASSURANCE

In order to evaluate accuracy and reliability, we conduct quality assurance/quality control reviews and validation of both aggregated and facility-level data. Individual numbers in the charts, tables and text may not precisely sum to the total amounts shown due to rounding. All currency in the report is in U.S. dollars.

This report, including our sustainability data and self-declared GRI "in accordance" status, was assured by ERM Certification and Verification Services (see page 54). This external review helps to ensure consistent and objective data collection and reporting of our sustainability performance.

PROGRESS AND GOALS

This section offers a snapshot of our progress and path forward with respect to our most material sustainability programs and initiatives; as such, it provides an indication of our commitment to improve performance across a range of issues. Through continued implementation of our environment, health, safety and social responsibility (EHS & SR) strategy, we are improving how we understand and manage nontechnical risks in our day-to-day operations while addressing the material sustainability issues facing Hess and the oil and gas industry at large. Our strategic efforts planned for 2018 will build on our progress to date.

Elements of our EHS & SR strategy are included in the summary table that follows, along with our key accomplishments in 2017 and select targets and metrics that we have established to measure how effectively we are implementing our strategy. Our progress and goals are categorized according to the six sections of the report in which they are discussed.

HOW WE OPERATE				
CATEGORY	2017 GOALS	PROGRESS IN 2017	GOALS FOR 2018+	DISCUSSION (PAGE #)
Regulatory Assurance	Continue to evaluate and enhance our EHS management system*	Strengthened the use of our compliance tracking tool through the addition of a mobile application for field assurance personnel and synchronization with our work order system; formalized the process for assigning work material flows to field personnel	As our regulatory compliance systems are becoming embedded in daily operations, begin to shift focus to more formal assurance of Hess' EHS management system in 2018 and beyond*	51
	Refine and enhance the regulatory advocacy process to ensure that regulatory risks and potential impacts are appropriately characterized and considered in company decision making*	Initiated quarterly regulatory risk presentations and monthly summary reports for U.S. onshore assets; formed a team focused on U.S. offshore regulatory risks	Launch a regulatory tracking system that aligns regulatory priorities with our risk registers; further enhance U.S. offshore regulatory coordination through quarterly presentations to offshore leadership, aligned with their established operating rhythm in 2018*	14
Transparency in Business Conduct	Continue to refine our sustainability disclosures to align with stakeholder expectations	Published our 2016 Sustainability Report with the Global Reporting Initiative (GRI) G4 Core "in accordance" option, and prepared to align 2017 reporting with recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) and the GRI Standards	Publish our 2017 Sustainability Report in accordance with the GRI Standards and aligned with the TCFD recommendations in 2018	5, 37-38
	Enhance our Global Trade Compliance Program and revise our Code of Business Conduct and Ethics	Revised our Code of Business Conduct and Ethics and supported employee training programs	Continue to enhance our Global Trade Compliance Program and implement training on our revised Code of Business Conduct and Ethics in 2018	13-14
Supply Chain and Contractor Management	Embed standard model contracts and continue training on and implementation of standards, driving consistency and efficiency across all assets	Revised our Procurement Policy to improve safety, minimize risk and standardize work throughout the organization; continued to advance the standardization and alignment of our contractor selection, management and review process across the enterprise; developed and began implementing new and updated standard templates for supply contracts	Continue to enhance standardization and alignment on contractor selection, contracting and management processes across our assets in 2018	14-15
Management Systems	Further embed the Lean way of thinking into Hess' culture	Continued Lean implementation and embedment across Hess: certified more than 80 employees in five basic skills who then taught their teams; progressed development of over 110 embedded Lean leaders; and sponsored 12 kaizen workshops with six key contractors, helping to improve safety performance and deliver three producing Stampede wells below budget	Expand Lean deployment across Hess, including developing Lean leaders in our offshore organization; implement Lean with our key Stampede contractors, including at the offshore drill ships, to apply Lean improvements to routine drilling activities in 2018	13
	Continue to develop and implement EHS global standards on a prioritized basis	Approved three new EHS global standards and completed gap assessments for these standards at selected assets	Continue progressing the EHS global standards project through 2020	11-12
	Continue to measure effective implementation of the EHS & SR strategy through established targets and metrics*	Continued tracking individual EHS & SR initiatives through project-specific work plans as part of our business operating rhythm	Continue to measure effective implementation of the EHS & SR strategy through 2020*	6-9

*Denotes a key goal or target of our EHS & SR strategy.



Production Operations, North Dakota

SOCIAL RESPONSIBILITY

CATEGORY	2017 GOALS	PROGRESS IN 2017	GOALS FOR 2018+	DISCUSSION (PAGE #)
Governance and Management Approach	Approve and continue implementation of the Social Responsibility (SR) and Human Rights Standards; integrate SR and Human Rights Guidelines into enterprise business processes to support policies and standards*	Continued to integrate social responsibility considerations into our enterprise business processes	Review governance framework and processes to ensure alignment with our business strategy and geographic footprint in 2018; build on prior efforts to map business activities and social investment to the United Nations' Sustainable Development Goals in 2018*	17
Community and Stakeholder Engagement	Continue to expand implementation of stakeholder engagement and grievance mechanism processes*	Initiated stakeholder engagement and grievance mechanism processes at two assets and carried out an integrated stakeholder mapping review with one additional asset	Continue to advance progress in 2018*	18-20
	Review enterprisewide social, reputational and human rights risks to update risk identification*	Conducted risk assessments in North Dakota as part of an increase in activity level	Continue to monitor potential risks and conduct risk assessments if needed based on activity levels in 2018*	20-21
Social Risk Management	Refresh and conduct human rights training as needed based on identified risks*	Planned a training for Equatorial Guinea for 2017, but it was no longer needed with the divestiture of that asset	Conduct human rights training as needed based on identified risks in 2018 and beyond*	20-21
	Continue to track the implementation of new standards through the number of employees and contractors completing human rights training at high-risk assets, as well as the percentage of new contracts with human rights clauses*	No new training statistics to track; continued to monitor contracts with human rights clauses	Continue to track implementation of these efforts in 2018 and beyond*	20-21

*Denotes a key goal or target of our EHS & SR strategy.

PROGRESS AND GOALS

SAFETY AND HEALTH

CATEGORY	2017 GOALS	PROGRESS IN 2017	GOALS FOR 2018+	DISCUSSION (PAGE #)
Process Safety and Spills	Continue to promote performance standards for integrity critical equipment (ICE) and complete asset integrity assessments for all Hess-operated production locations*	Achieved established targets for ICE performance standards and completed all asset integrity assessments	Build on our work with ICE through critical maintenance compliance (i.e., inspect, test and maintain ICE to ensure it is performing as expected); actively manage risks identified through the asset integrity assessments through quarterly reviews in 2018 and beyond*	28
	Implement our enhanced barrier management approach in South Arne in 2017 and at Stampede and North Malay Basin as those assets come online*	Completed implementation of our enhanced barrier management approach at Stampede through the use of "bow tie" diagrams; implementation at North Malay Basin and South Arne is ongoing	Complete implementation at these key offshore assets in 2018*	29
	Continue to make improvements in our process safety management system and standards*	Completed several major efforts to bolster our process safety management systems, standards and practices, as discussed in the Safety and Health section	Pursue improvement programs based on recommendations from the 2016-2017 process safety assessment, mainly around deeper integration of our EHS and operational management systems and increased focus on integrity risks in 2018*	27-28
	Further enhance the enterprisewide competency strategy, with a focus on integrating and enhancing existing global systems; begin the implementation of an enterprisewide tiered EHS assurance program*	Launched and implemented the enterprisewide three-tiered assurance program; met established targets for number of Tier II audits completed	Continue to conduct audits and assessments under the tiered assurance program in 2018 and beyond; continue to develop our enhanced enterprisewide competency and training strategy in 2018, with a risk-based implementation program planned for 2019*	25
Occupational Health and Safety	Meet a workforce total recordable incident rate (TRIR) target of 0.34 or below	Surpassed this goal with a workforce TRIR of 0.24 in 2017	Meet a workforce TRIR target of 0.20 or below in 2018	26
	Meet a severe safety incident rate target of 0.15 or below	Did not meet this internal target, though after identifying an upward trend early in the year, implemented immediate corrective actions that resulted in an 18 percent reduction in the rate from June to December	Meet a severe safety incident rate target of 0.16 or below in 2018	27

OUR PEOPLE

CATEGORY	2017 GOALS	PROGRESS IN 2017	GOALS FOR 2018+	DISCUSSION (PAGE #)
Employment Practices	Promote a culture of engagement and continuous learning; embed the Hess Way of Working into more of our people processes (e.g., performance management and leadership development programs)	Integrated the Hess Way of Working (including Lean leadership behaviors) into the performance review process for all Hess employees	Offer four Managerial Essentials programs in 2018	34
	Continue to simplify and streamline talent management processes to deliver targeted development and succession plans	Completed a project to streamline and further increase the alignment of our performance, compensation and talent management practices	Leverage our newly implemented succession planning technology to identify, develop and track the progress of our high-potential talent and future leaders in 2018	34-35
	Continue to align our structure and strategy to provide appropriate promotion and development opportunities and more fully leverage each person's capability	Designed a new grading structure that includes additional grades, to provide more career growth opportunities and improve internal equity between different jobs	Implement the new grading structure and provide a consistent evaluation framework for jobs across the company; address job scope changes due to portfolio adjustments in 2018	34-35

*Denotes a key goal or target of our EHS & SR strategy.

CLIMATE CHANGE AND ENERGY

CATEGORY	2017 GOALS	PROGRESS IN 2017	GOALS FOR 2018+	DISCUSSION (PAGE #)
Risk Management	Begin to assess our value assurance process to identify opportunities to fully integrate EHS deliverables that include climate change-related actions (e.g., assessment protocols)*	Due to organizational realignment and asset sales, deferred initiative to further integrate EHS deliverables into our value assurance process; reviewed alignment of our EHS & SR strategy with TCFD recommendations, and identified an action to conduct portfolio-specific scenario planning	Assess opportunities to integrate EHS deliverables into the value assurance process for new projects; conduct a portfolio-specific carbon asset risk scenario planning exercise in the 2018-2019 timeframe*	37-40
	Operate the Hawkeye Gas Facility to help reduce gas flaring*	Achieved startup of the Hawkeye Gas Facility; initiated additional infrastructure projects slated for completion in 2018 and beyond	Pursue additional infrastructure projects in 2018 that will continue to help with flaring reduction in the Bakken, including an additional compressor station and a new joint-venture gas plant slated for completion in 2018*	43
Strategy, Metrics and Targets	Complete the capital phase of a project to pipe gas that had traditionally been flared in our Okume operation to the Ceiba Field to use as fuel gas to help power our operation*	Deferred this project due to the divestiture of the Equatorial Guinea asset in 2017	No longer applicable, as the asset was sold in 2017	—
	Continue to make progress toward our 2020 goal to achieve a 25 percent reduction in greenhouse gas (GHG) emissions intensity (tonnes per thousand barrels of oil equivalent (BOE)), versus our 2014 baseline*	Reduced GHG emissions intensity by 23 percent, compared to our 2014 baseline	Review and — if needed per the Hess GHG Inventory Protocol — adjust the 2020 GHG intensity reduction target based on asset divestitures*	41-42
	Continue to improve performance related to reducing methane emissions, through ONE Future sector-based targets*	Maintained methane emissions below the overall 2025 ONE Future target of less than 1 percent of gross methane production across the value chain	Continue to make progress against ONE Future sector-based 2025 targets*	45
	Continue to make progress toward our 2020 goal to reduce flaring intensity (standard cubic feet per BOE) by 50 percent, versus our 2014 baseline*	Reduced flaring intensity by 38 percent, compared to our 2014 baseline	Review and — if necessary — adjust the 2020 flaring intensity reduction target based on asset divestitures*	42-43

ENVIRONMENT

CATEGORY	2017 GOALS	PROGRESS IN 2017	GOALS FOR 2018+	DISCUSSION (PAGE #)
Water Management	Continue to improve water data quality*	Enhanced our water data collection methodology	Continue to evolve the water data collection process to automate collection for trending and future target setting in 2018*	47
	Advance efforts to incorporate water management in the risk assessment process*	Began water risk planning efforts for assets in North Dakota and the Gulf of Mexico, considering the lifecycle of water for each operational activity, as well as mapping of key stakeholders	Conduct water risk assessment workshops for the North Dakota and Gulf of Mexico assets in 2018*	47
Process Safety and Spills	Achieve a severe environmental incident rate target of 0.027; continue to evaluate and enhance our pipeline integrity management program	Surpassed our target, achieving a severe environmental incident rate of 0.016	Achieve a severe environmental incident rate target of 0.019 in 2018	50-51
Hydraulic Fracturing	Continue involvement with the Environmentally Friendly Drilling program and the Energy and Environmental Research Center (EERC) and continue to evaluate water reduction strategies	Continued initiatives to reduce the environmental impacts of shale energy development, including advising the EERC working group that developed salt water remediation cleanup guidance	Conduct water-related pilot studies to assess alternative practices for improving operating efficiencies in both onshore and offshore assets in 2018	47-49

*Denotes a key goal or target of our EHS & SR strategy.



Stampede Sailaway, Gulf of Mexico

HOW WE OPERATE

At Hess, we are committed to helping meet the world's growing energy needs in a safe, environmentally responsible, socially sensitive way, while delivering long-term value to our shareholders and other stakeholders. The Hess Values and our company culture help us meet these high standards of corporate citizenship.

The six core Hess Values support our aim to be the most trusted energy partner. Our Code of Business Conduct and Ethics (Code of Conduct), Social Responsibility (SR) Policy, Human Rights Policy and Environment, Health and Safety (EHS) Policy build on our Values to define internal expectations for sustainable management and performance at Hess. We apply these principles to key company processes and initiatives, as described in this section.

GOVERNANCE

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



See Hess' committee charters and Corporate Governance Guidelines at [hess.com/investors](https://www.hess.com/investors)

The Audit Committee oversees the integrity of the company's financial statements, financial reporting practices, systems of internal accounting and financial and disclosure controls, and other financial matters such as tax planning, compliance and reporting for income taxes. It also provides oversight of issues relating to environment, health, safety and social responsibility (EHS & SR), compliance and risk management. Through the Audit Committee and the Board as a whole, Board members actively oversee Hess' sustainability practices, working alongside senior management so that sustainability

risks and strategies receive appropriate attention.



See more on our approach to sustainable tax policy at [hess.com/sustainability/how-we-operate/tax-practices](https://www.hess.com/sustainability/how-we-operate/tax-practices)

The EHS Subcommittee of the Audit 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 Subcommittee also develops recommendations for the Audit Committee and the full Board on policies, programs and practices to address such strategies and risks. Our Vice President of EHS meets regularly with the Subcommittee and the Chair of the Subcommittee to prioritize actions. The Subcommittee met four times in 2017.

Each member of the EHS Subcommittee is independent and qualified under standards established by applicable law, stock exchange listing standards and Hess' Corporate Governance Guidelines. Subcommittee members have extensive oil and gas industry experience, including operations, research and development, and financial expertise. To supplement their expertise, Hess brings in outside subject matter experts to brief members on current and developing issues relevant to our business, such as climate change. In addition, Subcommittee members, together with our executive leadership, have engaged in field visits to better understand our key EHS strategies and risks. In 2017, for example, Subcommittee members visited two sites to observe how Hess is managing and mitigating process safety risks to prevent incidents: the Texas fabrication site for the Stampede platform and hull and our South Arne asset in Denmark.

The company is governed by the Hess Executive Committee, which is composed of Hess' most senior executives and chaired by our Chief Executive Officer. The Executive Committee focuses on operational, strategic, financial, EHS and social issues and is the highest approval body before the Board. While the Executive Committee meets face to face at least every other month, our Chief Operating Officer chairs an operational subcommittee of the Executive Committee that meets regularly to discuss these same matters.

KEY INITIATIVES

Hess' Operational Excellence (OE) Network is made up of business leaders and process owners across the company who oversee high-impact, enterprise-level initiatives and align and integrate these efforts to create value for the company. The network enables us to more effectively design and implement key enterprise initiatives by fostering collaboration across Hess' global resources and creating standardized methodologies supported by tools and processes.

Employing this integrated, cross-functional network helps us to ensure that projects are planned and implemented holistically — for example, by evaluating how a new or changed process will impact other processes throughout Hess. We also establish metrics to monitor the effectiveness of our processes and verify we are sustaining improvements.

In 2018 we will restructure the OE Network to reflect organizational changes made early in the year. The group, which will be composed of technical authorities in various disciplines, will remain focused on overseeing key enterprise-level initiatives.

Over the past several years, we have been working on a number of initiatives to enhance our operational effectiveness and EHS performance. For example,

HOW WE OPERATE

we are developing and implementing EHS standards across the company to formalize enterprisewide expectations and accountabilities and support a globally consistent approach to operational excellence. These standards, which address key areas of EHS risk and performance, will be fully implemented by 2020.

We also continue to implement Operations of the Future (OOTF), an operational reorganization and improvement plan that focuses on better aligning job duties to business processes to maximize efficiency, reliability, integrity and surveillance; optimize production and costs; and drive continuous improvement, including improvements to EHS performance. OOTF has been implemented at our Bakken and Gulf of Mexico assets, and we will begin to implement it at our North Malay Basin asset in 2018.



Additional detail can be found at [hess.com/sustainability/how-we-operate/key-initiatives](https://www.hess.com/sustainability/how-we-operate/key-initiatives)

KEY ENTERPRISE PROCESSES

We apply a number of key processes in our company that help to identify and mitigate risks in potential, new and existing operations; achieve operational excellence; and evaluate investment opportunities.

While these processes are focused on our operated assets, it is important to note that we have also established internal expectations for reviewing potential risks in Hess' nonoperated joint-venture developments. We prioritize four main objectives: building respectful relationships; influencing project outcomes by focusing on issues with the greatest potential impact; establishing governance structures and project assurance plans; and documenting and internally sharing high-value lessons learned. As nonoperated assets represent a significant portion of Hess' capital spend, we have continued to

emphasize our assurance efforts by conducting targeted, high-level reviews of the operators' facilities and designs.

Enterprise Risk Management

Hess applies a comprehensive, standardized approach to identifying and managing risks of all types across our operations. Our enterprise risk management (ERM) process is used to develop a holistic risk profile for each asset and major capital project, drawing input from subject matter experts, performance data, incident investigations, lessons learned and recent internal audits. In these risk assessments, we identify risks and assess their likelihood and potential impact to people, the environment, our reputation and our business.

Our Risk Management Standard — finalized in early 2017 — applies to all assets and major capital projects and has improved the alignment and integration of risk management across our operations and functional areas. The standard establishes a risk framework, accountabilities and expectations across the organization to provide a consistent and integrated risk management process.

As part of our ERM process, risk assessments are conducted for all assets and major capital projects annually and for all projects and new opportunities that go through the value assurance process (described at right). Risk registers and reports that are generated through these processes are reviewed and updated throughout the year as part of each asset's and major project's operating rhythm.

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

In 2017 we concluded a detailed review of integrity risk at our producing assets, as part of our ongoing asset integrity management process. This comprehensive effort, which focused on identifying and mitigating process safety and loss of containment risks, is described further in the Safety and Health section.

Value Assurance

Value assurance is a review process Hess uses to characterize and assess our major investment opportunities. It entails internal reviews by those who are not directly involved with the asset or project to provide additional objectivity. Following this process helps us ensure that our capital allocation and portfolio management decisions are based on independently reviewed, high-quality input.

We conduct value assurance reviews of our assets and major capital projects as part of the business planning cycle to verify that they add value to our company and that the relevant technical expertise has been incorporated. The reviews focus on economics, subsurface and facility design, environmental and socioeconomic considerations, regulatory requirements and other nontechnical risks. We apply a carbon price of \$40 per tonne to the greenhouse gas emissions projected to be generated by significant new projects to evaluate the potential impact of carbon cost on project economics and to compare alternative project configurations.

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

New Country Entry

Our new country entry process helps us assess nontechnical, aboveground risks when evaluating opportunities in a new country of operation. The process also helps the project team mitigate identified risks once a commitment is made to enter

a new country. Ultimately, the process supports our ERM and value assurance workflows, utilizing the necessary information at key decision points in our investment and project planning processes.



See more detail on these processes at hess.com/sustainability/how-we-operate/key-enterprise-processes

Lean

At Hess, Lean is not a short-term program for achieving cost savings, but rather a holistic cultural shift, changing the way we think and act. Central to this shift has been encouraging our leaders to learn fundamental Lean skills and then apply them to business problems. The leaders then coach and develop employees and contractors to generate solutions themselves. The result is a distinctive Lean culture in which continuous improvement comes from the entire workforce — our “army of problem solvers.”

For nearly a decade, we have been implementing Lean principles across our operations to eliminate waste, create value and drive reliability and continuous improvement for our shareholders, business partners, employees and other stakeholders.

We continued Lean implementation across Hess in 2017. We certified more than 80 employees as embedded Lean leaders (ELLS), who then trained their teams in basic Lean skills. Our ELLs each delivered one or more kaizen (Japanese for “improvement”) workshops that endeavored to improve business results for their respective assets. We also documented a standard process for ELL selection, training and development, and assessment that includes standard content,

templates and a health check. The health check provides a structured approach for evaluating the process and ensuring accountability. We are now developing over 110 ELLs, with more planned in the future.



See examples of success stories on the Lean section of our website at hess.com/lean-advantage

BUSINESS CONDUCT

In the Hess Code of Conduct, we describe the business conduct and behaviors we expect of our employees, officers, directors and contractors. Any individual or company working on behalf of Hess or our subsidiaries is expected to follow similar principles. To promote the Hess Values across our global operations, the Code of Conduct has been translated into the local language of all of our countries of operation. Hess takes disciplinary actions for violations of the Code of Conduct and related policies.

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

To continuously enforce compliance controls and embrace best practices, our Global Compliance team focuses on

internal investigations and anti-bribery and anti-corruption (ABAC) programs, as well as other enterprise programs and systems. In 2017 our Global Compliance team investigated all issues and allegations referred to the team through the various channels available to our workforce, including our dedicated compliance hotline. In addition, Global Compliance continued to manage the company’s automated approval systems — which are used to review and approve higher-risk transactions and relationships with our business partners — including our system for the disclosure, review and approval or mitigation of potential conflicts of interest. Throughout 2017, Global Compliance also continued to partner with key functions across the company, including Legal, EHS, Human Resources and Corporate Audit, to review potential issues and implement appropriate remediation steps.

Providing employees with effective training on the Hess Values is a key element of strengthening our culture and helping to ensure that employees understand and embody the Values in their daily work. As part of this effort, our Global Compliance team has developed in-depth online trainings on our Code of Conduct and our ABAC Policy and Procedure. The trainings include examples of how employees can translate the Hess Values into on-the-job actions. All employees who are active at the time training is launched, as well as all new employees and certain contracted staff, are required to take these trainings and certify compliance with the Code of Conduct and other applicable policies and procedures.

EMBEDDED LEAN LEADER (ELL) CERTIFICATION PROCESS



HOW WE OPERATE

The Global Compliance team conducts audits and ongoing monitoring to help ensure that all employees complete these online trainings. At year-end 2017, 94 percent of active employees had completed the Code of Conduct training and 96 percent had completed the ABAC training. The Global Compliance team further reinforced the training program in 2017 by conducting live, in-person compliance training for our operations in North Dakota.

POLITICAL ENGAGEMENT

HessPAC

HessPAC serves as the political action committee of Hess' U.S. employees and acts in compliance with U.S. federal election law. HessPAC is used to promote the interests of Hess Corporation. In 2017 HessPAC generated \$87,319 in member contributions and distributed \$34,000 to candidates of both major parties at the state and federal levels.

All federal contributions from HessPAC are publicly disclosed and accessible through the U.S. Federal Election Commission's website (www.fec.gov). State contributions from HessPAC are publicly available on the Secretary of State website of each respective state where HessPAC is active. As legally permitted, Hess corporate funds were used to provide administrative support for HessPAC.

Advocacy

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

Consistent with Hess principles and values, our political engagement is done in accordance with all applicable laws and regulations, and no direct political contributions are made by Hess employees using corporate funds.

Hess complies with all lobbying reporting requirements outlined in the Lobbying Disclosure Act of 1995 and all substantial amendments made to the law by P.L. 110-81, the Honest Leadership and Open Government Act of 2007. In 2017 the company's lobbying expenses totaled approximately \$825,000. This includes expenses for external consultants and trade association dues used for lobbying purposes, as required by the Lobbying Disclosure Act.

Hess belongs to a number of associations that include our industry peers and other companies in related sectors. Trade associations provide forums through which companies across the oil and gas industry can develop unified public policy agendas, exchange technical and industry best practices and approach issues relevant to our business with a common voice. Hess requires all trade associations to report all expenses related to lobbying activities, as outlined by the Lobbying Disclosure Act. Our trade associations' lobbying activities accounted for 17 percent of our total lobbying spend in 2017.

In 2017 none of Hess' membership fees or dues were used by any of our associations for direct political advocacy. Furthermore, no payments made by Hess to 501(c)(6) or 501(c)(4) organizations were used for express political advocacy. A list of memberships and associations that received more than \$50,000 from Hess in 2017 can be found on page 55.

We recognize that our positions do not always align with all formal positions of the associations, organizations and collaborative working groups in which

we participate. Our funding should not be considered a direct endorsement of the entire range of activities undertaken by these associations, organizations or collaborative working groups.

Hess has a strict internal policy that prohibits our employees from engaging with elected officials or regulators as an official representative of the company without the approval of the Vice President of External Affairs. Our policy extends to Hess employees who serve on trade association committees that advocate for policy changes. The policy helps to ensure that Hess continues to operate at the highest level of integrity and transparency and remains compliant with all reporting requirements.

As part of the regulatory assurance element of our EHS & SR strategy, we aim to align our advocacy priorities with our established processes related to ERM and EHS. We also conduct ongoing assessments of our global advocacy priorities, to drive improvements to our process for tracking and informing our advocacy efforts.

SUPPLY CHAIN

Nearly 70 percent of Hess' total workforce hours are completed by business partners, suppliers and contractors, making them critical to our overall success and our ability to operate efficiently and responsibly. In 2017 we purchased approximately \$4.7 billion in goods and services from more than 4,000 suppliers.

We work collaboratively with these suppliers to improve performance and create shared value. We jointly review processes, procedures and data with suppliers to help drive the right actions and foster continuous improvement.

While this section describes our general approach to engagements with our suppliers, these practices may differ

in certain instances if necessary to comply with applicable local laws and requirements.

Management Approach

We manage our key suppliers with a cross-functional team that works collaboratively to reach mutually agreed-upon targets for safety, quality, delivery and cost.

In 2017 we revised and improved our Procurement Policy to help us improve safety, minimize risk and standardize work throughout the organization. Our policy specifies who should participate in the evaluation of tenders, management of contracts and ongoing procurement of goods and services. It also includes code of ethics and conflict of interest guidelines and states that employees who violate the Procurement Policy are subject to disciplinary actions. The combination of our updated policy with other parts of our supply chain management system help to ensure that suppliers understand and abide by our high ethical, safety and other performance standards, while helping us avoid unexpected commitments and leverage our spend more effectively.

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



additional review and develops mitigation plans as needed.

Contracts that involve higher risk, due to either the number of workhours the supplier will work for Hess or the scope of that work, are subject to an EHS review during the procurement process that covers training qualifications, safety programs and performance, environmental management systems and measurement, and emergency preparedness and response. As one part of the EHS review, we use recognized industry prequalification systems for our areas of operation in the U.S. and Europe. Outside of these areas, we use a standardized process with a questionnaire based on our 14 EHS & SR management system elements. Further detail on our EHS-related qualifications review during procurement can be found in the Safety and Health section.

The companies that supply Hess with goods and services must comply with applicable laws and regulations in areas such as EHS, drug and alcohol use,

conflicts of interest and anti-corruption laws, and must maintain any licensing or permitting requirements with respect to their activities. Suppliers are also required to meet the expectations set forth in our Code of Conduct and Hess' Voluntary Commitments regarding labor and human rights (see pages 17 and 20). Standard contract clauses include requirements with respect to ethical business practices, human rights, social responsibility, business integrity, search and seizure, quality and EHS.

Local Content

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



See more on Hess' expectations and requirements for suppliers at suppliers.hess.com and hess.com/sustainability/how-we-operate/supply-chain



Meal Preparation for Hurricane Harvey Relief Efforts, Houston, Texas

SOCIAL RESPONSIBILITY

Our company has integrated social responsibility (SR) into the way we do business every day, proactively engaging with communities and stakeholders in all our areas of operation. Hess' approach to SR centers on three focus areas: stakeholder engagement, social risk and impact management, and strategic social investments that facilitate direct and indirect local benefits. These efforts help us to maximize our business value, manage social risks and impacts and create opportunities for stakeholders.

GOVERNANCE FRAMEWORK

Hess' commitment to ethical and responsible business practices begins with the Hess Values and Code of Conduct. The Hess Value of Social Responsibility commits us to meet the highest standards of corporate citizenship by protecting the health and safety of our employees, safeguarding the environment and creating a long-lasting positive impact on the communities where we do business. Our Code of Conduct describes the business conduct and behaviors that we expect of our employees, officers, directors and contractors, including our expectations regarding human rights.

We have endorsed or formally joined a number of voluntary initiatives designed to protect the environment, promote human rights and encourage financial transparency. We collectively call these our "Voluntary Commitments." They include:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The United Nations (UN) Global Compact
- The Voluntary Principles on Security and Human Rights
- The Extractive Industries Transparency Initiative (EITI)

These Voluntary Commitments inform our SR, Human Rights, and Security and Human Rights Policies. Hess' SR Policy, for example, obligates us to demonstrate high standards of ethics and integrity and outlines our commitments to communities and our workforce. Our Human Rights Policy specifically prohibits child labor, forced labor and workplace harassment in our operations; it also covers key issues relating to our supply chain and community engagement. Our Security and Human Rights Policy sets forth guidelines governing the use of force by Hess employees and private security contractors employed by Hess, when such security is needed. These policies are supported at the local level through training, toolkits and procedures specific to the needs of our operational locations.

In early 2018 we initiated a review of the company processes that support our

Voluntary Commitments, to align them with our changed asset portfolio and risk profile.

Organizational Structure

Hess deploys SR resources across the organization. To do this effectively, we have a core SR team combined with local resources who are embedded with our assets and project teams. The role of the core team is to develop governance, advise executives, manage companywide social performance, provide technical and functional support to the assets and project teams, and provide assurance across these efforts. The asset and project resources report into the business line management structure and are responsible for developing and executing asset- or project-specific SR plans. SR activities are integrated and aligned between the core team at our operational headquarters in Houston and global locations.

THE SUSTAINABLE DEVELOPMENT GOALS

United Nations member countries have adopted a set of 17 goals — called the Sustainable Development Goals, or SDGs — as part of the 2030 Agenda for Sustainable Development. It is widely recognized that governments, civil society and the private sector must all play a role in achieving these ambitious goals. In 2017 Hess undertook a mapping exercise to review alignment between our current practices and the SDGs. The exercise revealed that our contributions align with eight of the 17 goals, with the greatest positive impact on the following two:

Goal 4: Ensure inclusive and quality education for all and promote lifelong learning

Our ongoing commitment to supporting quality education is evident through our financial support for educational programs for young people, including Succeed 2020 in North Dakota, PRODEGE II in Equatorial Guinea, English literacy in Malaysia and LEAP 2.0 in Houston, all of which are discussed later in this section. While the first two of these programs came to a close in 2017, education will continue to be a focus of our social investments. We invested more than \$8 million in education in 2017, representing 54 percent of our overall social investment spend.

Goal 8: Promote inclusive and sustainable economic growth

We prioritize hiring local workers across our areas of operation, and we purchase from local vendors where practicable. In Denmark and Malaysia, for example, local nationals represent 99 and 92 percent of employees at those locations, respectively. In 2017 we spent approximately \$4 billion on local suppliers, or 85 percent of our total supplier spend for the year. In the U.S., we are supporting the development of local resources through the Job Experience Training program (discussed later in this section), as well as supporting current Hess employees through an early-career development program for engineers. Hess' joint venture in Guyana also seeks to employ local nationals and support local suppliers.

We plan to further evaluate the alignment of the SDGs with our material issues in 2018.

SOCIAL RESPONSIBILITY

STAKEHOLDER ENGAGEMENT

Effectively engaging with stakeholders in our host communities helps Hess to responsibly access the resources we require as an international energy company — from the earliest phases of our new country entry process through the decommissioning of an asset. Proactive, two-way and ongoing stakeholder engagement helps to establish a mutual understanding of expectations between Hess and those who live and work in our areas of operation. We understand that our success is in part tied to our ability to mitigate the potential risks associated with our activities, which could impact stakeholder relationships and public perception. We aim to create value through mutually beneficial opportunities with our stakeholders, which include communities, employees, contractors, suppliers, customers, industry members, governments and investors.

Stakeholder Engagement Process

Our stakeholder engagement process focuses on the proactive relationship- and

trust-building opportunities created by meaningful engagement, as well as the business value that engagement brings when it is integrated as a part of project risk management. Consistent with our continuous improvement methodology, we follow a “Plan, Do, Check, Adjust” cycle to direct our stakeholder management efforts. As the expectations, priorities and concerns of our stakeholders evolve, we adjust our approach to align with their needs and our business activities.

In 2017 we reviewed our stakeholder engagement process and associated tools at our Bakken asset as part of the regular planning cycle. The result was a refreshed and robust engagement strategy, which will be integrated into the asset’s 2018 business plan. We will also continue to integrate stakeholder issues and engagement into our enterprise risk workshops and value assurance reviews.

We are working with our other assets, as part of implementing our environment, health, safety and social responsibility (EHS & SR) strategy, to develop

individualized plans for engaging with their priority stakeholders. Our Gulf of Mexico, Denmark and Ghana assets developed engagement plans in 2017, and our other assets are in various stages of developing their plans.

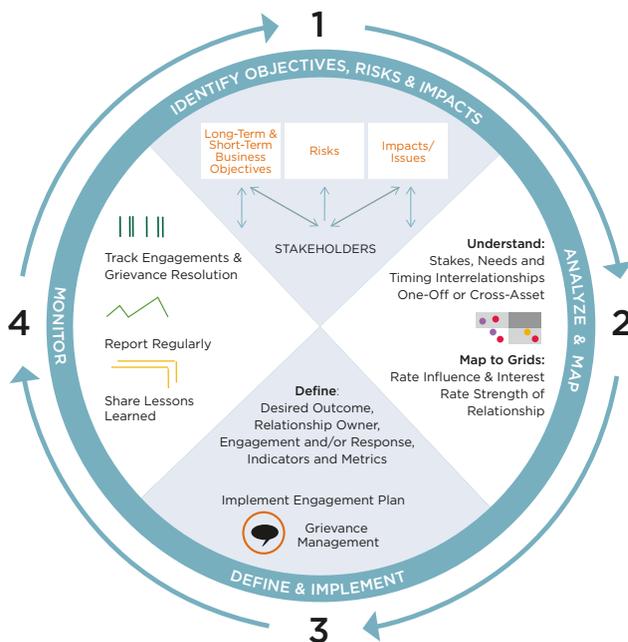
Grievance Mechanisms

We believe that developing strong and transparent relationships with communities and addressing potential issues early — before they may grow into more severe or widespread problems — helps to avoid incidents. At the same time, formal grievance mechanisms provide stakeholders with a means for sharing feedback with companies on their operational impacts, while also helping companies respond to and act on that feedback through an established process. Through the use of our grievance mechanisms, we aim to strengthen our relationships with communities and respond more effectively to their concerns.

At our Bakken asset in North Dakota, we maintain a grievance mechanism called Hess Community Connection. Launched in 2015, this system accepts complaints (anonymously, if desired) through several access points, including via our Grievance Officer, Hess Owner Solutions team, North Dakota front desk staff and Surface Land department. We have reached out to community members through forums such as community meetings to share information about this grievance mechanism and explain how to contact us if they perceive a problem.

Hess Community Connection receives and addresses concerns relating to employee or contractor performance, behavior and activities toward external stakeholders. We may also receive feedback on workplace, procurement, EHS and supplier issues. The most commonly raised topics include issues such as road conditions, erosion, land

STAKEHOLDER ENGAGEMENT PROCESS



EXTERNAL STAKEHOLDERS

Collaborating with stakeholders helps us to identify opportunities for benefiting our host communities while improving our business and strengthening our license to operate. We engage with a wide range of external stakeholders — from local landowners and governments to community service agencies and indigenous groups. Recent examples of our stakeholder engagement activities are provided below.

CATEGORY	EXTERNAL STAKEHOLDER GROUPS	RECENT EXAMPLES OF ENGAGEMENT
Land Users/Landowners	Residents, landowners, commercial land interests, farmers, ranchers	Continued to work through the Hess Community Connection to increase communication with stakeholders. Conducted annual meetings with landowners. Developed a new process for monitoring pipelines after construction to prevent potential issues. Donated funds to landowners who are ranchers and farmers to help feed their livestock during a drought.
Resources Users/Rights Holders	Mineral rights owners, water rights owners and users, hunters/fishers/gatherers	Integrated our Stakeholder Management System with Hess' Owner Relations function, enabling us to improve information sharing between systems and decrease the turnaround time for answering questions and resolving grievances. Also, improved the user interface and accessibility of the website for owners.
Governments	Local, regional and national authorities, national militaries, international governing authorities	Hosted the governor of North Dakota and his staff on a field tour of Hess facilities in the Bakken, to increase awareness of our operations, technology and safety. Hosted the director of the Bureau of Safety and Environmental Enforcement at Hess' operational headquarters in Houston, to tour Hess' Emergency Operations Center and brief him on safety measures and procedures in relation to severe weather and the impact on offshore operations. Also, a Hess representative serves on the North Dakota Oil and Gas Research Council, a public-private partnership.
Direct Economic Interests	Investment partners, vendors and suppliers, contractors, unions, shareholders	Implemented the Job Experience Training program in North Dakota, providing valuable work experience to students from Bismarck State College. Also, a Hess representative was appointed by the North Dakota governor to sit on the Innovative Education Task Force Advisory Committee, which is aimed at helping colleges meet the state's workforce needs. Through our joint venture in Guyana, hosted open houses for key business associations and launched an oil and gas literacy series through the newly opened Centre for Local Business Development. Also through the joint venture, opened an online supplier registration portal aimed at providing greater opportunities to Guyanese suppliers.
External Business Interests	Chambers of commerce, industry organizations, local businesses, sustainability initiatives	A Hess representative served on the executive committee of IPIECA. Leaders of Hess' EHS and SR functions actively participated in IPIECA and International Association of Oil and Gas Producers working groups and stakeholder engagement activities focused on topics such as social responsibility, water, climate change, environment, health, safety and sustainability reporting. A Hess representative also served on the advisory board for the University of North Dakota's Petroleum Engineering Program, the board of directors for the Greater North Dakota Chamber of Commerce and the executive committee and board of directors for the North Dakota Petroleum Council.
Special Interest Groups	Nongovernmental organizations, religious groups, cause-oriented nonprofits, community groups	Participated in multi-stakeholder initiatives, including the Voluntary Principles on Security and Human Rights, the EITI and the UN Global Compact, to advance responsible business practices globally. A Hess representative served on the board of the North Dakota Outdoor Heritage Fund, a governor-appointed position. Helped to fund the construction of a mountain bike trail in Theodore Roosevelt National Park in North Dakota.
Community Services	Local police/fire/emergency medical services, health care services, education, human service agencies	Continued to sponsor the Scholars Program in Ghana, which has provided secondary, vocational, technical and health education to underprivileged students since 2012. Distributed food supplies, stoves and electrical equipment to almost 500 families affected by monsoon flooding in Malaysia, where we work with nonprofit groups to identify and respond to community needs. Donated significant funds and volunteer time to Hurricane Harvey relief efforts in Houston.
Indigenous Groups	Formally recognized groups, tribal coalitions, government supporting agencies, indigenous advocacy groups	Continued engagement with local fishing villages in Ghana, through their Paramount Chiefs and community members, including providing updates on Hess business activities.

SOCIAL RESPONSIBILITY

reclamation, fencing, cattle guards and weeds. In 2017 we received 281 grievances through Hess Community Connection.

When alerted to a potential issue, our response team draws employees from various disciplines within Hess such as EHS, drilling, completions, operations, maintenance, civil construction and human resources in order to reach a resolution. For example, safety concerns are forwarded to Hess' EHS department; individual worker complaints are handled by Human Resources; and business integrity or ethics complaints are referred to our Code of Business Conduct and Ethics hotline. By engaging each discipline as appropriate, we are able to escalate management of the grievance upward in the company as necessary to help resolve the issue.

We maintain an internal database — the stakeholder management system (SMS) — to track these grievances from start to completion. (The SMS also supports our stakeholder engagement process, described previously.) The response team strives to complete their investigation within 14 days of the original report and provide a response and/or resolution within 30 days. As a final step before closing a case, we contact the stakeholder to confirm they feel the issue has been adequately addressed. Trending data on grievances are reported upward to the Bakken Leadership Team as part of our weekly operating rhythm.

As we continue to work toward the integration of formal grievance mechanisms at additional assets, we are relying on our existing manual tracking process at those assets to resolve issues in a timely manner.

Separately, we maintain a grievance mechanism for landowners and mineral rights holders associated with all of our U.S. onshore assets. Specifically, we have a telephone hotline, webpage and email address through which these

individuals can ask questions and share concerns and complaints. Our Owner Relations and Owner Support teams manage this system, and in 2017 they began using the SMS to track open issues and ensure they are resolved. During the year, we received more than 16,000 emails and 3,000 phone calls through this mechanism, approximately 2,500 of which developed into SMS cases to be tracked and addressed.

SOCIAL RISK AND IMPACT MANAGEMENT

When Hess enters a new country, commissions a new development or expands an existing facility, we engage with stakeholders to proactively identify, mitigate and manage aboveground risks that can impact our activities or the communities where we operate. As part of our strategic planning processes for these activities, we examine the social, political and reputational environment to identify nontechnical risks and mitigation activities.

We address human rights considerations throughout the process, including during due diligence and social risk identification, mitigation and management. We also have a Security and Human Rights Toolkit that we utilize locally for training security personnel on human rights issues.

In North Dakota, risk assessment and impact management are ongoing as we expand operations and choose new well pad locations. Elsewhere around the world, our business cycle is such that assessments have been completed in past years, with potential risks taken into account, incorporated into management plans and mitigated.

Human Rights

While we believe it is the duty of governments to protect human rights, we know that companies like ours must build trusted partnerships and treat all citizens with dignity and respect wherever we

operate. Our strategy is to prevent human rights-related incidents by engaging with stakeholders to proactively address potential issues. The complex environments in which we operate present an opportunity to make positive and lasting contributions in the areas of governance, transparency, respect for rule of law, and social and economic development.

We have worked to align our business practices with our SR, Human Rights, and Security and Human Rights Policies. Human rights issues are analyzed at all phases of our business activities, beginning with new country entry.

Hess is committed to educating our personnel on the importance of respecting human rights as well as raising internal awareness of the Voluntary Principles on Security and Human Rights (Voluntary Principles). Over the years, we have invited external experts to provide human rights training to our employees around the globe. We also utilize an online human rights training module for employees that explains the concept of human rights and why they are important for Hess, reviews our Human Rights Policy, offers guidance on integrating respect for human rights into employees' daily work and provides directions on how to report suspected human rights violations.

We developed an internal SharePoint site focused on Hess' SR policies and initiatives that covers our Voluntary Commitments, including the Voluntary Principles. Through that site, Hess employees can link to the Voluntary Principles website and key components of our security and human rights governance framework. The internal SharePoint site is updated periodically with additional reference materials, presentations and internal examples of security and human rights best practices.

While we had planned to conduct security and human rights training for employees in

Equatorial Guinea last year, the event was canceled due to the sale of that asset. Instead, we focused on due diligence related to that transaction during the latter portion of 2017. Implementation of the Voluntary Principles and human rights-related questions were part of the due diligence process.

COMMUNITY BENEFITS AND CAPACITY BUILDING

At Hess, we seek to be a responsible corporate citizen and to create positive, mutually beneficial relationships with our host communities. Our programs are focused on creating shared value in local communities and a favorable environment for our operations. At the local level, our assets create, maintain and implement strategic social investment programs tailored to each operation and community.

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

Our social investment programs contribute to education improvement and work skill development, which are fundamental to sustainable economic growth. We also seek to identify opportunities in our supply chain to provide lasting economic benefit through local job creation. Our programs generally fall into two categories: corporate-led, multi-year, larger-scale programs and asset-based projects with moderate funding levels.

In 2017 our social investments totaled \$15.7 million, with \$8.5 million going toward education projects. Another \$5.9 million was earmarked for economic development, health and capacity building. The remaining \$1.3 million was for disaster relief efforts, mainly related to Hurricane Harvey recovery.

Flagship Investments in Education

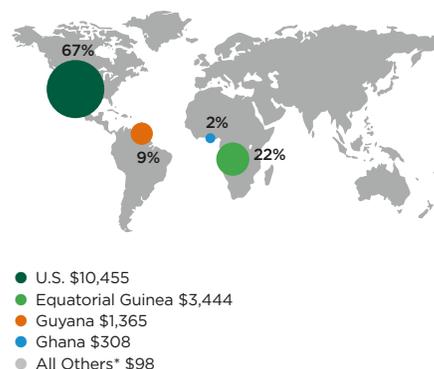
Hess has been supporting two flagship social investment programs focused on developing secondary education systems and capacity: PRODEGE II and Succeed 2020. While these programs have been an important cornerstone of Hess' educational investment over the past five to eight years, we concluded our involvement in both programs in 2017 and are working to develop our forward-looking educational investment strategy in 2018.

PRODEGE II

The Program for Educational Development of Equatorial Guinea, or PRODEGE II, has been a partnership between Hess and the Equatorial Guinean government aimed at strengthening preschool, primary and junior secondary education in that country. This \$50 million, public-private partnership has sought to increase the capacity of the education sector and improve the work of teachers, school directors and public officials in their policy making. Over the past eight years, PRODEGE has accredited almost 1,000 teachers and reached more than 135,000 students. The following are the program's most significant results:

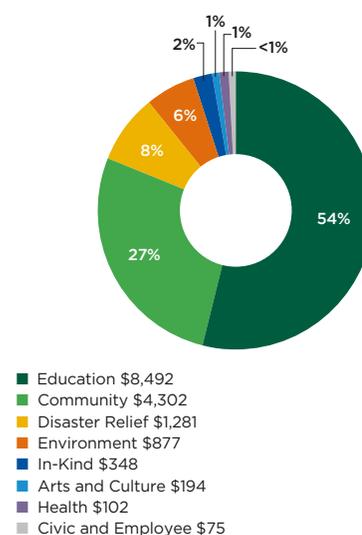
- Launched a new professional development program to certify up to 1,500 preschool and primary school teachers; when fully implemented, this will decrease the number of unaccredited teachers by 33 percent.
- Developed a new nationwide professional development program, focused on reinforcing active learning methods, for approximately 7,500 teachers in a peer-support network.

2017 Social Investment Spend by Country (\$ Thousands)



*Includes Denmark, Malaysia and Norway.

2017 Social Investment Spend by Type of Investment (\$ Thousands)



Note: These charts include all social investments in 2017, including those associated with joint-venture operations.

- Developed the first Education Management Information System in the country, to accurately identify weaknesses in the educational system and make data-based policy decisions.
- Assisted the Education Ministry's Statistical Unit in annual data collection; this data has since been used to produce the census and educational reports of several international organizations, including the World Bank, the UN and UNICEF.

SOCIAL RESPONSIBILITY



- Developed the interventions needed by secondary schools to strengthen school management and improve the quality of teaching, including training more than 750 school directors and master teachers in instructional leadership and active learning, and training lead teachers and department heads at 137 public secondary schools in updated and innovative teaching methods for mathematics.

We have transferred our role in the PRODEGE II program to the new operator of the Equatorial Guinea asset. We feel confident that the progress made during our participation will continue to pay dividends for the country's education system for years to come.

Succeed 2020

In North Dakota, we initiated the five-year Succeed 2020 program in 2012 with a \$25 million grant to FHI 360, a nonprofit human development organization that ran the program. Succeed 2020 was implemented through the state's Regional Education Associations (REAs). The program's overarching goal was ambitious: The successful transition of all North Dakota students from secondary

education to college and careers. The program sought to achieve this goal by implementing activities supporting access to and success in rigorous academic and career and technical education (CTE) programs, ongoing college and career counseling and planning, and targeted and coordinated support for students needing additional help.

In 2017, the last year of the program, FHI 360 and the REAs assessed progress over the preceding five years and prepared for the transition to post-Succeed 2020 operations. Program outcomes revealed by the assessment include an 8 percentage point increase in the number of state scholarships and a 1 percentage point increase in high school completion rates.

More than 90 percent of educators surveyed who took part in Succeed 2020's professional development programs reported a positive change in their teaching practices and in student learning. Ninety-three percent of students surveyed reported knowing more about careers after taking part in the program. In addition, five REAs developed strategic plans and created or updated their human resources

policies. During the 2016–2017 school year alone, more than 1,000 students took CTE courses and nearly 3,000 took part in career fairs, job shadows, internships and other career exploration activities.

Overall, Succeed 2020 has served as a foundation and springboard for future advancements in North Dakota's education system, with the REAs now poised to build on their accomplishments and continue helping students complete their educations and start their careers.

We are currently evaluating inroads from Succeed 2020 and where future investment in education can link with Hess' business needs, as demonstrated in the Job Experience Training program described in the next section.

Local Program Highlights

Hess' global assets and Houston operational headquarters engaged in a variety of local social investment, capacity building and infrastructure improvement opportunities in 2017.

Continued Commitment to Education

As illustrated in the previous two examples, Hess has long supported educational opportunities for children and young adults around the world. In 2017 Hess also teamed up with the British Council on a one-year project aimed at improving English literacy in three rural primary schools near our operations in Malaysia. While children in urban regions in Malaysia often go to special classes to learn English, those in rural areas do not always have that opportunity. With funding support from Hess, this project is helping to set up libraries in the three schools, conduct teacher training and mentor teachers to ensure the project's sustainability. During the year, Hess Asia team members visited each of the three schools to meet with children and parents and assess the program's progress.

In the Houston area, Hess previously supported LEAP (Learn, Engage, Advance, Persevere) — a three-year pilot program that sought to prevent at-risk middle school students from dropping out. That program concluded in 2016, so in 2017 Hess launched LEAP 2.0 in collaboration with the Greater Houston Community Foundation. LEAP 2.0 is a three-year program that will engage students at three elementary schools, one middle school and one high school. Among other activities, the program will give books to the elementary-aged students; offer a summer program for middle school students that focuses on science, technology, engineering and math (STEM); and provide college- and career-readiness training to high school students. Hess is contributing more than \$500,000 annually to the program.

Growing with Guyana

Through our joint venture with Esso Exploration and Production Guyana Limited (EEPGL), Hess is focusing on three key areas of social investment in Guyana — spending with local suppliers, developing local resources and investing in the community. A key achievement for the joint venture in 2017 was the opening of the Centre for Business Development, which aims to further the capabilities of local Guyanese businesses by helping them build their capacity and improve their competitiveness; providing opportunities for procurement, as well as mentoring, coaching and financial support; and providing information on safety and technical standards. Through EEPGL, Hess will contribute approximately \$460,000 to the Centre over a period of three years.

EEPGL also hosted several training events for potential suppliers and employees in 2017. Two of the training events, which were open to government agencies and private-sector groups (including EEPGL waste contractors), focused on waste management and included both classroom

SUPPORTING HURRICANE HARVEY RECOVERY IN HOUSTON

In the aftermath of Hurricane Harvey, Hess convened the cross-functional Hurricane Harvey Recovery Team (HHRT) to allow for a coordinated, holistic response to the needs of our employees and the greater Houston community. Hess' HHRT executed a variety of actions to meet the following key objectives:

- Implement an employee assistance program
- Identify and mitigate business continuity issues
- Deliver communications to stakeholders to help the workforce recover, meet business objectives, minimize disruption and enhance our reputation
- Prioritize and implement a social responsibility program to support community recovery efforts
- Capture lessons learned from the HHRT to develop standard work for future recovery efforts

To address the needs of the community, we donated \$1 million to the Hurricane Harvey Relief Fund (administered by the Greater Houston Community Foundation). This fund provided emergency supplies such as food, water and medicine, in addition to longer-term recovery assistance to help impacted individuals recover and rebuild.

We also established a matching gift program for employees worldwide who wanted to make a personal donation to one of three relief organizations that our company would match, and we accelerated the annual United Way fundraising campaign in our Houston operational headquarters. These efforts raised \$645,000, which was disbursed as follows:

- \$250,000 to the Hurricane Harvey Relief Fund
- \$55,000 to the American Red Cross
- \$340,000 to the United Way of Houston

In addition, our Houston kitchen staff prepared 10,000 hot meals for evacuees and first responders. We also donated 19,000 Hess Toy Trucks to first responders for their holiday toy drives and to schools near our Houston office to brighten the holidays for children impacted by the hurricane.

The immediate emergency response efforts are discussed further in the Safety and Health section of this report, and the employee assistance program is further detailed in the Our People section.

and field components. The summer session covered general waste management principles and practices (i.e., waste management strategy and planning, waste management technologies and cost recovery), while the fall session focused on landfill design and operation. Other environmentally-focused trainings have covered oil spill management and protected species observer certification. Hess is working closely with EEPGL to develop social investments planned for the coming years.

Apprenticeships in North Dakota

In May 2017 our Bakken asset launched Job Experience Training (JET), an

apprenticeship program for reliability operators and craft personnel developed in collaboration with Bismarck State College. Driven by the need for qualified personnel in North Dakota, we established the JET program to train potential employees in our corporate culture and way of operating while also teaching them the basics of several key Hess roles. The students, for their part, gain valuable job experience and earn academic credits. Four students took part in the first year of the JET program; three of them were subsequently hired by either Hess or our contractors. Although it began as a one-year pilot, JET is primed to continue in 2018 with a new set of students.



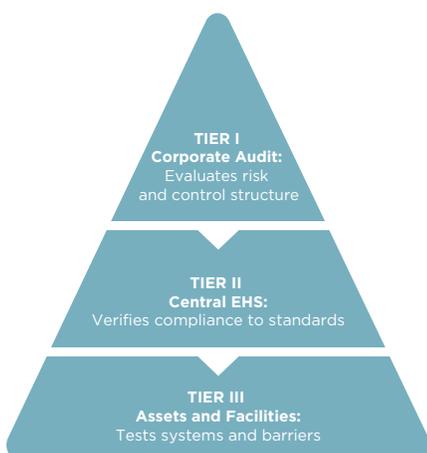
SAFETY AND HEALTH

Hess' first priority is the safety of our workforce. Our safety programs and practices are designed to promote a culture in which employees and contractors keep each other safe on the job so that everyone across our operations returns home safe every day.

Our commitment to occupational and process safety begins at the top of our organization and is reinforced at every level. We include key enterprisewide safety metrics in our annual incentive plan formula for executives and employees. We reinforce the importance of safety through annual Chief Executive Officer's and President's Awards for Safety Excellence, which recognize Hess teams and individuals who exemplify outstanding safety performance. We have also been working to enhance our safety leadership training program by developing operational leads as trainers, with pilots of the enhanced program planned for implementation at selected assets in 2018.

We aim for continuous improvement in safety performance, with the ultimate goal of zero safety incidents. Hess' 14-element Environment, Health, Safety and Social Responsibility (EHS & SR)

EHS ASSURANCE STRUCTURE



IDENTIFYING AND ADDRESSING ROOT CAUSES THROUGH LEAN PRACTICES

In line with Hess' commitment to Lean practices, we held an enterprisewide "Go to Gemba" event in January 2017 to engage our workforce directly through open-ended conversations about pre-job planning. Gemba means "the real place" in Japanese and, in practice, "Going to Gemba" means having EHS and Lean experts travel to our worksites to observe safety behaviors and interview personnel. Hess asset and central function leadership conducted Gemba site visits at several of our operational locations in 2017, including those in Equatorial Guinea, Denmark, the Gulf of Mexico, Malaysia, North Dakota, Ohio and West Texas.

Based on our learnings from the field visits, we were able to identify root causes that have the potential to impact our safety performance and also develop countermeasures to address those root causes. One of the countermeasures, for example, was to develop a standard work instruction (SWI) to improve the pre-job planning process. The project team held a kaizen (Japanese for "improvement") workshop to collaboratively develop the SWI, which was field tested and ultimately finalized later in the year. We are planning a follow-up exercise in 2018 to review the status of the SWI's adoption by our operational locations.

Management System Manual serves as a framework for managing and measuring our safety performance.

Through our global EHS standards project, we have been working to formalize and standardize many of our EHS practices across the company. Hess' safety standards and procedures address key areas of safety risk — such as energy isolation, dropped objects and confined space entry — and promote leadership, awareness, consistency and accountability across all levels of the organization.

In 2017 we formalized our EHS assurance program for reviewing conformance with our external and internal obligations, including regulations, standards and procedures. The program operates in three tiers. At the Tier I level and as an independent assurance function, Hess' Corporate Audit department conducts annual audits following a risk-based plan that covers various EHS topics, including occupational safety, process safety, management of environmental impacts and drilling process safety. Highlights from Tier I audits are reported to the Audit Committee of the Board of Directors,

as well as the boards of several of our joint-venture assets, as applicable. At the Tier II level, working collaboratively with assets, subject matter experts conduct assessments to evaluate conformance with corporate and asset EHS standards and procedures, as well as regulations, and assist assets in addressing identified improvement opportunities. The Tier III level constitutes routine self-assessments by assets against corporate EHS standards, corporate and asset-level procedures, and regulations.

Hess' Corporate Audit department conducted EHS audits and advisories across the organization during 2017, in accordance with an EHS Tier 1 Audit Plan, which was reviewed and approved by the Board of Directors' EHS Subcommittee. Hess subject matter experts also completed 83 percent of our scheduled Tier II assessments in 2017, surpassing our goal of 80 percent completion. At the Tier III level, self-assessments in the form of behavioral safety observations, leadership site visits, hazard observation cards and other mechanisms are ongoing and happen throughout the year.

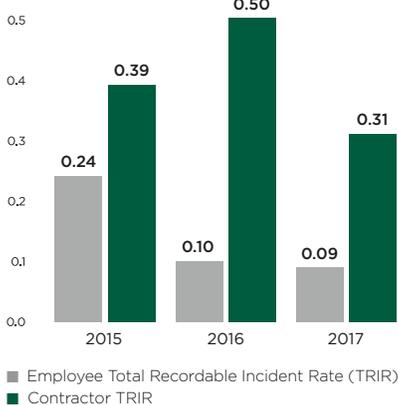
SAFETY AND HEALTH

OCCUPATIONAL SAFETY

We encourage a culture of ownership over occupational safety by tasking workers with identifying and mitigating the safety issues most relevant to their operations. As an example, our Behavioral Safety Observation Program (BSOP) has helped to advance our global safety performance by identifying specific at-risk behaviors through trend analysis and then providing feedback to our workforce on mitigation strategies.

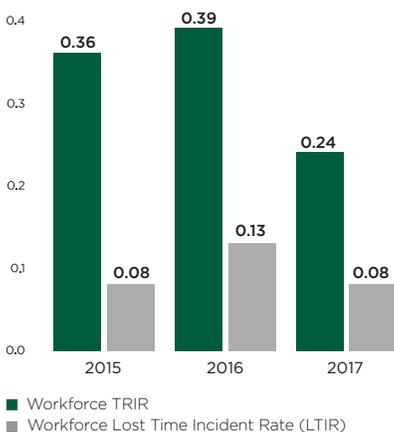
Employee and Contractor Safety Performance

Cases per 200,000 Hours



Workforce Safety Performance*

Cases per 200,000 Hours



*Hess' workforce data includes both employees and contractors. When calculating LTIR, calendar work days are used. A lost time incident involves one or more days away from work, excluding the day of the incident. Occupational illness and occupation-related disease for current employees are included in our companywide safety totals.

As a peer-to-peer observation program, BSOP utilizes trained workers to observe their colleagues' workplace behaviors and then provide constructive feedback on safe work practices. Behavioral safety programs have been in place at our U.S. onshore assets since 2011, and best practices developed at those assets were codified into an enterprisewide standard in early 2017. Later in the year, we began implementing this standard at the Gulfstar 1 production platform operated by Hess in the Tubular Bells Field (Gulf of Mexico). The 22 trained behavioral observers on Gulfstar 1 are obtaining valuable data to enable the platform's leadership to focus their efforts to improve safe work practices.

In 2018 we plan to extend BSOP implementation to the platforms operated by Hess in the Stampede and Baldpate Fields in the Gulf of Mexico.

Transportation safety is another key focus of our occupational safety efforts at Hess, as safe driving practices are important to both our workers and the communities where we operate. Our Land Transportation Standard outlines the three pillars of land transportation safety at Hess: driver training and competency, the use of in-vehicle monitoring systems for company-owned or -operated vehicles, and journey management planning. Hess workers take proactive driver training before operating a motor vehicle on company business, with refresher training required every three years. Our key contractors are required to comply with *Land Transportation Safety Recommended Practice*, Report No. 365, published by the International Association of Oil and Gas Producers (IOGP).

Our Land Transportation group publishes weekly safety bulletins that are sent to Hess assets globally and address key topics, such as distracted driving, safe

parking and safety technology. Many of our bulletins are also provided to key contractors.

In 2017 we began installing upgraded performance-monitoring systems in Hess-owned or -operated vehicles. Technological advancements enable the new monitors to collect driver performance data in greater detail than prior versions. The monitors provide direct feedback to drivers, and data from the monitors help managers promote continual improvement by allowing them to reinforce positive driving behaviors and directly address areas for improvement.

Key Performance Metrics

Our enterprisewide safety performance was strong in 2017, with improvements in key safety metrics. The total recordable incident rate (TRIR) for our workforce — which includes employees and contractors — decreased from 0.39 in 2016 to 0.24 in 2017. This 38 percent reduction was primarily driven by a significant decrease in contractor incidents, which allowed us to surpass our target of 0.34 for the year. Working with companies whose safety philosophy aligns with ours is critical, and we have been promoting Hess' safety expectations with key contractors through implementation of our Contractor Management Standard, discussed later in this section.

Also of note, we observed a positive trend in our workforce lost time incident rate, which decreased 38 percent — from 0.13 in 2016 to 0.08 in 2017. We experienced no workforce fatalities among either employees or contractors in 2017.

We believe that tracking leading safety indicators — such as near-miss incidents that have potential high/severe consequences — is as important as tracking lagging indicators to improve safety performance. We require that information concerning near-miss

incidents be reported internally and recorded into our incident management system. Hess' enterprisewide annual incentive plan metrics include targets aimed at reducing the rates of severe safety incidents and severe environmental incidents; both rates include near-miss incidents with potential high/severe consequences.

Our revised EHS Incident Reporting and Investigation Standard, which took effect at the beginning of 2017, provides tools and procedures for classifying incidents and near misses; standardizes notification requirements and action timelines for incidents and near misses; and sets forth the appropriate investigation technique based on the severity of the incident. Tracking and reporting incidents and near misses enables us to communicate lessons learned and take actions to address at-risk behaviors and observed workplace hazards.

PROCESS SAFETY

Hess' process safety program aims to prevent unplanned or uncontrolled loss of primary containment of any material, including materials that are nontoxic and nonflammable (e.g., steam, nitrogen, compressed air), that could result in an incident such as an injury, fire, explosion, toxic release or environmental impact. Our efforts focus on understanding and identifying key points within process safety systems that could impact integrity and the safe and proper operation of equipment, as follows:

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

Our design integrity processes, which involve detailed risk analyses, have

been a key aspect of our recent and ongoing development projects, including the Stampede Project in the Gulf of Mexico; the North Malay Basin Full Field Development Project, offshore Malaysia; and the Hawkeye Gas Facility in North Dakota. These projects have applied various risk assessment and mitigation studies and tools — such as hazard and operability studies, layers-of-protection analyses, “bow tie” analyses and quantitative risk analyses — throughout the development process, as appropriate.

Key Initiatives

Across Hess operations, our approach to process safety involves identifying, managing and mitigating risks. We do this by raising awareness of risks among our workforce, providing strong safety leadership and maintaining a commitment to continuously improving our process safety procedures, systems and standards. In 2017 we completed several major efforts aimed at enhancing our practices.

For example, we concluded an enterprisewide assessment of our process safety systems. We contracted an independent third party to review and benchmark Hess' process safety organization, leadership, commitment and culture; process safety management system documentation; and process safety performance and metrics.

The assessment involved a review of documentation and interviews with leadership and relevant subject matter experts, as well as field audits at facilities in our Bakken, Denmark, Gulf of Mexico and North Malay Basin operations. The team also audited the Malaysia/Thailand Joint Development Area operated by the Carigali Hess joint venture, which operates under its own process safety organization and management system. These field audits focused, in varying

LOCAL EFFORTS: KNOWLEDGE-SHARING IN THE BAKKEN

At our Bakken asset, joint employee-contractor safety committees have become a successful aspect of our approach to safety. After convening these committees to address dropped object incidents in 2014, we expanded them to include consideration of a wide range of safety topics (e.g., energy isolation, lifting and hoisting, job safety analyses, etc.) throughout our Bakken operations. We now have three committees in the Bakken, representing the drilling and workover operations, completions, and construction and infrastructure groups. Each committee meets monthly to review key leading safety indicators and collaboratively decide how to manage opportunities for improvement.

In addition to these joint safety committees, we have a formal Bakken Safety Committee — composed of leaders from our production reliability operations, drilling and completions, and construction and infrastructure groups — that meets monthly to discuss current leading and lagging metrics and address any issues observed based on trends in the data.

Separately, we hold quarterly meetings with our key contractors to discuss topics such as our respective behavioral safety observation programs. During these sessions, we discuss trends in safety metrics and actions taken to correct unsafe behaviors and conditions.

Among Hess employees, we also convene monthly BSOP meetings to discuss observations, scores (used to gauge the quality and effectiveness of the program), behaviors (safe and unsafe) and the removal of potential obstacles to safe work.

These processes complement other safety activities in the region, such as job safety analyses, job task hazard hunts, safety stand downs and monthly communication of program metrics. As a testament to all of these activities, the Bakken Well Factory organization (i.e., well planning, construction, drilling and completions) observed no recordable incidents — as defined by the Occupational Safety and Health Administration — from February 2016 to year-end 2017.

SAFETY AND HEALTH



degrees, on the integrity and reliability of specific safety critical equipment (e.g., the inspection and maintenance of fire systems, pressure relief valves, etc.), training and competency, management of change, contractor management, emergency response, risk assessment, stop-work authority, alarm management and incident investigation, among other key topics.

The assessment was designed to identify improvement opportunities directly relevant to each asset, as well as systemic, enterprisewide opportunities. For the improvement areas identified, we reviewed alignment with current and planned future EHS initiatives. Recommendations and actions from the assessment will help inform our process safety and management system improvement programs from 2018 onward. The Carigali Hess joint venture will also utilize the assessment results to inform improvements to its process safety and management systems moving forward.

Also in 2017 we concluded a comprehensive review of mechanical integrity at our assets as part of our ongoing integrity management program.

These Asset Integrity Assessments (AIAs) involved detailed reviews of the mechanical integrity of wells, pressure equipment, piping, flow lines, injection lines, tanks, vessels and other equipment that is intended to avoid or mitigate a loss of primary containment. All Hess-operated production locations completed their AIAs by year-end 2017. We are using the results from the AIAs to augment our existing integrity risk management processes and provide us with a consistent baseline for future risk studies.

In addition, we met our goal for establishing performance standards and maintenance and test plans for all integrity critical equipment (ICE), which acts as a barrier for the occurrence of incidents through isolation, containment, prevention, detection, control, mitigation or emergency preparedness and response. The standards set specific expectations and criteria for inspections and maintenance that help to ensure each barrier is effective. By systematically establishing performance standards for individual pieces of equipment, we have enhanced the maintenance programs

previously in place for our production operations. For 2018 and beyond, we are building on this effort by formalizing our critical maintenance compliance program — that is, inspecting, testing and maintaining ICE to verify it is performing as expected and meeting the standards.

We have also substantially finished addressing actions from a series of process safety health checks, which have provided a high-level, global assessment of process safety in our production and drilling operations. We completed 99 percent of the identified actions by the end of 2017 and are now closing out the few remaining items.

A survey of existing Hess engineering standards and specifications identified 52 additional standards that could be issued to further improve process safety and operations by establishing consistent technical requirements across the enterprise. Utilizing a Lean project plan we issued 49 of these standards by the end of 2017.

Deepwater assets, which include wells at a depth of more than 1,000 feet underwater, can, in certain circumstances, present unique challenges compared to land-based wells. In particular, because offshore wells tend to operate much deeper and under greater pressure, they present specific risks related to the containment of accidental discharges. Hess currently operates offshore production facilities in the Gulf of Mexico at the Baldpate, Tubular Bells and Stampede Fields — the latter of which achieved first oil in early 2018. These assets are subject to the U.S. federal government's Safety and Environmental Management System regulations, which provide a systematic approach for identifying, managing and mitigating hazards.

Our Stampede Development Project provides a positive example of how process safety is integrated into design from the outset, helping to support strong process safety performance. On the platform, living quarters and other selected buildings are protected from fire and blast hazards, stored quantities of hazardous substances are minimized, and some chemicals are stored in the hull (instead of on the deck) with double containment to prevent leaks. In addition, pipelines and production flowlines are routed to provide maximum separation between the hydrocarbons and personnel, and are located away from marine traffic and loads lifted by cranes. The design also includes subsea isolation valves and boarding valves on the platform to protect both the facility and personnel in the event of an accidental release.

At Stampede and our other offshore operations, “barrier thinking” has been a key part of our ongoing process safety efforts. Barrier thinking involves understanding the role of barriers in relation to hazards, threats, events and consequences.

In 2017 we continued to use “bow tie” diagrams to help employees and contractors visualize threats, barriers and consequences. During the year we used bow tie models within our Gulf of Mexico organization, to test awareness of the presence, use and effectiveness of barriers (both preventative and mitigative) designed to guard against major accidents. Stampede’s bow tie models were developed and in place prior to first oil and were used to promote safe operations on the platform from day one of production. Similarly, while still our asset, Equatorial Guinea used bow tie models at the Ceiba and Okume facilities. Our South Arne and North Malay Basin assets’ bow tie project implementation is ongoing.

Key Performance Metrics

Hess collects information on process safety key performance indicators (KPIs) pursuant to the IOGP’s *Process Safety – Recommended Practice on Key Performance Indicators*, Report No. 456, November 2011. Categorized as Tier 1 and Tier 2 KPIs, these are reported at an enterprisewide level in both internal and external reports.

We continued a positive trend in our process safety performance in 2017, in line with our goal to continually reduce our number of process safety events (PSEs). We experienced seven Tier 1 events in 2017, compared to 11 in 2016. Likewise, we had 22 Tier 2 events in 2017, down from 30 in 2016.

PROCESS SAFETY EVENTS

	2015	2016	2017
Tier 1 PSE Count	21	11	7
Tier 2 PSE Count	43	30	22

Hess also tracks Tier 3 and 4 KPIs, which are leading process safety indicators primarily designed to monitor risk control systems and process safety barriers at the facility, asset or enterprise level. We use these KPIs to support continuous improvement at particular facilities or within company systems. For instance, our global drilling and completions function tracks Tier 3 KPIs specific to their operations, such as well control system performance and loss of power events. An example of a Tier 4 KPI is the implementation of performance standard tests for ICE (discussed on the previous page), which was an indicator included in the 2017 annual incentive plan bonus calculation for employees.

EMERGENCY PREPAREDNESS AND RESPONSE

Hess’ safety programs endeavor to prevent incidents from happening. At the same time, we diligently prepare to respond effectively to any emergency that may occur. We regularly participate in emergency preparedness and response drills with our contractors, ranging from notification drills to full-scale equipment mobilization exercises. In the event of an incident, Hess’ emergency preparedness and response program is designed to respond to injuries to people, spills and releases to the environment, damage to our assets and impacts to the company’s reputation — in that order of priority.

The Hess Emergency Preparedness and Response Standard, which every Hess asset is working to fully implement by year-end 2018, establishes a framework through which we can further improve the effective management of emergency preparedness and response across our assets and defines company expectations for preparedness, training, exercises and continuous improvement. Preparedness focuses on our three-tiered response organization (illustrated below), engagement with officials and communities, emergency facilities and response plans. The training and exercise component defines and clarifies roles,

HESS EMERGENCY RESPONSE ORGANIZATION



SAFETY AND HEALTH

responsibilities and resources. Continuous improvement is an essential element of the standard by which we incorporate lessons learned from incidents and exercises into our preparedness, training and exercises.

Our emergency preparedness and response efforts were put to the test in 2017 when four hurricanes struck the Gulf of Mexico. The most challenging of these was Hurricane Harvey, a Category 4 storm that made landfall in Texas on August 26. In response to this event, we activated our Gulf of Mexico Hurricane Response Plan, Hess Tower Hurricane Response Plan and Hess Tower Business Continuity Plan.

During the storm, all three tiers of our emergency response organization were activated. The Tier 1 Emergency Response Teams de-manned four facilities — three platforms and one contract drilling rig — and shut-in the wells at two facilities. Our Tier 2 Incident Management Team (IMT) set the response objectives, tracked weather updates, provided status reports and monitored logistical support. The Tier 3 Incident Support Team at Hess' operational headquarters in Houston kept the Hess Executive Committee informed and stood ready to support the IMT as necessary.

After the hurricane passed through, we focused on getting business back to normal. We were able to re-man all assets by September 1. Hess Tower in Houston closed for business until September 5, primarily to help prevent our employees and contractors from traveling through flooded water and in unsafe driving conditions. As discussed in the Social Responsibility section of this report, we formed the Hurricane Harvey Recovery Team to allow for a coordinated, holistic response to the needs of our employees and the greater Houston community. Also, our Global Supply Chain group identified and

worked with contractors impacted by the hurricane, resolving all key supply chain issues by September 29.

CONTRACTOR MANAGEMENT

We rely on contractors — who comprise nearly 70 percent of our total workforce hours — to perform key tasks in our operations. Hess' EHS management system helps us to keep contractors safe on the job.

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

Our Contractor Management Standard includes requirements for both current and potential new contractors to whom the standard applies. For example, we require compliance with the seven Hess Rules, which outline global safe work practices. We also require our U.S. onshore contractors to submit Hess-specific workhour and safety incident data for each of our asset locations. In addition, we expect our contractors to follow their own EHS programs and comply with local, state and federal requirements as well as applicable industry standards and best practices.

For potential contractors subject to the Contractor Management Standard, we continue to conduct reviews of those who are considered higher risk, due to considerations such as the number of exposure hours for the job or the nature of the work they will perform (e.g., drilling and completions or offshore work). The prequalification process may also include an on-location audit. In addition, new contractors working on Hess-controlled

worksites must take part in an enhanced onboarding process.

Our contractor management process gives contractors a letter grade based on factors such as past EHS performance and existing safety management systems. Contractors must earn a satisfactory grade. If a contractor receives an unsatisfactory grade based on EHS criteria, the asset vice president or director or a more senior Hess employee must endorse a safety improvement action plan before that contractor may be approved for procurement. If an operational situation (such as an emergency) requires the use of a contractor that has not completed the prequalification process or that has received an unsatisfactory grade, the asset vice president or director must approve the use of the contractor, and asset management must provide increased oversight.

In 2017 we began implementing our Contractor Management Standard across our international assets, and we continued our development of asset-specific procedures.

For the evaluation of marine contractors and vessels, we use our enterprisewide marine assurance framework as well as the Offshore Vessel Management and Self-Assessment program, a tool developed by the Oil Companies International Marine Forum. The program helps ensure a clearer and more consistent communication of our needs and expectations to our marine contractors and enables us to review the qualifications of marine contractors from around the world using an internationally accepted, standardized approach. Also as part of the program, we rate our marine contractors' performance and use the resulting scores to determine where improvement plans may be needed.

HEALTH AND WELLNESS

Hess strives to provide a healthy work environment for both employees and contractors. We provide annual on-site flu vaccines, first aid and cardiopulmonary resuscitation training, and health and wellness fairs for our workforce. Our health and wellness fairs bring local vendors directly to workers during business hours and provide many options for improving personal health, including meal plans developed by a nutritionist, exercise programs shared by personal trainers and outdoor events to increase physical activity.

We maintain a random drug and alcohol testing program for employees and contractors at our U.S. facilities. This effort includes the management of regulatory drug testing programs required by the U.S. Department of Transportation and U.S. Coast Guard. In early 2018 we approved a Drug and Alcohol Testing Standard, which updates and expands upon our prior Drug and Alcohol Procedure.

Over the past several years Hess has worked with the National Institute for Occupational Safety and Health (NIOSH) — a branch of the federal Centers for Disease Control and Prevention — in order to promote the organization's efforts to partner with the oil and gas industry to help ensure the industry is taking appropriate measures to keep workers safe. Through Hess' partnership with NIOSH under the National Occupational Research Agenda, we have provided support to NIOSH in its conduct of in-depth, on-site studies on occupational health and industrial hygiene topics. These studies help raise awareness among Hess employees of best practices and opportunities for improvement, in addition to leading to industrywide recommendations. For example, this collaborative effort has led to the development of

recommendations on topics such as manual tank gauging, levels of exposure to particulates and vapors during the drilling and completions process, and the effectiveness of personal protective equipment in preventing exposure to technically enhanced naturally occurring radioactive materials.

We continually seek new ways to address potential health risks that may arise for

our workforce. For example, in 2017 we completed a transition to truck-mounted Lease Automatic Custody Transfer (LACT) units. LACT units provide an automated way for employees to assess the amount and quality of oil in a tank, as manual tank gauging can potentially expose workers to harmful vapors if not performed properly. LACT units are now used at various locations throughout our Bakken and Utica assets.



Production Operations, North Dakota



Midstream Control Room, North Dakota

OUR PEOPLE

Our employees are critical to Hess' success. We seek to maintain a company culture that emphasizes leadership, continuous learning, employee engagement and diversity and inclusion.

In line with our strategy to deliver significant long-term value to shareholders, we divested our interests in assets in West Texas, Equatorial Guinea and Norway in 2017 in order to focus the company's portfolio and allocate capital to our higher-return assets. As a result, we had to make some difficult choices about continuing to reduce our workforce in line with Hess' portfolio going forward. Our decisions were grounded in the Hess Values, with a focus on long-term sustainability and growth without compromising our focus on safety. The company's restructuring and associated staff reductions took place in January 2018 and will not be reflected in our employee totals until next year's sustainability report.

EMPLOYEE DEMOGRAPHICS

Hess began last year with 2,304 employees, and as of December 31, 2017, we had 2,075 employees. At year's end, approximately 85 percent of employees were located in the U.S. and 15 percent were in international locations.

2017 EMPLOYEES BY REGION		
Americas	1,770	85%
Asia-Pacific	156	8%
Europe	124	6%
Africa	25	1%

EMPLOYEES IN TRANSITION

Employees who were not retained through the company's restructuring in 2017 and early 2018 were offered severance packages to help ease their transitions. The company also provided outplacement services to support them with resume preparation, interview skills and job search strategies as they launched their search

for new employment. This approach is consistent with Hess' values, which include treating people with fairness, honesty and respect.

DIVERSITY AND INCLUSION

Hess is committed to diversity and equal employment opportunities for all employees and job candidates regardless of race, color, gender, age, sexual orientation, gender identity, creed, national origin, genetic information, disability, veteran status or any other protected status in recruitment, hiring, compensation, promotion, training, assignment of work, performance evaluation and all other aspects of employment.

We do not tolerate any form of workplace harassment, including sexual harassment. We reinforce these expectations through our Code of Conduct, our Equal Employment Opportunity and Harassment-Free Workplace Policies and training (for U.S.-based managers), other human resources policies and our Human Rights and Social Responsibility Policies.

In 2017 we created the Hess Inclusion and Diversity Council to provide executive leadership and direction to our inclusion and diversity initiatives. The council develops strategies that align with our overall business objectives and measures progress on the strategies' implementation throughout the organization. Last year the

group focused on better alignment of Hess policies and practices, with the ultimate goals of attracting the best available talent and more fully utilizing the potential and contributions of all employees. Through this effort we aim to better engage employees from across the organization to foster the innovation that often comes from different ideas and experiences.

Also in 2017 we continued our diversity outreach efforts with organizations that advocate for minorities, women, veterans and the disabled, including the National Business & Disability Council at the Viscardi Center, the National Diversity Council, the U.S. Business Leadership Network, the National Action Council for Minorities in Engineering, the Women's Energy Network, the Society of Women Engineers and the Veteran Jobs Mission. We also continue to support additional membership-based organizations that promote a diversity of expression and thought.

Our proportion of women and U.S. minority employees, as defined by the U.S. Department of Labor, remained relatively flat in 2017 compared to 2016. We are committed to fostering the professional growth of women and minorities throughout Hess. As an example, Women Inspiring Success and Excellence (WISE) — an internal networking group formed

JOB CATEGORY	WOMEN (U.S. AND INTERNATIONAL)			MINORITIES (U.S.-BASED EMPLOYEES)		
	Total Employees in Job Category	Number of Women	Percent Women	Total Employees in Job Category	Number of Minorities	Percent Minorities
Executives and Senior Officers	42	5	12%	37	4	11%
First and Mid-Level Managers	477	96	20%	382	73	19%
Professionals	1,103	365	33%	937	245	26%
Other	453	105	23%	399	74	19%
Total	2,075	571	28%	1,755	396	23%

*As defined by the U.S. Department of Labor

OUR PEOPLE

in 2015 at our operational headquarters in Houston — has a vision to “help promote and cultivate leadership skills, business practices, career opportunities and personal contacts for women.” WISE expanded to include a chapter in North Dakota in 2017 and has grown to more than 270 members companywide. The group held monthly lunch meetings, and its members attended external conferences and networking events in the Houston area throughout the year.

In keeping with our aim to foster diversity and cultivate leadership, we employ a high number of local nationals in our international operations and report publicly where the number of employees is 100 or more. Overall the percentage of local nationals, as well as the proportion of nationals holding managerial or professional positions, has increased significantly at our international operations over the past five years. In particular, the percentage of local nationals increased from 83 to 99 percent in Denmark and from 72 to 92 percent in Malaysia during this period.

TALENT MANAGEMENT

Hess’ comprehensive talent management process helps enable our employees to develop the skills they need to perform their current jobs and to take on more responsibility as their careers progress. It also enables the company to develop succession and hiring plans and develop talent in support of Hess’ strategic goals.

CareerManager, our integrated human resources system, provides a common platform for Individual Development Plans (IDPs), objective setting and performance evaluations. We encourage every employee to prepare an IDP as a roadmap for setting and achieving career goals, developing capabilities and maximizing career opportunities.

In 2017 we implemented additional succession-planning functionality to the system to further enhance the availability of talent data, assessments and career-planning tools. These improvements give us the ability to analyze critical information about our organizational capabilities and bench strength. In 2018 we will drive the usage of our talent tools deeper into the organization to provide additional guidance and resources to employees to support their individual career development.

We regularly seek out opportunities for continuous improvement in our talent management practices. In 2017, for example, we convened a project team to streamline and further integrate our performance, compensation and talent management practices to better enable us to reward and retain our critical talent.

Integrating Lean as a Way of Working

In 2017 we advanced our goal of establishing a distinctive Lean culture across the company. Notably, we developed and launched a new Lean-based behavioral model we call the Hess Way of Working, which represents an evolution in our leadership model and also builds on the Hess Values. The Hess Way of Working outlines multiple expectations for employee and leadership behavior, organized into three categories: people, direction and results. In the people category, as one example, the model states that we expect leaders to focus on the needs of others before they consider their own. To support this new model, we introduced compulsory, computer-based training for all employees, to set Lean expectations and introduce core Lean skills that employees can apply immediately in their own work. Going forward, we will use this model to assess the annual performance of every employee.

In addition to launching the Hess Way of Working, we have embedded Lean

in our operations by continuing to train select employees to teach Lean and apply its concepts and tools to specific improvement projects in their work areas. We also assigned our most experienced Lean practitioners to facilitate a number of high-value enterprise projects. Hess will continue to build on these efforts moving forward.

Learning and Development

Our enterprisewide learning management system — CareerManager Learning — houses a variety of computer-based training modules and supporting materials for instructor-led courses. It also tracks and records employee training and measures training effectiveness through surveys and evaluations.

In 2017 we piloted a new learning program focused on professional development. The training covered topics such as delivering presentations, improving individual productivity and project management. We also continued to offer focused training for employees who are new to supervisory roles. Program topics in this course include setting performance expectations, motivating team members, providing effective feedback and more.

Throughout the year, individual operating and support functions within Hess encouraged knowledge-sharing through “lunch and learns” and other informal gatherings. Employees also took part in professional development opportunities, including engagement with trade associations, attendance at conferences and enrollment in external courses.

New Hires and Early-Career Programs

Employees new to Hess benefit from our onboarding and orientation program, Passport to Hess. This year-long program is designed to facilitate a smooth assimilation into the company through close interaction between supervisors and

new employees. The experience begins with access to a pre-hire portal that enables new employees to learn about their work location prior to their first day on the job. After beginning their jobs at Hess, employees can access a structured, on-demand learning program that explains our culture and values. In addition, supervisors receive tools and coaching to guide them in helping a new hire successfully integrate into a work team. The Passport to Hess program intersects with our employee engagement activities (discussed at right) to help new hires get to know our senior leadership.

In 2017 we launched an early-career development program for engineers in our Drilling and Completions function. The program is designed to help these individuals develop the skills and proficiencies needed to succeed in their current and future jobs.

Early-career engineers and geoscientists can also take part in our Foundation Program, which helps prepare them for their careers through focused training, mentoring and on-the-job assignments. The Foundation Program maintains relationships with universities that align with our values, standards and business operations. As a part of our commitment to education in the engineering and geosciences fields, Hess leaders serve as members of the academic advisory committees of some of these universities.

BENEFITS

Hess provided more than \$112 million in benefits to our U.S. employees in 2017. During the year, we also updated some of our benefit offerings as part of a long-term strategy to provide better service for employees. In particular, we introduced new short-term disability, maternity and sick leave policies. We simplified the administration of our benefits and health and welfare programs by changing our

vendors that provide these services, and we moved our savings and pension plans to the same financial firm that administers our employee stock ownership programs.

EMPLOYEE ENGAGEMENT

Hess regularly shares information with and solicits feedback from employees about our business performance and processes. We use a range of engagement tools, including one-on-one and small-group discussions, focus groups and town hall meetings and webcasts. We also utilize the company intranet, digital signage at our major locations and feedback surveys to share information and connect with employees in a timely and meaningful manner.

As an example, our Chief Executive Officer and Chief Operating Officer continue to host small-group sessions, called Leadership Dialogues, to discuss enterprise opportunities and challenges. In 2017 Hess convened 24 Leadership Dialogue sessions, reaching more than 400 employees at our Houston operational headquarters. Additional sessions were held at our regional offices in North Dakota, Denmark, Norway and

Malaysia, where we connected with another 400 employees.

We also held three global town hall meetings in 2017. The town halls were webcast to all company locations and sought to communicate business updates, reinforce strategy and values and answer questions. Each meeting was followed by a pulse survey to solicit feedback on key company issues and measure the meeting's effectiveness.

Our employees continue to participate in volunteer activities that demonstrate the Hess Value of Social Responsibility. All told, the data we gathered for 2017 show that our employees volunteered approximately 6,700 hours during the year. We are especially proud of their efforts to help the Houston community in the aftermath of Hurricane Harvey, as described below. Employees also raised funds during the year through activities such as the MS 150 bike ride and the Easter Seals Walk. In May, we held a volunteer fair at our Houston operational headquarters where a dozen nonprofit groups set up tables and talked to employees about volunteer needs and opportunities.

RESPONDING TO HURRICANE HARVEY

When Hurricane Harvey hit Houston in August 2017, Hess joined first responders, city officials and neighbors in responding to the disaster and providing relief — including sending money, preparing meals, providing transportation and starting the process of rebuilding.

Through Hess' Hurricane Harvey Recovery Team, we created a Qualified Disaster Relief Plan to provide recovery assistance to employees who were personally impacted by the storm. The plan included four formal assistance programs: cash disaster relief, temporary accommodations, transportation and loans. Sixty-six employees received assistance through these programs.

To provide employees enough time to volunteer if they wished, Hess developed and announced guidance for Harvey-related volunteering that included paid time off for up to two days per month through year-end 2017. In total, Hess employees volunteered about 1,290 hours of time in 2017 related to Hurricane Harvey response and recovery, including at local nonprofits such as the Avenue Community Development Corporation and the Houston Food Bank.

Hess employees were also generous with donations, contributing \$143,000 to the American Red Cross and Hurricane Harvey Relief Fund. In addition, our annual United Way campaign was accelerated and received a total employee contribution of \$170,000. With the employer match, Hess' and our employees' total contribution to these three organizations (not including Hess' separate \$1 million gift to the Hurricane Harvey Relief Fund) was \$645,000.



Tioga Gas Plant, North Dakota

CLIMATE CHANGE AND ENERGY

Climate change is a global challenge that requires government, business leaders and civil society to work together on cost-effective policy responses that recognize the vital role safe, affordable and reliable energy plays in ensuring human welfare, economic growth and security.

Oil and gas are essential to meet the world's growing energy demand, and we are committed to developing these resources in an environmentally responsible and sustainable manner. Our environment, health, safety and social responsibility (EHS & SR) strategy incorporates climate change into our risk management process and addresses

actions we can undertake to control and reduce our carbon footprint.

Hess will continue to take cost-effective, appropriate steps to monitor, measure and reduce emissions through the following actions:

- Setting targets to reduce the carbon intensity of our operations
- Accounting for the cost of carbon in significant new investments
- Applying innovation and efficiency to reduce energy use, waste and emissions across our operations

EXTERNAL ENGAGEMENT

We engage with key stakeholders — including government agencies, private landowners and communities — on select issues, including climate change-related issues, and we will continue to communicate our performance on these topics in our annual sustainability report and the sustainability section of our company website (hess.com/sustainability).

Hess is an active member of IPIECA on sustainable development issues such as climate change, biodiversity impacts and access to energy — issues that are too complex for individual companies

ALIGNMENT WITH THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

In June 2017, the Task Force on Climate-Related Financial Disclosures (TCFD), an outgrowth of the G20 Financial Stability Board, issued its final recommendations on how the financial sector should take account of climate-related issues. The TCFD structured its recommendations around the four core elements of how an organization operates: governance, strategy, risk management, and metrics and targets.

We believe that our strategy is aligned with the TCFD recommendations to evaluate the potential impacts of climate change-related risks and opportunities on our organization's businesses, strategy and financial planning.

The table below highlights the TCFD's four core elements and the actions Hess is taking or will take to integrate these elements into the way we do business.

TCFD FRAMEWORK: CORE ELEMENTS	HESS EHS & SR STRATEGY: CLIMATE CHANGE ACTIONS	DISCUSSION (PAGE #)
Governance	<ul style="list-style-type: none"> ■ Maintain the EHS Subcommittee of the Board of Directors, which oversees our climate change strategy and other EHS matters ■ Continue to have a climate change subject matter expert brief the Board of Directors, to help ensure they are climate change literate and that climate change-related risks are considered in the development of company strategies and policies 	3, 11
Strategy	<ul style="list-style-type: none"> ■ Maintain a Climate Change Position (Policy) Statement ■ Continue to take proactive steps to measure, manage and mitigate emissions; set targets to reduce greenhouse gas (GHG) emissions, methane and flaring ■ Continue environmental, social and governance disclosures, such as our annual sustainability report and the CDP Climate Change survey ■ Purchase renewable energy credits and carbon offsets to mitigate a portion of annual emissions totals 	37, 41-45
Risk Management	<ul style="list-style-type: none"> ■ Utilize an enhanced enterprise risk management (ERM) process to manage climate change-related risk ■ Screen new projects to balance risk and return on investment ■ Factor carbon pricing of \$40 per tonne into significant new project evaluations ■ Continue to publish a carbon asset risk analysis (first published in Hess' 2013 Sustainability Report) that evaluates the most ambitious GHG reduction scenarios from the International Energy Agency ■ Plan a carbon asset risk scenario planning exercise for execution during the 2018-2019 timeframe 	12, 38-40
Metrics and Targets	<ul style="list-style-type: none"> ■ Continue to track progress against Hess' three global targets that align with the TCFD's considerations for target-setting; i.e., whether the target is absolute or intensity, timeframes over which the target applies, base year against which progress is measured, and key performance indicators used to assess progress against targets 	41-45

CLIMATE CHANGE AND ENERGY



screened to verify they meet or exceed established threshold return-on-investment criteria to balance risk and return and meet Hess' capital discipline philosophy.

In addition, we actively evaluate viability for significant projects based on potential future carbon constraints. We apply a theoretical carbon price of \$40 per tonne of carbon dioxide — based on the U.S. Environmental Protection Agency (EPA) estimate (under the Obama Administration) of the social cost of carbon — in economic evaluations for significant new projects. Factoring carbon dioxide prices into our valuation process enables us to evaluate project viability based on differing ranges of potential future carbon constraints.

to tackle alone. IPIECA represents its members by engaging with stakeholders and governments on climate change-related topics. It enables collaborative work with stakeholders and governments by promoting an understanding of the key role the oil and gas industry should play in providing innovation, global reach, knowledge and technical expertise to help develop and implement feasible future energy solutions.

Hess has consistently been recognized as a leader in the oil and gas industry for our disclosure and transparency relating to sustainability, and we remain committed to our goal of top-quartile performance in this regard. In addition to preparing this sustainability report in accordance with the Global Reporting Initiative's Standards at the Core reporting level, we participate in a number of voluntary initiatives related to climate change disclosure. In 2017 we were recognized on the prestigious CDP Global Climate List as a leader in addressing climate change-related risks and opportunities. Hess earned leadership

status, the highest category, for the ninth consecutive year and was among the top-ranking energy producers on the list.

Also, for the eighth consecutive year we were included in the Dow Jones Sustainability Index North America, which highlights public companies with outstanding performance across economic, environmental and social factors, including those related to climate change.



Access our latest CDP Climate Change response at hess.com/sustainability/climate-change-energy

RISK MANAGEMENT

Through our ERM process we have developed risk profiles for each of our assets that capture key risks identified — including those related to climate change. For each risk scenario, we estimate the likelihood and potential impact that these risks could have on our business. We compile all risks we identify as critical on an integrated risk register that catalogs actions for managing or mitigating each risk. All new significant projects are rigorously

Hess has a physical risk management framework in place that includes severe weather management plans and procedures, and we utilize business continuity plans that address severe weather events. We maintain insurance coverage for physical damage to our property. The amount of insurance covering physical damage is based on the asset's estimated replacement value or the estimated loss.

As part of our ERM process, each Hess asset maintains an emergency response plan that details procedures for potential emergency scenarios. In addition to our own experts, Hess has established strategic relationships with third-party specialists who are experienced in emergency response and crisis management. We also have regional and worldwide mutual aid agreements and relationships with emergency response organizations that have strategically positioned equipment and personnel to supplement and support our response efforts. See the Environment section for a listing of these organizations.

CARBON ASSET RISK ASSESSMENT

Our stakeholders have expressed an interest in understanding how Hess' oil and gas portfolio might be impacted by a transition to a lower-carbon economy. In particular, a select group of stakeholders and investors has raised concerns that energy companies may be overvalued in a future carbon-constrained world because these companies may not be able to produce a portion of their reserves and, hence, these reserves will be "stranded."

Since 2013, in our annual sustainability report, Hess has been providing an assessment of our company's view on climate change-related risks and opportunities that might result from a potential transition to a lower-carbon economy. In order to evaluate any potential exposure to our portfolio in a lower-carbon environment, we first consider the long-range outlook for energy supply and demand. Hess uses the International Energy Agency (IEA) *World Energy Outlook 2017* to examine various supply and demand scenarios through 2040 (see www.iea.org/weo2017/). The *World Energy Outlook 2017* contains three main scenarios, as follows:

- **Current Policies** - the business-as-usual case
- **New Policies** - incorporates existing energy policy as well as an assessment of the results likely to stem from the implementation of announced policy intentions (chiefly the Nationally Determined Contributions — i.e., the emission reductions agreed to by individual countries under the Paris Accord)
- **Sustainable Development** - reflects a pathway to achieving key energy-related components of the United Nations Sustainable Development Agenda, including universal access to modern energy by 2030, urgent action to tackle climate change and measures to improve poor air quality

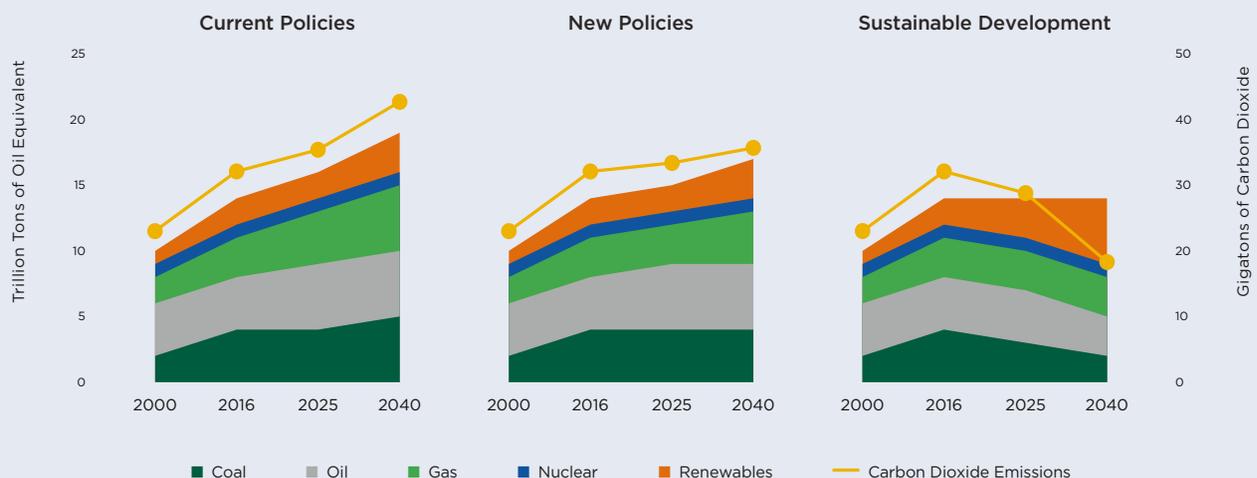
The charts below show world energy demand and carbon dioxide emissions under the IEA's three main scenarios.

Hess' focus is on the New Policies scenario, which we, along with the IEA, view as the most likely environment in which we will operate. While the Sustainable Development scenario would be extremely challenging to achieve, as discussed in more detail below, we also consider that scenario in examining potential risks and opportunities associated with our oil and gas portfolio in a low-carbon environment.

In the New Policies scenario, worldwide energy use will grow approximately 28 percent between 2016 and 2040. In this scenario, energy demand for oil and gas is projected to grow by 24 percent during the same period and account for 52 percent of the energy mix in 2040, down slightly from 54 percent today.

According to the IEA, in this New Policies scenario, the oil and gas sector requires cumulative investment of some \$21 trillion between 2017 and 2040, three-quarters of which is in the upstream sector. Upstream capital spending needs to average around \$640 billion every year to avoid potential mismatches between supply and demand. This figure takes into account the need to meet growing oil and gas demand while compensating for underlying declines in existing sources of production. Annual investment in the upstream sector alone under this scenario needs to increase from \$435 billion in 2016 to about \$535 billion per year through 2025 and then to \$710 billion per year through 2040 to balance oil and gas supply and demand. This would represent a 25 percent per year increase from current investment levels through 2025 and a 60 percent increase from current investment levels from 2025 through 2040.

World Primary Energy Demand by Fuel, and Energy-Related Carbon Dioxide Emissions, by IEA Scenario



CLIMATE CHANGE AND ENERGY

CARBON ASSET RISK ASSESSMENT CONTINUED

The IEA states that “the impact of the near-record lows of new conventional oil projects receiving approval in recent years has yet to be fully seen” and stresses the dangers of a possible shortage of supply in the future (*World Energy Outlook 2017*, p. 155).

Even in the Sustainable Development scenario (which is consistent with a 50 percent chance of limiting the concentration of carbon dioxide in the atmosphere to around 450 parts per million), worldwide energy use is projected to grow by 2 percent through 2040 and oil and gas is expected to account for 48 percent of the energy mix in 2040, down slightly from 54 percent today.

The IEA has indicated that the challenges of achieving the Sustainable Development scenario are substantial, requiring a major reallocation of energy-sector investment capital. The IEA states that “even in the carbon-constrained world of the Sustainable Development scenario, upstream oil and gas investment remains a major component of a secure energy system” (*World Energy Outlook 2017*, pp. 27–30). Therefore, Hess has no reason to assume widespread stranding of upstream assets.

Furthermore, according to IHS Energy’s September 2014 report *Deflating the Carbon Bubble*, the intrinsic value of an oil and gas company is based primarily on its proved reserves, 90 percent of which are expected to be monetized during the next 10 to 15 years. According to IHS Energy, the stranded asset theory underestimates the realities of the projected growing demand for hydrocarbon resources through 2040 as well as how the categorization and timing of reserve development contribute to the market valuation of a company.

By using an extremely broad definition of proved reserves, stranded asset proponents misstate how reserves contribute to market valuation. The Securities and Exchange Commission defines “proved reserves” as those quantities of oil and natural gas that, by analysis of geoscience and engineering data, can within reasonable certainty be estimated to be economically

produced from a given date forward, from known reservoirs and under existing economic conditions, operating methods and government regulations.

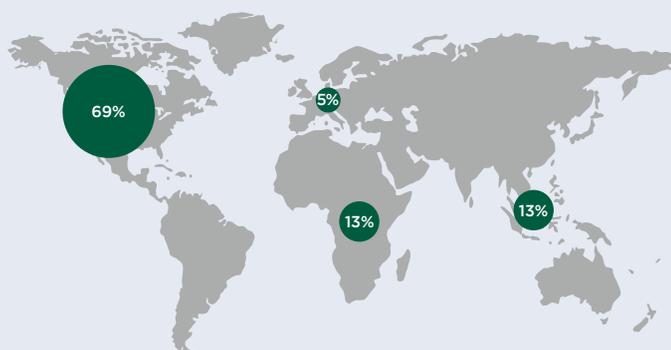
Stranded asset advocates argue that extractive companies will be left with stranded reserves over the next 30 to 40 years, thus undercutting valuations. According to IHS Energy, while proved reserves on average account for only 24 percent of the resource base by volume, they account for 84 percent of the 2014 resource base that drives a company’s total valuation. Therefore, reserves that are expected to be produced beyond a 15-year time horizon appear to have limited impact on a company’s valuation.

The stranded asset theory also assumes that coal, oil and natural gas are equally vulnerable to climate policies restricting energy sources, without considering the differences in carbon intensities. Coal is the most carbon-intensive energy source, with a significantly larger carbon footprint than natural gas. As a result, coal is most likely to experience demand degradation in a carbon-constrained economy, while the production of less carbon intensive natural gas is being promoted as part of the transition to a lower-carbon environment.

Based on the IHS study and the IEA positions cited in this section, Hess believes there is a high likelihood our reserves will be monetized and that markets are currently valuing our carbon assets rationally. However, in order to further evaluate any potential climate change-related risks and opportunities associated with Hess’ portfolio, senior management has approved a carbon asset risk scenario planning exercise to test the resilience of our portfolio against the IEA’s main scenarios. This exercise will establish a range of energy supply, demand, oil price and emissions estimates that are projected to prevail under different publicly available, long-term scenarios for environmental policy and market conditions. We anticipate this exercise will allow us to qualitatively assess any areas of potential stress on Hess’ portfolio in a lower-carbon environment. We expect to conduct this scenario planning exercise in 2018 and publish the results in 2019.

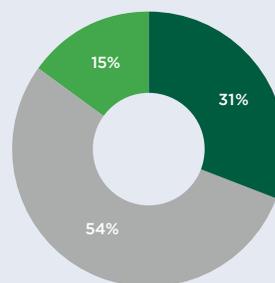
2017 Hess Proved Reserves by Region*

1,154 Million Barrels of Oil Equivalent



*Hess’ proved reserves consist of 72 percent liquids (light and medium crude oils, condensate and natural gas liquids) and 28 percent natural gas.

2017 Hess Proved Reserves by Resource Type*



■ Conventional (Including Acid Gas)
 ■ Unconventional
 ■ Deepwater

*Deepwater is a conventional resource, but it is shown separately here to provide more clarity on our reserve base. Deepwater refers to reserves found below 1,000 feet of water depth.

METRICS AND TARGETS

As part of Hess' climate change strategy, we established three targets aligned with the TCFD's criteria for target-setting. We have committed to:

- Reduce our GHG emissions intensity by 25 percent for our 2014 portfolio of operated assets, by 2020 (versus a 2014 emissions baseline)
- Reduce our flaring emissions intensity by 50 percent for our 2014 portfolio of operated assets, by 2020 (versus a 2014 emissions baseline)
- Lower methane emissions to less than 1 percent of gross methane production across the U.S. natural gas value chain by 2025

During the second half of 2017, Hess divested several assets, including our interests in Equatorial Guinea and enhanced oil recovery assets in the Permian Basin in West Texas. These divestitures may impact our 2020 flaring and GHG intensity reduction targets, which were established in 2014 with an emissions baseline that included these now-divested assets. In 2018 we plan to restate our 2014 baseline and evaluate the potential impact of these divestitures on our current targets. If necessary, we will adjust these targets and present revised targets in our next sustainability report. It is not anticipated that our methane emissions reduction target, which relates to U.S. assets, will be impacted by these divestitures.

Our performance against our three established targets is detailed in the next section.

GREENHOUSE GAS PERFORMANCE

We report GHG emissions from our oil and gas assets on both operated and equity bases. Our GHG emissions estimates include carbon dioxide, methane and

nitrous oxide — reported in units of carbon dioxide equivalent (CO₂e). In 2014 Hess began using global warming potentials based on the values in the *Fourth Assessment Report: Climate Change 2007 (AR-4)*, prepared by the Intergovernmental Panel on Climate Change, to estimate CO₂e totals. GHG data from 2013 and prior have not been restated, because the impact on historical values was not material (about 1 percent).

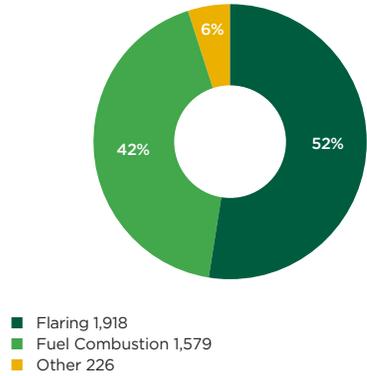
Approximately 94 percent of Hess' direct (Scope 1) operated GHG emissions are from stationary combustion sources such as flaring, heaters, turbines and engines. The factors used to estimate emissions for these sources enterprisewide are those prescribed by the U.S. EPA in its GHG Mandatory Reporting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

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

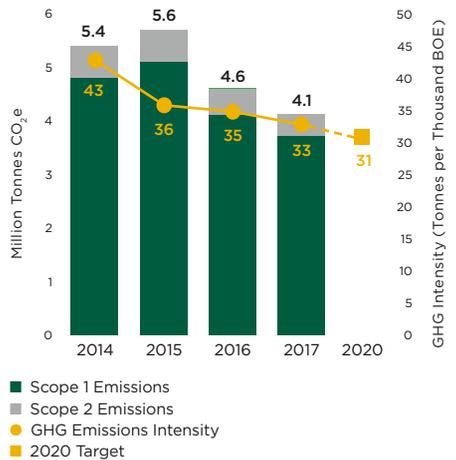
Operated Emissions (Scopes 1 and 2)

In 2017, of the estimated 4.1 million tonnes of gross GHG emissions from our operated oil and gas assets, 3.7 million tonnes were Scope 1 emissions, primarily from flaring and fuel combustion, and approximately 0.4 million tonnes were Scope 2 emissions, from purchased electricity. Process operations (primarily

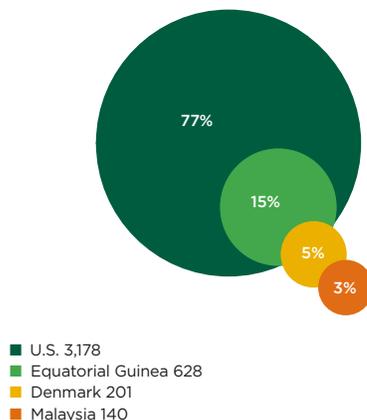
2017 Operated Scope 1 Greenhouse Gas Emissions by Source
Thousand Tonnes CO₂e



Operated Greenhouse Gas Emissions (Scopes 1 and 2)

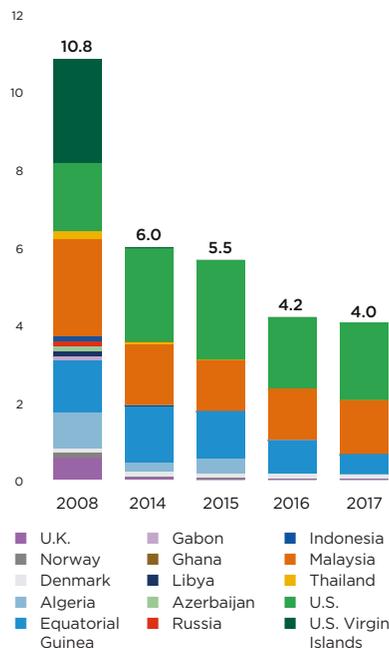


2017 Operated Greenhouse Gas Emissions by Country (Scopes 1 and 2)
Thousand Tonnes CO₂e



CLIMATE CHANGE AND ENERGY

Equity Greenhouse Gas Emissions by Country
Million Tonnes CO₂e



fuel combustion) and flaring accounted for 42 percent and 52 percent of our Scope 1 GHG emissions, respectively.

In 2017 our absolute GHG emissions decreased by 0.5 million tonnes compared to 2016, due primarily to reduced flaring in Equatorial Guinea related to a decline in production.

Our GHG emissions intensity (i.e., tonnes of emissions per thousand barrels of oil equivalent (BOE)) decreased by 23 percent in 2017 versus our 2014 baseline. This cumulative improvement brings us close to achieving our 25 percent emissions intensity reduction target for 2020.

Equity Emissions (Scopes 1 and 2)

Since 2007 Hess has tracked GHG emissions from our operated and nonoperated oil and gas assets based on our equity interest. Between 2008 and 2017, we reduced our absolute equity GHG emissions by over 6 million tonnes, achieving a GHG emissions intensity of 37.5 tonnes per thousand BOE, primarily through a combination of improving operating practices, selling assets and shutting down refinery operations.

Our major source of emissions from nonoperated oil and gas assets in 2017 was the Malaysia/Thailand Joint Development Area. Our equity emissions from this asset were approximately 1.3 million tonnes. Major sources of emissions from operated assets in 2017 included those from the Equatorial Guinea production asset and the Seminole Gas Plant (both now sold), as well as the North Dakota production asset and the Tioga Gas Plant, which altogether accounted for an estimated 2.1 million tonnes of equity emissions. Our other operated and nonoperated assets made up the balance of equity emissions at an estimated 0.6 million tonnes.

Scope 3 Emissions

Scope 3 GHG emissions are those generated from corporate value chain activities that are not accounted for and reported in our Scope 1 and Scope 2 emissions. To assess our Scope 3 emissions, we use the Petroleum Industry Guidance for Corporate Value Chain Accounting methodology.

The Petroleum Industry Guidance is based on the World Resources Institute's and the World Business Council for Sustainable Development's GHG Protocol Scope 3 standard, which includes 15 categories of Scope 3 emissions. Only two of the Scope 3 emissions categories — Use of Products (emissions generated from our natural gas sales) and Processing of Sold Products (emissions generated from energy used to refine petroleum products) — are material to Hess.

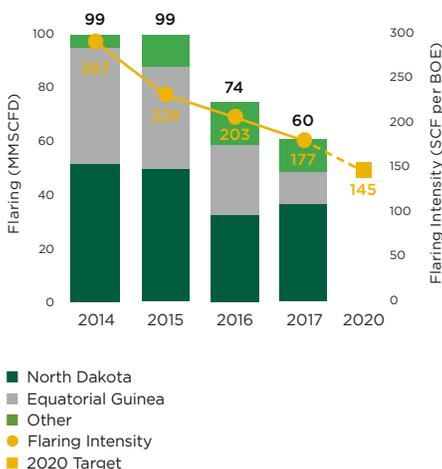
The table at left details our Scope 3 emissions. In 2017 we sold 503 million standard cubic feet per day (MMSCFD) of natural gas which, when burned by customers, accounted for an estimated 10.0 million tonnes of GHG emissions. We sold 182 thousand barrels per day (MBPD) of crude oil, which, when processed by refiners, accounted for another 3.1 million tonnes of GHG emissions, for an estimated total of 13.1 million tonnes of Scope 3 emissions.

Although not material, we also track and report emissions associated with employee business travel. Combined emissions from employee business travel via commercial air carrier and rail in 2017 were about 4,600 tonnes of CO₂e, down 14 percent compared to last year, representing a continued effort by management to limit employee travel. As an element of our EHS & SR strategy, we have purchased carbon credits annually

2017 SCOPE 3 EMISSIONS
MILLION TONNES CO₂e

Use of Sold Products	10.0
Processing of Sold Products	3.1
Total	13.1

Hess Flaring Rates



since 2010 to offset at least 100 percent of business travel emissions. In 2017 we purchased 5,300 tonnes of carbon credits from First Climate Markets AG, for the retirement of offsets related to a landfill gas recovery project in Nebraska. This contribution more than offset the GHG emissions we estimate were generated from employee business travel.

EMISSION REDUCTION INITIATIVES

In support of our GHG emission and flaring intensity reduction targets, we track and monitor air emissions at each of our assets and undertake a variety of emission reduction initiatives. Our efforts focus on our largest emitting facilities and on opportunities that are technically and economically feasible and where we are able to achieve stakeholder approval. In 2017 ongoing reduced oil and natural gas production related to the continued low price of oil again presented us with a reduced pool of emission reduction opportunities. We have, however, been able to continue achieving emission reductions through a number of ongoing programs.

Flaring

In 2017 flaring from Hess-operated assets — which totaled 60 MMSCFD — was down 18 percent compared to 2016. On an intensity basis, we continued to make progress toward our 50 percent reduction target by reducing our cumulative flaring intensity by 38 percent through 2017, compared to our 2014 baseline. We expect to continue to make progress as a result of major stakeholder-approved initiatives in our Bakken asset in North Dakota.

Over \$2.6 billion has been invested in midstream infrastructure in North Dakota between 2012 and 2017 to capture and monetize natural gas produced from our operations and minimize flaring. The

processing capacity of the Tioga Gas Plant — 250 MMSCFD of natural gas and 2.5 million gallons per day of liquids — is helping us to achieve our reduction target by processing gas that was previously flared upstream. In addition, the new Hawkeye Gas Facility is operating as designed and is resulting in significantly reduced flaring in the region.

We anticipate that expansion of the Bakken midstream gas gathering infrastructure, including additional gas compression facilities and natural gas liquids (NGLs) and gas gathering lines, will continue into 2018. These midstream infrastructure projects will leave Hess well positioned to reduce flaring by 2020 in line with our target.

Natural Gas Capture

Using technology developed through our partnership with GTUIT — a designer, manufacturer and operator of well site natural gas capture and NGL extraction equipment — we are recovering high-BTU (British thermal unit) gas from locations in North Dakota that were previously flaring

this raw, rich 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 2017 we operated 15 of these mobile units, allowing us to capture 7 million gallons of NGLs. As a result, we avoided more than 470 MMSCF of gas flaring, reduced CO₂e emissions by an estimated 43,600 tonnes and saved about 14,200 tonnes of volatile organic compounds (VOCs) from entering the atmosphere. We are planning to install additional mobile units in 2018, increasing our capacity by 4 MMSCFD. This project provides 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.



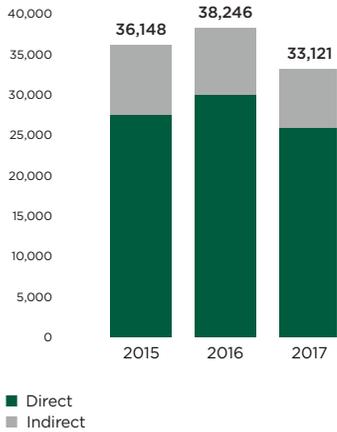
See additional examples of emission reduction initiatives at [hess.com/sustainability/climate-change-energy/emission-reduction-initiatives](https://www.hess.com/sustainability/climate-change-energy/emission-reduction-initiatives)



Midstream Operations, North Dakota

CLIMATE CHANGE AND ENERGY

Energy Use
Thousand Gigajoules

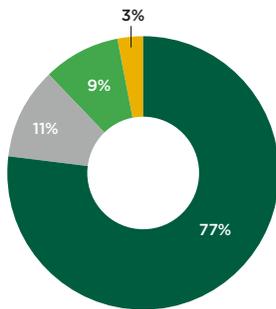


ENERGY USE

Reducing our energy use has the dual benefit of lowering costs and GHG emissions, and it is a central focus of both our EHS & SR strategy and our Lean approach to managing the business. We generate and purchase energy primarily for power, processing, heating and cooling. In 2017 energy consumption from Hess-operated assets was approximately 33 million gigajoules (GJ), 13 percent lower than in 2016. Seventy-eight percent of Hess' energy use was directly generated from our operations, primarily at the Seminole and Tioga gas processing plants and at our production facilities in North Dakota, Denmark, Equatorial Guinea and the Gulf of Mexico. The remaining 22 percent was indirect energy (energy used by utilities to provide net purchased electricity) purchased for the West Texas and North Dakota production operations and the Seminole and Tioga gas processing plants.

In 2017 our U.S. operations accounted for all of our purchased electricity — approximately 790,000 megawatt hours (MWh), or a 12 percent reduction from last year. This reduction is mainly attributable to the sale of our interests in the Permian Basin, including the Seminole Gas Plant. Based on U.S. electricity generation profiles, we estimate that approximately 19 percent of this electricity was generated from renewable sources, primarily wind power. We also support renewable energy through the purchase of renewable energy certificates (RECs) equivalent to at least 10 percent of the net electricity used in our operations. In 2017 we purchased 90,000 Green-e Energy certified RECs for wind power, equivalent to 90,000 MWh or about 11 percent of the electricity purchased for our operated exploration and production assets. In total, including the RECs, approximately 30 percent of our indirect energy use came from renewable sources.

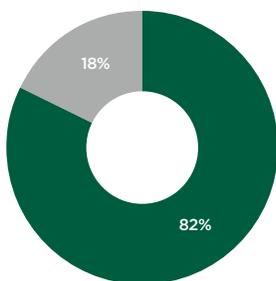
2017 Energy Use by Country
Thousand Gigajoules



- U.S. 25,387
- Equatorial Guinea 3,656
- Denmark 3,092
- Malaysia 986

See more detail on our purchased electricity use at hess.com/sustainability/climate-change-energy/energy-use

2017 Direct Energy Use by Fuel Source
Thousand Gigajoules



- Natural Gas 21,248
- Diesel 4,584



Production Operations, North Dakota

MANAGING METHANE EMISSIONS

The advancement in shale energy technology in recent years has resulted in an increased supply of abundant, low-cost natural gas. The clean-burning characteristics of natural gas can play a critical role in the transition toward a low-carbon economy. Although natural gas burns cleaner than other fuels, there is considerable debate about fugitive methane leakage along the natural gas value chain, which may have the potential to reduce its climate benefits.

Stakeholder interest in this issue has continued in recent years, and in 2016 the U.S. EPA and the Bureau of Land Management finalized several regulations aimed at controlling fugitive methane and VOC emissions. However, those regulations are now subject to administrative reconsideration as well as litigation challenges. Industry maintains that these regulations are largely unnecessary, as methane emissions have decreased at a time of growth in natural gas production and because it is in industry's best interest to monetize gas to generate additional revenue.

One element of our EHS & SR strategy has been to pursue voluntary reductions in methane emissions. As a result, Hess became a founding member of the ONE Future Coalition, a group 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, transportation and distribution of natural gas. ONE Future offers a performance-based, flexible approach that is expected to yield significant reductions in methane emissions. The goal is to voluntarily lower methane emissions to less than 1 percent of gross methane production across the value chain by 2025. Peer-reviewed analyses indicate that a leak/loss rate of 1 percent or less across the natural gas value chain provides immediate GHG reduction benefits.

To achieve this goal, ONE Future has established methane emission rate targets for each sector of the natural gas value chain: production (0.36 percent), processing (0.11 percent), transmission and storage (0.30 percent) and distribution (0.22 percent), which cumulatively total to the 1 percent target. Hess has activities in two sectors, production and processing. In 2017 our methane emissions rate for production was 0.13 percent, and our emissions rate from processing was 0.14 percent. Our combined methane emissions rate from the production and processing sectors was 0.13 percent, which is well below the ONE Future combined target of 0.47 percent for those two sectors.

In a related voluntary effort, in 2017 Hess became one of the initial participants in the American Petroleum Institute's Environmental Partnership. A key activity of the Environmental Partnership is furthering action to reduce air emissions, including methane and VOCs, associated with natural gas and oil production. To accomplish this, the Environmental Partnership has developed three separate Environmental Performance Programs for participating companies to implement and phase into their operations starting January 1, 2018. Hess has agreed to implement all three programs, which are not required for participation in the Partnership. They include the following:

- 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.
- 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.
- 3. Program for Manual Liquids Unloading for Natural Gas Production Sources:** Participants will minimize emissions associated with the removal of liquids that, as a well ages, can build up and restrict natural gas flow.

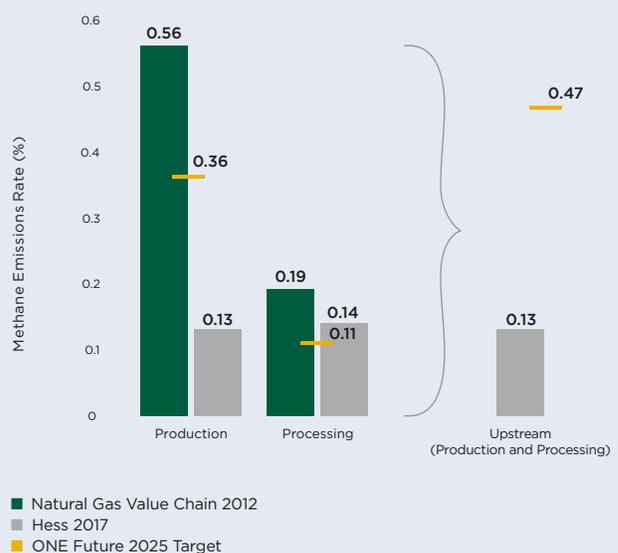
In addition to these programs, the Environmental Partnership will provide a platform for industry to collaborate with stakeholders and learn from one another.

In order to meet both our ONE Future and Environmental Partnership commitments, we continued implementation of our leak detection and repair (LDAR) program across all of our production facilities (existing and new) in North Dakota and Ohio and at the gas plants in West Texas and North Dakota.



Further detail on our LDAR program is provided in the Environment section of this report and at hess.com/sustainability/environment

Methane Emissions Rate (ONE Future Protocol)*



*The methane emissions rate represents the ratio of methane emitted (in tonnes) to methane produced or processed (in tonnes) from U.S.-operated assets.



PACE

ENVIRONMENT

Safeguarding the environment is a key aspect of the Hess Values, which set the framework for how we operate. Managing environmental impacts — including water and energy use, air emissions, waste and spills — is an important aspect of the work we do every day. We dedicate significant staff and resources to help ensure compliance with environmental laws and regulations, international standards and voluntary commitments. To track our environmental performance and drive improvement over time, we use key performance metrics — including several factored into our annual incentive plan — at the asset and enterprise levels.

Hess sponsors and actively participates in the Bakken Production Optimization Program — a research program led by the Energy and Environmental Research Center and funded by the North Dakota Industrial Commission — that aims to improve Bakken system oil recovery and reduce the environmental footprint of Bakken oil and gas operations. Through this program, Hess has supported research on issues such as TENORM (technologically enhanced naturally occurring radioactive material) disposal, flaring reduction and produced water and hydrocarbon spill remediation. We also voluntarily sponsor and participate in the Environmentally Friendly Drilling (EFD) program, a partnership among oil and gas companies, academia and environmental organizations and coordinated by the Houston Advanced Research Center that aims to develop science-based solutions to environmental issues associated with oil and gas development.

WATER MANAGEMENT

Water management is one of our material issues and a key element of our environment, health, safety and social responsibility (EHS & SR) strategy. Water is a critical resource for our onshore exploration and production

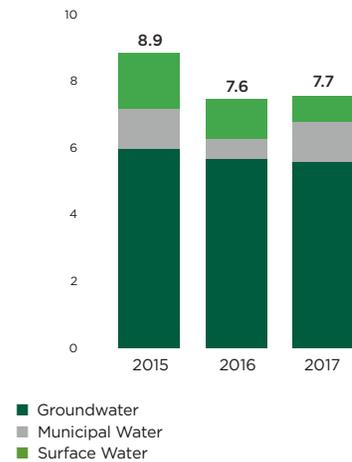
operations, where it is used primarily for cooling purposes in both our upstream and midstream operations, as well as for drilling and completions, including hydraulic fracturing. We know water is also an important resource for the communities and ecosystems in which we operate. In some areas where we operate, our water use may be restricted by local limitations on water supply and disposal.

We are committed, throughout our operations, to evaluating and reducing our water footprint. In 2017 we continued development of our risk-based, lifecycle approach to managing water, as well as associated improvements to our water data collection process.

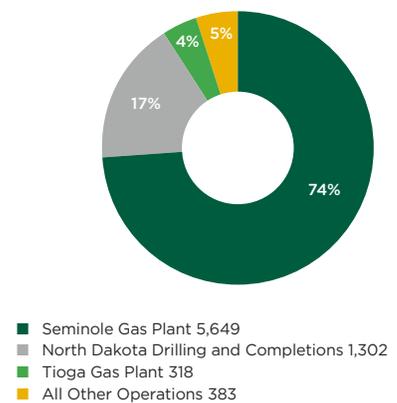
Our total freshwater use for exploration and production in 2017 was essentially flat compared with 2016. The Seminole Gas Plant in West Texas, which uses water primarily for process cooling, remained our largest single user of fresh water. The rate of freshwater use at the plant increased in 2017 because the facility resumed normal operational levels after experiencing downtime for various reasons in 2016. Due to the sale of our interests in the Permian Basin — including the Seminole Gas Plant — we expect our drilling and completions activities in North Dakota and Ohio to account for the majority of our freshwater use going forward.

We are assessing a range of projects to reduce our freshwater use in North Dakota and Ohio, where it is primarily used for hydraulic fracturing. For example, we continue to use small quantities of brackish groundwater for reservoir management in North Dakota. In 2018 we will be ramping up activity levels in these regions, so we expect to see an increase in absolute water use in the short term. However, as our assets and operational profile continue to change, we are assessing the best ways to reduce water use impacts across our operations.

Freshwater Use
Million Cubic Meters



2017 Freshwater Use by Facility/Business Function*
Thousand Cubic Meters



*There was no freshwater use by Ohio Drilling and Completions in 2017 as there was no drilling activity there during the year.

Hess participates in two industry forums focused on water management to advance our own performance and contribute to industrywide knowledge-sharing and progress. First, we are active participants in the IPIECA Water Working Group, which aims to help companies improve their water use performance and reduce their water footprint by providing sound analysis, assessment tools, good practices, credible data sources and appropriate indicators. We are also members of the Energy Water Initiative, a collaborative effort among 18 oil and natural gas companies to study, describe and improve lifecycle water use and management in upstream

SHALE ENERGY

Advances in horizontal drilling and hydraulic fracturing have resulted in significant and rapid growth in shale oil and gas development in the U.S. Hess has made significant investments in two unconventional oil and gas plays — the Bakken Formation in North Dakota, one of the premier U.S. tight oil plays, and the Utica Formation in Ohio. Oil and gas from these plays constitute about 44 percent of Hess’ total operated production.

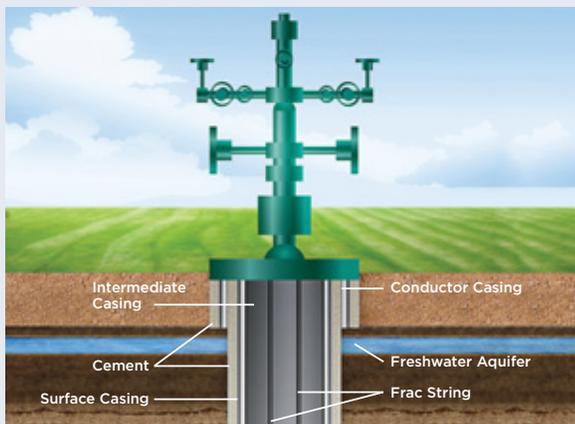
We recognize that some stakeholders have concerns about the potential effects of shale energy operations on the environment, public health and safety. The practices we use are well established and, in most cases, have been employed in conventional oil and gas development for many years.

We aim to develop our resources responsibly and with minimal impact and, as discussed in the Social Responsibility section, we seek to identify and address stakeholder concerns to improve our performance and enhance our license to operate. All assets undergo several stages of detailed, activity-based risk assessments during the appraisal, capture, development and production phases. These multidisciplinary risk assessments allow us to identify mitigation measures we can pursue to help us protect the environment, the communities in which we operate and the safety of our workforce. Our enterprise risk management process, discussed in the How We Operate section, includes the identification and ranking of environmental considerations as well as technical review and value assurance activities. We also perform numerous EHS audits on an annual basis.

Well Integrity

Whether for conventional or unconventional resource production, a key to protecting groundwater is well integrity — that is, working to ensure physical barriers between the wellbore and the surrounding rock and underground aquifers.

While hydraulic fracturing processes occur several thousand feet below the Earth’s surface, wellbores pass through groundwater-bearing zones at shallower depths. Before designing or constructing any well, we investigate the depth and lateral extent of any underground fresh water so that the well can be drilled and completed in a way that protects groundwater resources and conforms to regulatory requirements and Hess standards.



Bakken example. Drawing is not to scale.

Certain U.S. state agencies require operators to design casing and cementing plans that will isolate any underground fresh water from the contents of the wellbore. Where applicable, we submit this information in applications for well construction permits, which must be reviewed and approved by regulators. Well designs can vary from asset to asset due to differences in the formation, the management of drilling risks and the application of technology.

To help ensure well integrity, our drilling process for new shale wells is to line wellbores with multiple layers of steel pipe encased in cement to depths well below the deepest freshwater zones. Specifically:

- A surface casing is installed from the surface to below the lowest known freshwater zone and then cemented in that interval to isolate the freshwater zone, thereby creating a physical barrier between the materials in the well and the strata containing the groundwater being protected.
- Inside the surface casing, another casing is installed and cemented in place, and an acoustic cement bond log is employed to confirm that the cement barrier meets regulatory requirements, where applicable.
- The well completion is performed through a final casing (Ohio) or liner (North Dakota) placed inside the production or intermediate casing to the depth of the lateral. In North Dakota, a “frac string” is then run and connected to the top of the liner. This provides an additional physical barrier to isolate fluids within the well.
- To prevent potential fracture stimulation interference — that is, stimulating one well and having it result in hydraulic communication in nearby wells — existing offset oil and gas wells are shut-in during fracturing activity. In addition, the wellhead systems in nearby wells are tested prior to being shut-in or additional equipment is installed on wellheads that can safely operate within proper distances.
- During hydraulic fracturing, procedures are in place to operate surface and downhole equipment within their design parameters.

Induced seismicity from hydraulic fracturing or underground injection wells has not been an issue for our operations in North Dakota. In Ohio, regulators have implemented measures through the permitting process to address seismicity concerns in the state. Hess follows a monitoring methodology and an operational control process for performing hydraulic fracturing in areas of known faults or areas where previous seismic activity greater than 2.0 magnitude has occurred.

Well integrity continues to be an important issue for safeguarding the subsurface long after the construction and initial hydraulic fracturing has been completed. At the end of well life we follow similar measures to ensure the wells are permanently plugged and abandoned in compliance with Hess, regulatory and industry standards.



See the expanded Shale Energy section at hess.com/sustainability/environment/shale-energy

unconventional oil and natural gas exploration and production. In 2018 Hess will partner with the EFD program to review beneficial uses of produced water in shale energy operations.

BIODIVERSITY

We are committed to conserving biodiversity and habitats in the places where we operate. We consider the protection of biodiversity in our decision making and management from the earliest stages of exploration and development through production and closure at every Hess location around the globe.

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

As part of our goal to mature biodiversity management at Hess' global assets, we have been developing threatened and endangered species field guides for personnel to use during field activities. We have completed guides for our Bakken and Utica assets, as well as our Permian asset (sold in 2017), with guides for other assets planned over the next few years.

We monitor the addition of new species to the U.S. Fish and Wildlife Service's national endangered and threatened species lists.

In addition, we are identifying locations where we may need to conduct new biological risk assessments and develop mitigation plans as a result of these listings. Already, we have adjusted drilling site locations to accommodate habitat features and priorities for certain species.

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

IUCN RED LIST SPECIES	
CATEGORY	SPECIES (COUNT)
Critically Endangered	22
Endangered	61
Vulnerable	240
Near Threatened	258

We also identify IUCN protected areas (categories I-III) adjacent to our operations. In 2017 there were two such areas, both in North Dakota (Lostwood Wilderness Area and Theodore Roosevelt National Park).

We regularly work with our industry peers on biodiversity-related issues. For example, we are an active member of the Biodiversity and Ecosystem Services Working Group of IPIECA. We also participate in the Endangered Species Working Group of the American Petroleum Institute (API) to discuss oil and gas development with the goal of proactively balancing development with environmental decision making that aims to minimize biodiversity impacts.

We also participate in the Cross-Sector Biodiversity Initiative, a partnership of IPIECA, the International Council on Mining and Metals and the Equator Principles Association. This initiative brings the mining, oil and gas and financial sectors together to develop and share good practices for safeguarding biodiversity and ecosystems.

WASTE

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

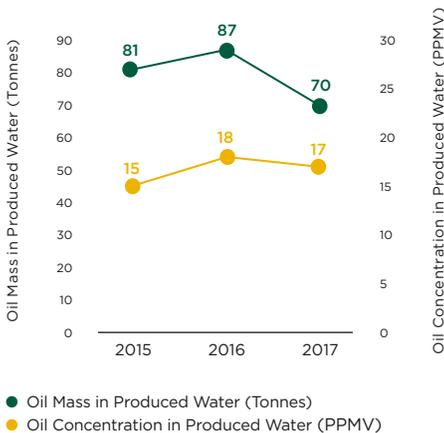
In 2017 we generated approximately 157,000 tonnes of solid waste, more than 98 percent of which was classified as nonhazardous according to applicable regulations. Our overall waste generation volume was higher in 2017 compared to 2016 due to an increase in asset retirement obligations.

We also disposed of approximately 39,700 tonnes of drill cuttings from our North Dakota asset at licensed disposal sites in 2017. These drill cuttings, as well as the discharges from our offshore facilities (discussed in the next section), are not included in our overall waste totals per IPIECA reporting guidance.

We have continued our efforts to reduce landfilled piping waste by decontaminating it (i.e., removing the TENORM) and recycling it instead.

ENVIRONMENT

Oil in Produced Water Discharges to Sea



In 2017 we recycled 3,561 tonnes of nonhazardous piping waste in North Dakota due to these efforts.

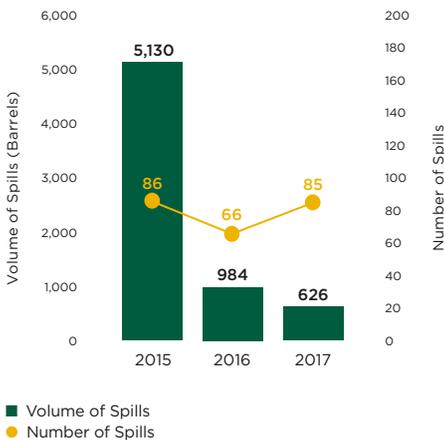
DISCHARGES FROM OFFSHORE FACILITIES

Discharges from our offshore facilities include drilling mud, drill cuttings and produced water. These waste streams are either reinjected for disposal or reservoir management, discharged directly to the ocean (when allowed by applicable regulations) or transported to shore for treatment and disposal or recycling.

International SOS. Hess representatives serve on the board of directors of the OSRL and on the executive committee of Clean Gulf Associates, a not-for-profit oil spill cooperative that supports the Gulf of Mexico.

Our international subsea preparedness and response capabilities are supported by the Subsea Well Intervention Service and Wild Well Control. In the Gulf of Mexico, we are members and serve on the executive committee of the Marine Well Containment Company. These organizations provide well capping, containment and dispersant capabilities as well as equipment and personnel mutual aid.

Hydrocarbon Spills

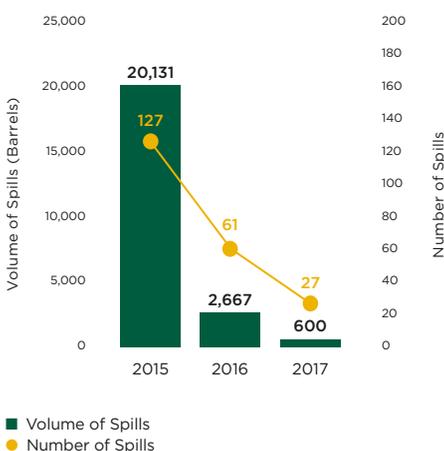


In 2017 our offshore facilities discharged to sea approximately 6,700 tonnes of nonaqueous drilling mud and cuttings, which included 600 tonnes of nonaqueous base fluid.

Offshore produced water discharges to sea totaled an estimated 5.7 million cubic meters in 2017. Produced water discharges had an average oil content of 17 parts per million volume (PPMV), totaling 70 tonnes of oil discharged. This data reflects a decrease in both the concentration and total oil discharged compared to 2016.

We are also active members of the Oil Spill Response Joint Industry Project organized by IPIECA and the International Association of Oil and Gas Producers. Hess also participates in several of the API's preparedness and response efforts, including serving as the chair of the Oil Spill Emergency Preparedness and Response Subcommittee, the Pandemic Planning Working Group and the Oil-Rail Emergency Response Joint Working Group. We also contribute to the IPIECA Oil Spill Working Group in support of our international businesses.

Nonhydrocarbon Spills



SPILL PREVENTION

Hess maintains spill preparedness and response plans and conducts emergency response exercises at each of our assets. To support a swift and effective response to any loss of primary containment (LOPC) incident, we maintain strong relationships with mutual aid and emergency response organizations at the local, regional and global levels. Hess' international oil spill response needs are supported by our partnership with Oil Spill Response Limited (OSRL), an international, industry-funded cooperative that responds to oil spills globally. Our domestic needs are supported by Marine Spill Response Corporation, Clean Gulf Associates, Sakakawea Area Spill Response Mutual Aid, Tri-State Bird Rescue and Research, Control Risks and

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

Hess continues to have a trend of year-over-year reductions in overall (hydrocarbon and nonhydrocarbon combined) spills. In 2017 our number of hydrocarbon spills increased slightly, but the volume of spills decreased. The number and volume of nonhydrocarbon spills decreased in 2017 compared to 2016. Our overall decrease

in 2017 can be attributed in part to a reduction in activity during the year and an increased focus on improvement. We realize that in order to maintain this positive trend, we will have to remain diligent in our spill prevention efforts as activity continues to ramp up in 2018.

We have been working to implement a range of programs to continue our focus on spill prevention. To address spills that result from corrosion and integrity issues, for example, we continue to enhance our inspection and surveillance programs, upgrade external corrosion protection and use of corrosion inhibitors, and replace or redesign pipes. We have also continued to expand spill-related worksite controls, such as fluid transfer checklists, and spill prevention training. The process safety assessment completed in 2017 and the asset integrity assessments we have been pursuing (see the Safety and Health section) should also help to drive improved LOPC performance.

AIR EMISSIONS

The normal operation of fuel combustion and processing equipment as well as flaring activities results in air emissions of nitrogen oxides (NO_x), sulfur dioxide (SO₂) and volatile organic compounds (VOCs). Fugitive emission sources, including those related to product loading and storage, also can contribute to VOC emissions.

In 2017 our normalized emissions of VOCs and NO_x increased compared to 2016. The upward trend in VOC emissions intensity may be attributable to the initial quantification of VOC leaks as determined by our newly implemented leak detection and repair (LDAR) program for upstream facilities in the Bakken. The upward trend in NO_x emissions intensity is attributable in part to a continued increase in drilling activity — and the associated increase in the use of diesel-powered equipment — at Hess assets in the Gulf of Mexico and the North Malay Basin.

We observed a decrease in normalized SO₂ emissions for 2017, mainly due to reduced flaring at the Seminole Gas Plant (which had experienced a number of operational upset events leading to increased SO₂ emissions in recent years) and the Tubular Bells Field (which was being commissioned in 2016 and therefore had relatively higher flaring and lower production during that year).

REGULATORY COMPLIANCE AND LEGAL PROCEEDINGS

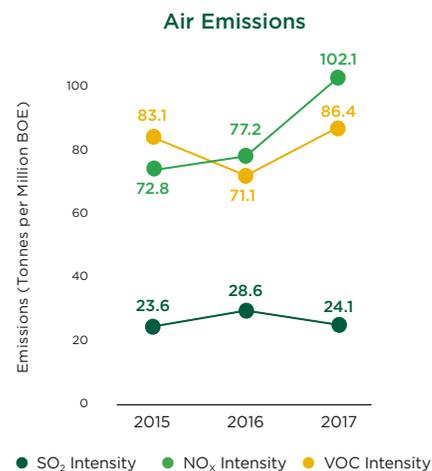
Hess, as well as a number of other Bakken operators, entered into a Consent Decree with the North Dakota Department of Health (NDDoH) in 2017 resolving alleged noncompliance with state air pollution laws and provisions of the federal Clean Air Act. Hess helped lead the consultative process within the industry, which was foundational for individual company discussions with the NDDoH.

The majority of our expenditures on environmental fines and penalties in 2017 — \$798,850 of the total \$841,600 — were the result of this agreement. We worked quickly to make our operations compliant with the agreement, and the amount paid represents a reduced penalty based on our meeting compliance dates within the Consent Decree. Other expenditures were related to various alleged offshore violations (\$32,750) and an alleged water discharge permit exceedance at a remediation system within our discontinued operations (\$10,000).

As mentioned in the Climate Change and Energy section, we have established an LDAR program across all of our U.S. operations as a way to achieve reductions as part of our ONE Future and API Environmental Partnership commitments, in addition to complying with the Consent Decree in North Dakota.



For a detailed description of our LDAR program visit hess.com/sustainability/environment



Strengthening our regulatory assurance program is one of the six components of our EHS & SR strategy. Internal assurance also helps us to ensure the effectiveness of our management systems. As part of our long-term compliance strategy, our regulatory team continued to expand the use of a compliance tracking tool at our U.S. assets in 2017. Key enhancements to our compliance tool in 2017 included the addition of a mobile application for field assurance personnel and synchronization with our work order system. We are already seeing benefits from this enhancement in North Dakota, where we have decreased the turnaround time for repairs identified through LDAR inspections. We have also formalized the process for assigning work material flows to field personnel — with the goal of increasing accountability and efficiency of any repairs that are needed.

In addition, we are working through the API's Pipeline Safety Management System group to implement API Recommended Practice 1173, which is related to pipeline safety management systems. A key aspect of our commitment to this initiative is the evaluation and enhancement of our integrity management systems pertaining to pipelines.

PERFORMANCE DATA

	UNITS	2017	2016	2015	2014	2013
BUSINESS PERFORMANCE						
Sales and other operating revenue	\$ Million	5,466	4,762	6,636	10,737	11,905
Net income (loss) attributable to Hess Corporation	\$ Million	(4,074)	(6,132)	(3,056)	2,317	5,052
Total assets	\$ Million	23,112	28,621	34,157	38,372	42,482
Total debt	\$ Million	6,977	6,806	6,592	5,952	5,765
Stockholders' equity	\$ Million	12,354	15,591	20,401	22,320	24,784
Debt to capitalization ratio	%	36.1	30.4	24.4	21.2	19.0
EXPLORATION AND PRODUCTION						
Total net hydrocarbons produced	Thousand BOE/D	306	322	375	329	336
Proved reserves (total)	Million BOE	1,154	1,109	1,086	1,431	1,437
Liquids (crude oil (light and medium oils), condensate & natural gas liquids)	%	72	74	76	78	77
Gas	%	28	26	24	22	23
Reserve life	Years	10	9	8	12	12
Replaced production	%	351	119	NM	158	118
ECONOMIC CONTRIBUTIONS						
Capital and exploration expenditures	\$ Million	2,168	2,154	4,338	5,606	6,209
Income tax expense/(benefit)	\$ Million	(1,837)	2,222	(1,299)	744	565
Royalties and other payments to governments	\$ Million	379	330	457	707	807
Cash dividends paid to shareholders	\$ Million	363	350	287	303	235
Employee wages and benefits (U.S.)	\$ Million	603	707	791	1,040	1,037
Interest expense before income taxes	\$ Million	325	338	341	323	406
Operating costs	\$/BOE	14	16	15	17	17
Supplier spend (approximate)	\$ Billion	5	6	7	8	8
SOCIAL PERFORMANCE						
Total social investment	\$ Million	16	20	22	42	37
Education	%	54	82	83	80	52
Health	%	1	<1	1	1	2
Disaster relief	%	8	1	<1	2	3
Community contributions (not in-kind)	%	27	15	14	13	25
In-kind	%	2	1	<1	4	12
Civic and employee	%	<1	1	0	<1	0
Arts and culture	%	1	<1	1	<1	6
Environment	%	6	1	<1	<1	<1
OUR PEOPLE						
Number of permanent employees	#	2,075	2,304	2,770	3,039	12,128
U.S.	%	85	83	79	78	91
International	%	15	17	21	22	9
Part-time employees	%	0	0	0	1	27
Full-time employees	%	100	100	100	99	73
Employee turnover - voluntary ^a	%	5	5	5	9	13
Employee layoffs ^a	%	13	18	8	20	15
Female employees (U.S. and international)	%	28	27	27	28	43
Minority employees (U.S.)	%	23	25	24	24	39
Employees represented by collective bargaining agreements	%	2	2	3	1	4
SAFETY PERFORMANCE						
Fatalities - workforce (employees + contractors)	#	0	0	0	0	0
Hours worked - workforce	Million hours	20.8	21.7	28.6	37.8	47.1
Employee total recordable incident rate	Per 200,000 hours worked	0.09	0.10	0.24	0.20	0.20
Contractor total recordable incident rate*	Per 200,000 hours worked	0.31	0.50	0.39	0.45	0.60
Workforce total recordable incident rate*	Per 200,000 hours worked	0.24	0.39	0.36	0.40	0.52
Employee lost time incident rate	Per 200,000 hours worked	0.03	0.06	0.03	0.00	0.05
Contractor lost time incident rate	Per 200,000 hours worked	0.10	0.15	0.10	0.14	0.16
Workforce lost time incident rate	Per 200,000 hours worked	0.08	0.13	0.08	0.12	0.14
Employee occupational illness rate	Per 200,000 hours worked	0.06	0.00	0.09	0.00	0.02
Contractor occupational illness rate	Per 200,000 hours worked	0.08	0.14	0.25	0.24	0.13
Workforce occupational illness rate	Per 200,000 hours worked	0.08	0.10	0.21	0.20	0.11
Products with Safety Data Sheets	%	100	100	100	100	100

Where relevant, all data are restated to exclude joint ventures and the downstream businesses. See Approach to Reporting for details.

NM: Not meaningful.

^a The values for 2015 and 2016 voluntary employee turnover and employee layoffs have been updated from those stated in our 2016 Sustainability Report to address discrepancies noted during a recent review of the data.

* The 2016 total recordable incident rates for contractors and workforce have been revised from those stated in our 2016 Sustainability Report to reflect the removal of a medical treatment case, which was determined to be non-Hess-related.

	UNITS	2017	2016	2015	2014	2013
GREENHOUSE GAS EMISSIONS						
Volume of flared and vented hydrocarbons	MMSCF	22,009	26,991	36,121	35,987	29,356
Operated direct emissions (Scope 1)	Million tonnes CO ₂ e	3.7	4.1	5.1	4.8	4.4
CO ₂	Million tonnes CO ₂ e	3.4	3.7	4.7	4.4	4.2
CH ₄	Thousand tonnes CO ₂ e	313.4	296.9	403.7	403.1	166.5
N ₂ O	Thousand tonnes CO ₂ e	2.7	2.3	2.7	28.4	31.1
Operated direct emissions (Scope 1) by source						
Flaring/venting	%	52	52	63	61	54
Fuel combustion	%	42	43	33	35	41
Other	%	6	5	4	3	5
Operated indirect emissions (Scope 2)	Million tonnes CO ₂ e	0.4	0.5	0.6	0.6	0.8
CO ₂	Million tonnes CO ₂ e	0.4	0.5	0.5	0.6	0.8
CH ₄	Thousand tonnes CO ₂ e	0.9	0.2	0.2	0.3	nil
N ₂ O	Thousand tonnes CO ₂ e	1.9	2.4	2.4	2.7	3.1
Equity GHG emissions (includes HOVENSA)	Million tonnes CO ₂ e	4.0	4.2	5.5	6.0	6.6
Scope 3 emissions - use of sold products	Million tonnes CO ₂ e	10.0	9.1	9.7	11.5	13.9
ENERGY USE						
Production energy intensity ◊	Gigajoules/BOE	0.27	0.29	0.23	0.23	0.25
Operated direct energy use	Thousand gigajoules	25,831	29,973	27,506	25,829	26,421
Operated indirect energy use (gross)	Thousand gigajoules	7,290	8,273	8,642	8,597	7,429
Net purchased electricity by primary energy source**	Thousand MWh	790	896	936	865	688
Green-e certified renewable energy certificates (wind power)	Thousand MWh	90	100	135	125	140
FRESHWATER USE						
Groundwater	Million cubic meters	5.6	5.7	6.0	6.2	6.3
Municipal water	Million cubic meters	1.2	0.6	1.2	1.9	3.8
Surface water	Million cubic meters	0.8	1.2	1.7	2.2	0.5
Reused/recycled (estimated)	%	7.7	14.5	12.0	9.0	8.0
SOLID WASTE						
Nonhazardous	Thousand tonnes	154.4	92.5	252.5	118.8	144.2
Hazardous	Thousand tonnes	2.6	0.9	0.4	1.1	3.6
Basel Convention (recovery/reuse/recycle)	Tonnes	0	0	0	0	22
LIQUID WASTE†						
Nonhazardous waste	Thousand cubic meters	48.28	73.05	7,275.07	5,295.63	2.22
Hazardous waste	Thousand cubic meters	0.00	10.52	18.44	0.50	0.00
SPILLS						
Hydrocarbon spills - number	#	85	66	86	116	110
Hydrocarbon spills - volume	Barrels	626	984	5,130	1,448	1,090
Nonhydrocarbon spills - number	#	27	61	127	103	99
Nonhydrocarbon spills - volume	Barrels	600	2,667	20,131	2,813	2,786
AIR EMISSIONS (EXCLUDES GHGS) ◊						
Sulfur dioxide (SO ₂)	Tonnes	2,987	3,804	3,727	2,016	2,888
SO ₂ intensity	Tonnes/Million BOE	24.1	28.6	23.6	13.7	21.7
Nitrogen oxides (NO _x)	Tonnes	12,665	10,261	11,515	9,595	10,270
NO _x intensity	Tonnes/Million BOE	102.1	77.2	72.8	65.2	77.2
Volatile organic compounds (VOC)	Tonnes	10,724	9,441	13,133	13,288	12,279
VOC intensity	Tonnes/Million BOE	86.4	71.1	83.1	90.3	92.3
EXPLORATION AND PRODUCTION DISCHARGES						
Oil in produced water to sea	Tonnes	70	87	81	70	136
Oil in produced water to sea	PPMV	17	18	15	14	10
Produced water to sea	Million cubic meters	5.7	6.4	6.5	6.0	16.7
OTHER ENVIRONMENTAL INDICATORS						
ISO 14001-certified operations	% of production	5	6	5	7	2
ISO 14001-certified operations	#	1	1	1	2	2
Environmental fines and penalties - operated	\$ Thousand	842	24	25	84	509
Environmental expenditures - remediation	\$ Million	15	10	13	12	16
Environmental reserve	\$ Million	80	80	80	80	65

Where relevant, all data are restated to exclude joint ventures and the downstream businesses. See Approach to Reporting for details.

◊ The annual gross operated hydrocarbon production (normalization factor) for 2017 was 124,064,440 BOE.

** Third-party power generation.

† Historical waste data have been restated to separately report solid and liquid waste where possible. Liquid waste totals include wastewater treatment. Liquid waste totals for 2014–2017 include deep well disposal. Deep well disposal for 2013 is included in the landfill category and cannot be separated out.

INDEPENDENT ASSURANCE STATEMENT

ERM Certification and Verification Services (ERM CVS) was engaged by Hess Corporation (Hess) to provide assurance on the 2017 Sustainability Report (the Report).

ENGAGEMENT SUMMARY

Scope:	Whether the Report is fairly presented, in all material respects, in accordance with the reporting criteria.
Reporting Criteria:	The Global Reporting Initiative (GRI) Standards 2016 (Core option).
Assurance Standard:	ERM CVS's assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
Assurance Level:	Limited assurance.
Respective Responsibilities:	<ul style="list-style-type: none">■ Hess is responsible for preparing the Report and for its correct presentation, including disclosure of the reporting criteria and boundary.■ ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgment.

OUR CONCLUSIONS

Based on our activities, nothing has come to our attention to indicate that the Report is not fairly presented, in all material respects, in accordance with the GRI Standards 2016 (Core option).

OUR ASSURANCE ACTIVITIES

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusion.

A multi-disciplinary team of sustainability and assurance specialists performed the following activities:

- A review of external media reporting relating to Hess to identify relevant sustainability issues in the reporting period.
- Interviews with relevant staff to understand Hess' sustainability strategy, policies and management systems.
- Interviews with relevant staff to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting the information.
- A site visit to Hess' asset in the North Malay Basin, offshore Malaysia, as well as a remote verification of Hess' production operations in North Dakota, to verify the source data for the assets' sustainability performance indicators for 2017 and to review sustainability management implementation at the asset level.
- An analytical review of the 2017 data for the sustainability performance indicators from all assets and a check on the completeness and accuracy of the data consolidation at the Hess corporate level.
- A visit to Hess' head office in Houston, Texas, to review the consolidation process and the results of the internal data validation process, and to conduct interviews with subject matter experts regarding the content of the Report.
- A review of samples of documentary evidence, including internal and external documents, relating to the assertions made regarding 2017 sustainability performance and activities in the Report.
- A review of selected evidence related to the design, information collection and production of the Report in accordance with GRI requirements.
- A review of the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

THE LIMITATIONS OF OUR ENGAGEMENT

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

OUR OBSERVATIONS

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



Jennifer lansen-Rogers
Head of Corporate Assurance
22 June 2018

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



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

AWARDS AND RECOGNITION

SUSTAINABILITY

- CDP Climate Change leadership status for ninth consecutive year
- Dow Jones Sustainability Index North America for eighth consecutive year
- *Corporate Responsibility Magazine's* 100 Best Corporate Citizens for tenth consecutive year
 - Leading independent oil and gas company
- Corporate Knights' Global 100 Most Sustainable Corporations for the third time
- Thomson Reuters Top 100 Global Energy Leader
- STOXX Global ESG Leaders Index for fifth consecutive year
- MSCI ESG Indexes for sixth consecutive year
 - MSCI ESG Leaders Indexes
 - MSCI SRI Indexes
 - MSCI KLD 400 Social Index
- The Rocky Mountain Oil and Gas Award for Excellence in Health and Safety
- Excellent MPM Award for Safety, Health & Environment

WORKFORCE

- *Woman Engineer* magazine's Top 50 Employers
- *Workforce Diversity* magazine's Top 50 Employers
- *Hispanic Network* magazine's Best of the Best Employers
- *Black EOE Journal's* Best of the Best Employers
- *Careers and the disABLED* magazine's Top 50 Employers

MEMBERSHIPS AND ASSOCIATIONS

- American Petroleum Institute
- Center for Offshore Safety
- Center for Strategic and International Studies
- Council on Foreign Relations
- Extractive Industries Transparency Initiative
- Independent Petroleum Association of America
- International Association of Oil and Gas Producers
- IPIECA
- Oil Gas Denmark
- National Petroleum Council
- U.S. Chamber of Commerce

REQUESTS FOR INFORMATION

For copies of our Environment, Health and Safety Policy, Social Responsibility Policy or Human Rights Policy, or for more information regarding our operations, please visit our website at hess.com.

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

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

You can also send us an email at sustainability@hess.com.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains projections, future estimates, plans, expectations and other forward-looking statements, including information about sustainability goals and targets and planned social, safety and environmental policies, programs and initiatives. These statements reflect the company's current views with respect to future events and the company's performance. No assurance can be given that the development or continuation of any policy, program or initiative expressed in any forward-looking statement will be achieved, and actual results could differ materially from those expected for a number of reasons, including risk factors affecting the company's business. A discussion of these risk factors is included in the company's annual report of Form 10-K filed with the Securities and Exchange Commission.

Sandy Alexander Inc., an ISO 14001:2004 certified printer with Forest Stewardship Council™ (FSC®) Chain of Custody, printed the Hess Sustainability Report with the use of renewable wind power resulting in nearly zero carbon emissions. This report was printed on FSC®-certified Mohawk Options paper, a process-chlorine-free 100 percent post-consumer waste (PCW) paper manufactured entirely with 100 percent certified wind energy and containing 100 percent post-consumer recycled fiber.

The savings below are achieved when PCW recycled fiber is used in place of virgin fiber:

- ♻️ 73 trees preserved for the future
- 💧 5 pounds of water pollutants not created
- 🌊 34,217 gallons of water saved
- ☁️ 6,309 pounds of net greenhouse gases (GHGs) prevented
- ⚡ 33 million British thermal units of energy not consumed

Savings from the use of emission-free wind-generated electricity:

- 🌿 5,307 pounds of GHG emissions not generated
- Displaces this amount of fossil fuel:
 - 🛢️ 2.65 barrels of natural oil unused
- In other words your savings from the use of wind-generated electricity are equivalent to:
 - 🚗 2,720 miles not driven
 - ♻️ 30 trees planted

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OUR PEOPLE

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GRI CONTENT INDEX

Performance against GRI Standards indicators

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