

# HESS CORPORATION

## 2019 Sustainability Report



## HESS VALUES

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### Integrity

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

### Performance

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

### Social Responsibility

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

### Independent Spirit

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

### Value Creation

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

### People

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

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



## REPORTING STANDARDS AND ASSURANCE

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### GLOBAL REPORTING INITIATIVE (GRI) STANDARDS

This report has been prepared in accordance with the GRI Standards: Core option. Our declaration of conformance with the GRI Standards has been reviewed and confirmed by our external verifier, ERM Certification and Verification Services. See the assurance statement on page 62.



### 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.

## INDEX OF REPORTING INDICATORS

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

## REQUESTS FOR INFORMATION

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

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

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

You can also send us an email at [sustainability@hess.com](mailto:sustainability@hess.com).

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# MESSAGE FROM THE CEO

Our company's purpose – to be the world's most trusted energy partner – guides our strategy and actions to create business and societal value and address global challenges. We are committed to building a sustainable enterprise that helps meet the world's energy needs in a safe, environmentally responsible, socially sensitive and profitable way. In 2019, we continued to execute our long term strategy that positions Hess to deliver visible and low risk production growth, material cash flow growth and increasing financial returns.

As the world battles the COVID-19 pandemic, our top priority is the safety of our workforce and the communities where we operate. A multidisciplinary Hess emergency response team has been overseeing our plans and precautions to reduce the risks of COVID-19 in our work environment. The global pandemic has had a severe impact on near term oil demand, resulting in a sharp decline in oil prices. Our company is in a strong position – with our low cost of supply and high return investments – to manage through the current low price environment and to prosper when oil prices recover.

Producing and enabling access to affordable, reliable energy is key to creating economic prosperity and raising standards of living across the globe, especially as the world responds to the pandemic and begins to recover from its effects. At the same time, the world is faced with the significant challenge of addressing climate change. Our strategy aligns with the energy transition needed to achieve the International Energy Agency's (IEA's) Sustainable Development Scenario, in which oil and gas will continue to be essential to meeting the world's growing energy demand through 2040 and beyond.

Our company will continue to be guided by the Hess Values and our longstanding commitment to sustainability, which create value for the benefit of all stakeholders and position us to continuously improve business performance. Our Board of Directors is climate change literate and actively engaged in overseeing Hess' sustainability practices, working alongside senior management to evaluate various risks and global scenarios in making strategic decisions. The Board's Compensation Committee has tied executive compensation to advancing the company's environmental, health and safety goals.

Our 2019 Sustainability Report shows how we are addressing sustainability issues and integrating sustainable business practices into our strategy and goals. Our environment, health, safety and social responsibility (EHS & SR) strategy is focused on several key areas, described below. Detailed information on our programs and performance is provided in this report and on our company website at [www.hess.com](http://www.hess.com).

## SAFETY

We work closely with our employees and contractors to promote a strong safety culture and continuously improve our performance toward our ultimate goal of zero incidents. In 2019, we saw an increase in our severe and significant safety incident (SSSI) rate early in the year, driven primarily by an increase in contractor incidents. SSSI is a key metric for incidents with the potential to result in severe consequences. To reverse this trend, we conducted root cause analyses and implemented corrective actions that included leadership site visits, safety surveys and safety improvement workshops, ultimately achieving a 33% reduction in our SSSI rate from April to December. We also reemphasized the importance of mitigating high risk activities by issuing an update to the "Hess Rules," our baseline global requirements for safe work practices.

Engaging our contractors, who in 2019 represented more than 70% of our total workforce hours, continues to be a critical part of achieving our safety goals. We enhanced our contractor management practices in early 2020 by formalizing our engagement with contractors considered higher risk based on the scope of their work for Hess or their past EHS performance, to ensure alignment on the standards expected in Hess operations.

Another key factor in achieving our ultimate goal of zero incidents is continuous improvement of our process safety management systems, which are an integral part of our business and play a critical role in mitigating risk. In 2019, we continued a multiyear process to standardize our approach to competency assurance and training for safety critical positions across the company. We also progressed the development of three new software systems focused on work authorization, management of change and safety observations – to increase awareness and provide better tools for mitigating safety risks.

## ENVIRONMENT AND CLIMATE CHANGE

Climate change is a significant global challenge that requires governments, businesses and civil society to work together on cost-effective policies. We believe climate risks can and should be addressed while also providing the safe, affordable and reliable energy necessary to ensure human welfare and global economic development in the context of the United Nations (U.N.) Sustainable Development Goals.

Our business planning includes actions we will undertake to continue reducing our carbon footprint in keeping with the findings of the U.N. Intergovernmental Panel on Climate Change and the aim of the Paris Agreement to limit global average temperature

rise. As one of our key strategic actions, our Board of Directors and senior leadership have established 2020 reduction targets for greenhouse gases (GHGs) and flaring. Between 2008 and 2019, we have reduced our Scope 1 and 2 equity GHG emissions by approximately 60%. In addition, we are contributing to technological and scientific advances designed to reduce, capture and store carbon emissions, including our support of groundbreaking work by the Salk Institute to develop plants with larger root systems that according to the Salk Institute are capable of absorbing and storing potentially billions of tons of carbon per year from the atmosphere.

Our climate change strategy is closely aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) established by the G20 Financial Stability Board. In addition, we are accounting for the cost of carbon in our business decisions. In 2019, we once again conducted scenario planning using the energy supply and demand scenarios from the International Energy Agency and confirmed the resilience of Hess' portfolio and inventory of forward investments under the ambitious GHG reductions assumed within the IEA's Sustainable Development Scenario.

## **SOCIAL RESPONSIBILITY**

For 87 years, our company has been dedicated to treating people with dignity and respect. That is why Social Responsibility is one of our core Hess Values. As society reflects on heartbreaking recent examples of racial injustice and violence in the U.S., Hess leadership expressed our condemnation of all forms of discrimination and reaffirmed our commitment to racial equality, diversity and inclusion.

In keeping with our values, we support efforts to address societal inequalities and create opportunity in the communities where we operate with a particular focus on education. For example, in 2019, we extended our support of the LEAP (Learn, Engage, Advance, Persevere) educational program for three more years to help at-risk students in Houston's Greater East End stay in school; Hess has contributed more than \$2.1 million to the program over the past three years. In Malaysia, we began support for a new initiative called the MyKasih Foundation "Love My School" Student Bursary Program, which provides financial assistance to underprivileged children. In North Dakota, for the second year in a row, we provided Hess toy trucks to every elementary school in the state together with a science, technology, engineering and math (STEM) curriculum designed by Baylor College of Medicine's Center for Educational Outreach. In Guyana, we are working with our joint venture partners to build capacity among the local workforce and supplier companies. In 2019, the joint venture invested more than \$3 million to support a number of initiatives including the Centre for Local Business Development, which has registered more than 2,000 Guyanese businesses and conducted almost 3,000 training days since its launch in 2017.

We have endorsed or formally joined a number of international voluntary initiatives designed to advance transparency, environmental protection, human rights and good governance, including our continued support for the U.N. Global Compact and the Global Compact U.S. Network, which share best practices in sustainable business conduct across the private sector. We are also guided in our activities by the U.N. Sustainable Development Goals, which we have mapped to issues identified as part of our materiality assessment described in this report.

## **PEOPLE**

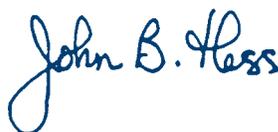
We shape the culture of our workplace by focusing on quality leadership and employee engagement, fostering diversity and inclusion, driving innovation and embracing Lean processes. In 2019, we expanded our Unconscious Bias training to our U.S., Malaysia and Denmark managers, and through our Life at Hess initiative we are further weaving diversity and inclusion into our culture, policies and programs and cultivating a positive and fulfilling experience for all employees.

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**

Transparency in reporting is an important part of being a trusted energy partner, which is why we have been publishing a sustainability report since 1997. In late 2019, we moved forward with a planned review and update of our EHS & SR strategy, starting with a materiality assessment. We expect to finalize the strategy update later this year, including setting goals and targets for our material topics post 2020. We will share results in our next sustainability report.

In 2019, we continued to be recognized as a leader in our industry for the quality of our environmental, social and governance performance and disclosure. We are proud of the progress made in executing our long term strategy in line with our purpose and values. We thank our employees, communities, customers, business partners and investors for their partnership in building a sustainable enterprise that makes a positive difference for all our stakeholders and the world around us.



John B. Hess  
Chief Executive Officer  
June 2020

# ABOUT HESS

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

**10.3**

Years of Reserve Life

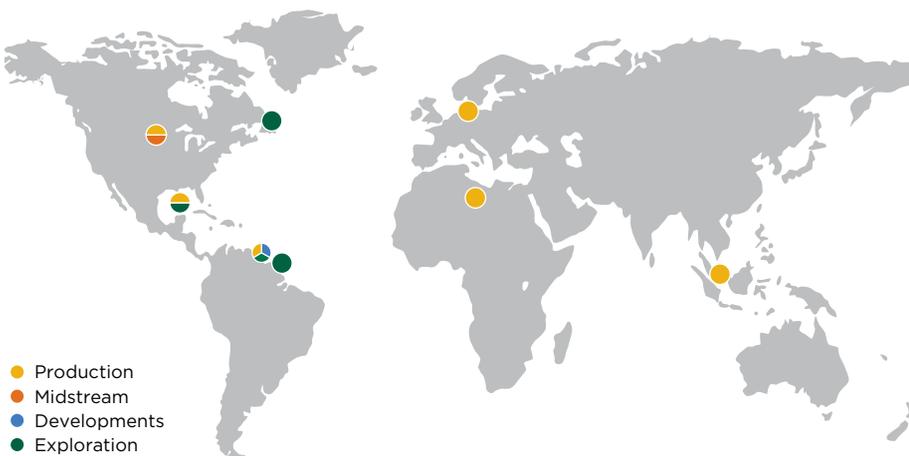
**311,000**

Barrels of Oil Equivalent per Day Total Net Hydrocarbons Produced

**1,197**

Million Barrels of Oil Equivalent Proved Reserves

## Hess Portfolio of Operations



### PRODUCTION

Operated assets include the Bakken in North Dakota; 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 Liza Phase 1 development offshore Guyana, 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 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 nonoperated developments on the Stabroek Block, offshore Guyana.



### EXPLORATION

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

## 2019 Highlights

- Our company had another outstanding year offshore Guyana, where Hess has a 30% interest in the Stabroek Block. In 2019, we participated in five major discoveries, bringing total discoveries on the block to 15 as of year end 2019. In January 2020, the estimate of gross discovered recoverable resources for the block was increased to more than 8 billion barrels of oil equivalent, with multibillion barrels of exploration potential remaining.
- The Liza Phase 1 development, offshore Guyana, with capacity of 120,000 gross barrels of oil per day, achieved first production in December 2019.
- In May 2019, the second phase of the Liza development was sanctioned; it will have a production capacity of 220,000 gross barrels of oil per day and is expected to start production in 2022.
- In the Bakken, our transition to plug and perf completions from our previous 60 stage sliding sleeve design delivered a 15% uplift in 180 day cumulative initial production rates and a 5-10% uplift in estimated ultimate recovery per well. At the same time, we reduced our plug and perf drilling and completion costs in 2019 to \$6.8 million per well, down from \$7.6 million in 2018.
- In October 2019, we announced an oil discovery at the Esox-1 well in the deepwater Gulf of Mexico. The well was tied back to the Tubular Bells production facilities and commenced production in February 2020.
- In December 2019, Hess achieved first gas on Phase 2 of the North Malay Basin Gas Project safely and on schedule.

*Note: For the purposes of this report, Hess Midstream 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.*

# CREATING VALUE FOR SOCIETY

Hess' purpose is to be the world's most trusted energy partner. By integrating sustainable business practices, corporate citizenship and environmental stewardship into our operations and long term strategy, we seek to help meet the world's energy needs and address key challenges facing the world today, including climate change, and to create value for the benefit of all our stakeholders – our shareholders and business partners, our employees, the local communities and economies where we operate, and society at large. We believe our company is in a strong position – with our low cost of supply and high return investments – to manage through the current low oil price environment and to prosper when oil prices recover.

## MAINTAINING FOCUS ON SOCIETY'S GREATEST CHALLENGES

Our sustainable business practices are guided by the United Nations' Sustainable Development Goals (SDGs, see page 21). Producing and enabling access to affordable, reliable energy is key to creating opportunity and raising living standards across the globe. At the same time, the world is faced with the significant challenge of addressing climate change and achieving the energy transition to a lower carbon economy. We believe the oil and gas industry is being called to help address both of these challenges.

We have set – and are on track to meet – aggressive targets for greenhouse gas (GHG) emission reductions that are consistent with the aim of the Paris Agreement (see page 46). Going forward, we will continue to do our part to limit GHG emissions while supporting sustainable global development and the transition to a lower carbon economy.

## DELIVERING VALUE FOR OUR STAKEHOLDERS

The following are some of the primary ways Hess delivered value for our stakeholders in 2019.

### Workforce

We generate value through the jobs we create directly as well as those we support indirectly – both in our supply chain and in the broader economy, where the energy we produce is essential to industries across the globe. We extend our high ethical and safety standards throughout our supply chain by requiring suppliers and contractors to abide by our Code of Business Conduct and Ethics and our Voluntary Commitments regarding labor and human rights (see page 21).

- 1,775 Hess employees globally
- \$594 million in employee wages and benefits (U.S.)
- 9,135 hours of learning and development provided to employees
- \$3,700 million in total supplier spend across 3,000 suppliers

### Communities

Our community investments are designed to make long lasting, positive impacts on the communities where we operate. We seek to develop the local workforce to enable upward mobility into higher-paying jobs in our industry and supply chain (see pages 19, 24, 25 and 37).

- \$7.7 million in social investments, with the majority in Texas, North Dakota and Louisiana
- \$3.1 million by our joint venture in support of the Guyana Centre for Local Business Development
- 6,400 hours of volunteering by our employees, with the majority in the U.S. (Texas, Louisiana and North Dakota)
- 98% local nationals employed in Denmark, and 89% in Malaysia
- 95% of our total supplier spend of \$3,700 million is on purchases made within the same country in which we are doing business

### Shareholders

Hess is committed to delivering long term value to our shareholders. We continue to successfully execute our long term strategy of disciplined capital allocation, focusing only on low cost, high return opportunities, while investing in our people and business. Furthermore, our efforts to lower our costs and our emissions intensity are aligned with the energy transition needed to achieve long term sustainable development (see page 45).

- \$316 million in dividends paid to investors
- 1-year total shareholder return of 19%, first among peers (For peer list, see page 33 of Hess' 2020 proxy statement.)
- 3-year total shareholder return of 27%, second among peers

### Society

We contribute value to society at large through the direct economic value we generate, the affordable energy we produce and our commitment to operate responsibly and advance sustainable development (see page 21).

- \$3,159 million in capital and exploration expenditures
- \$580 million in royalties and other payments
- \$461 million in income taxes paid
- \$380 million in interest expenses
- \$7.7 million in social investments

# APPROACH TO REPORTING

In this report, we provide descriptions of Hess' strategy and 2019 performance regarding material economic, social and environmental issues. Our annual report, U.S. Securities and Exchange Commission Form 10-K filing and proxy statement detail our financial and governance information and can be found on our website.



Additional sustainability and investor information is available at [hess.com/investors](https://hess.com/investors)

## REPORTING STANDARDS

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

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



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

## MATERIALITY

We determined the content for this report by applying the GRI's reporting principles; for example, we considered our operations and performance in the wider context of sustainability issues as well as ensured stakeholder

inclusiveness and completeness of information. Consistent with the GRI Standards' materiality guidance, we identified and prioritized new and emerging issues important to our stakeholders. Engagement with our stakeholders – which include employees, suppliers, customers, communities, shareholders, government bodies, nongovernmental organizations, industry peers and academics – enables us to strengthen our license to operate and brings increased focus to our transparency goals.

In 2015, we conducted a survey of select industry peers and a subset of priority external stakeholder groups to validate and expand upon our prior materiality assessments. We then supplemented the survey results with desktop research on a larger group of peers and stakeholders by reviewing public reports and websites documenting key issues for our industry, including key topics and disclosures from the GRI's *G4 Oil and Gas Sector Supplement*. This process allowed us to validate that stakeholder expectations are being addressed.

Through that survey, as well as an annual, document-based assessment of key stakeholder perspectives and Hess' operational and regulatory risks, we have 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 (EHS & SR) 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](https://hess.com/sustainability/approach-to-reporting/boundaries-for-material-issues)

While we have been validating these issues on an annual basis since 2015, in 2019 we engaged a third-party consultant to help us refresh our materiality assessment and update our EHS & SR strategy. The approach used for the materiality assessment, which was completed in early 2020, is consistent with approaches and guidance provided by leading standards bodies, including the GRI, IPIECA and ISO 26000; it also considers the SASB materiality profile for the oil and gas industry as an additional reference point.

For the materiality assessment, we first developed an initial list of potential sustainability topics through desktop research. This research involved reviewing public reports and websites – including those of our oil and gas industry peers and other important stakeholders – that document key issues for our industry. We then validated and prioritized the topics through a stakeholder engagement process, which included a survey and workshop to obtain internal viewpoints and interviews with a sampling of key external stakeholders.

Through this exercise, we confirmed that the key issues driving our current EHS & SR strategy are still relevant. We also found that certain issues have been receiving more or less stakeholder emphasis over the past five years. We are currently working to validate

the results of the materiality assessment through benchmarking and additional internal workshops. That process will aid in developing an updated EHS & SR strategy, including setting goals and targets for our material topics. We plan to share our plan forward (for post 2020) in next year's sustainability report.

### BOUNDARY SETTING

Included within the scope of this report are the facilities and assets operated by Hess Corporation and our subsidiaries during calendar year 2019, unless otherwise indicated. Data presented are gross figures from operated facilities, unless specified otherwise.

We report GHG emissions on both an operated and equity share basis in accordance with the GRI G4 *Oil and Gas Sector Supplement* and the IPIECA *Petroleum Industry Guidelines for Reporting GHG Emissions* (3rd edition, 2015), as well as IPIECA's 2016 report *Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas Emissions*. We report social investments for our operated assets, joint ventures and nonoperated facilities in which we hold a significant interest. Our workforce metrics include data for contractors whose hours we track.

 See our expanded performance data at [hess.com/sustainability/performance-data/key-sustainability-metrics](https://hess.com/sustainability/performance-data/key-sustainability-metrics)

### RESTATEMENTS

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

in the Hess GHG Inventory Protocol. We also review and adjust targets included as part of our annual incentive plan formula to account for divestitures as needed. In 2017 and 2018, this included restating our targets and associated annual metrics for severe safety and environmental incident rates to account for the Permian, Equatorial Guinea and Utica divestitures.

 Access the Hess GHG Inventory Protocol at [hess.com/sustainability/climate-change-energy](https://hess.com/sustainability/climate-change-energy)

### INTERNAL QUALITY ASSURANCE

Our internal information systems promote the centralized collection of data from Hess operated and joint venture assets around the world. In order to evaluate accuracy and reliability, we conduct quality assurance/quality control reviews and validation of both aggregated and facility-level data. Individual numbers

in the charts, tables and text may not precisely sum to the total amounts shown due to rounding. All currency references in the report are in U.S. dollars.

### EXTERNAL ASSURANCE

This report, including our sustainability data and self-declared GRI "in accordance" status, was assured by ERM Certification and Verification Services (see page 62). This external review helps to ensure consistent and objective data collection and reporting of our sustainability performance.

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



Midstream Operations, North Dakota

# PROGRESS AND GOALS

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. Elements of our EHS & SR strategy are included in the table below, along with our key accomplishments in 2019 and goals for 2020 and beyond; the goals support select targets and metrics that we have established to measure how effectively we are implementing our strategy.

In line with our continued commitment to operating sustainably, we have proceeded with a planned review and update of our EHS & SR strategy starting with a materiality assessment in late 2019. We expect to finalize the strategy update later this year, including setting goals and targets for our material topics post 2020. We will share the results in our next sustainability report.

HOW WE OPERATE				
CATEGORY	2019 GOALS	PROGRESS IN 2019	GOALS FOR 2020+	DISCUSSION (PAGE #)
Regulatory Assurance	Complete assurance on the embedded regulatory compliance system, including standard work evaluation and equipment repair root cause analysis; begin pursuing a compliance standard for the enterprise*	Conducted a Corporate Audit Department (CAD) Tier I assurance review on the regulatory register and compliance communication tools; began drafting the compliance standard	Revisit the draft compliance standard as part of the Hess Operational Management System (HOMS) streamlining exercise; continue to conduct Tier II assurance activities on routine, high volume compliance obligations in 2020*	14, 28, 58
	Continue providing our assets with routine updates and discussions on emerging regulatory risks and changes through the use of existing communication methods and operating rhythms*	Monitored emerging regulatory risks through participation in a number of industry association working groups (e.g., American Petroleum Institute, IPIECA, etc.) and communicated key information back to our operated and select nonoperated assets	Continue providing our assets with routine updates and discussions on emerging regulatory risks and changes through the use of existing communication methods and operating rhythms in 2020*	17-18
Transparency in Business Conduct	Continue to refine our sustainability disclosures to align with stakeholder expectations	Published our 2018 Sustainability Report with the Global Reporting Initiative (GRI) Standards' Core "in accordance" option and included disclosure in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures; included indicators from the Sustainability Accounting Standards Board's oil and gas industry metrics in our GRI Content Index	Continue to refine our sustainability disclosures to align with stakeholder expectations in 2020	6-7, 40
	Implement a third-party online due diligence system and conduct compliance risk assessment and analysis on select assets	Completed selection and implementation of an enhanced third-party online due diligence system; completed a compliance risk assessment and analysis of key exploration assets	Improve third-party due diligence policy and enterprise procedures to enhance coverage and reduce redundancies; improve and diversify the compliance training curriculum in 2020	16-17
Supply Chain and Contractor Management	Continue to develop model contracts for key spend areas to enhance risk management; further evaluate the supplier relationship and performance management processes as part of the HOMS initiative	Completed six model contracts and made significant progress on five others, in areas such as logistics, exploration and technology, and this work is ongoing; engaged face to face with key strategic suppliers to set expectations, develop relationships, build trust and influence behaviors	Continue to deepen relationships with strategic suppliers focused on mutual collaboration; further revise, create and implement policies for supplier relationship management; develop category strategies that consider potential emission reductions in 2020 and beyond	8, 18-19
Management Systems	Continue expanding Lean deployment across Hess, including development of new embedded Lean leaders (ELLS) in assets and central support functions and further development of those already trained; continue to use a structured Lean approach to identify "Take Work Out" opportunities	Certified almost 50 employees as ELLS enterprisewide; existing ELLS continued local business improvements and provided coaching to other employees and contractors in their work areas; conducted a "Take Work Out 2: Breakout" initiative, which resulted in about 200 improvement opportunities, with five of those selected for implementation	Develop a framework for further integrating Lean and innovation into the Hess culture, including revamping and expanding the suite of training and coaching tools to include Lean and innovation, training new embedded Lean and innovation leaders and further improving the skills and effectiveness of current ELLS; continue to use a structured Lean approach to take out unnecessary work and foster creative thinking and innovation in 2020 and beyond	16
	Continue progressing the EHS global standards project through 2020	Rolled the EHS global standards into HOMS; continued work on the EHS standards, extending the target for implementation from 2020 to 2021 to allow for HOMS integration	Continue progressing the EHS global standards effort across all assets to meet the 2021 target for full implementation	14
	Continue to measure effective EHS & SR strategy implementation through 2020; begin a refresh of the strategy in 2019 through an updated materiality assessment*	Continued tracking individual EHS & SR initiatives through project-specific work plans as part of our business operating rhythm; conducted an updated materiality assessment (completed in January 2020)	Monitor strategic actions from the 2015 EHS & SR strategy through the end of the year; develop an updated EHS & SR strategy, including the next set of strategic initiatives and forward-looking goals, based on the 2019-2020 materiality assessment*	6-11

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



Offshore Operations, Gulf of Thailand

## SOCIAL RESPONSIBILITY

CATEGORY	2019 GOALS	PROGRESS IN 2019	GOALS FOR 2020+	DISCUSSION (PAGE #)
<b>Governance and Management Approach</b>	Monitor and assess ongoing social investments to help ensure focus and alignment on areas that overlap with the United Nations' Sustainable Development Goals (SDGs)*	Identified eight SDGs that are most aligned with Hess' material issues; included this mapping exercise in our 2018 Sustainability Report	Consider avenues for further aligning our social responsibility strategy with applicable SDGs; assess the availability of tools or metrics to measure the impacts of our investments on the SDGs in 2020 and beyond*	21
<b>Community and Stakeholder Engagement</b>	Institute a semiannual cadence to review stakeholder outreach and refresh stakeholder mapping; increase focus on asset retirement obligations (AROs) in North Dakota in cooperation with regulators*	Instituted a regular operating rhythm with semiannual reviews for stakeholder planning; continued to deliver on our commitment to a sustainable ARO program in North Dakota by plugging 40 wells and completing reclamation activities on 95 sites	Identify communities in areas of operation most severely affected by the COVID-19 pandemic and pursue engagement or investment opportunities to mitigate health and economic impacts; maintain the ARO program in North Dakota; identify opportunities for social investment in Guyana focused on public health and education in 2020 and beyond*	10, 22-24
<b>Social Risk Management</b>	Continue to monitor potential human rights risks and conduct risk assessments if needed based on activity levels in 2019 and beyond*	Incorporated human rights risk assessment into Hess' emerging risks strategy and planning reviews	Participate in sector-specific and broader industry workshops and symposiums on human rights best practices; implement learnings in operated assets deemed as higher risk in 2020 and beyond*	21-22, 24
	Continue to conduct human rights training as needed based on identified risks in 2019 and beyond*	No training conducted in 2019	Develop an enterprisewide compliance training module on human rights in 2020*	22, 24
	Continue to track 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*	Continued to monitor contracts to confirm inclusion of human rights clauses and alignment with Hess policies	Continue to track implementation of these efforts in 2020 and beyond*	19, 24

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

# PROGRESS AND GOALS

SAFETY AND HEALTH				
CATEGORY	2019 GOALS	PROGRESS IN 2019	GOALS FOR 2020+	DISCUSSION (PAGE #)
Process Safety and Spills	Continue to drive progress in critical maintenance compliance by expanding our annual incentive plan metric from safety critical equipment only to include all equipment with performance standards in our work order system*	Surpassed our target of 98% inspection and testing of integrity critical equipment, with approximately 15,000 critical performance standard assurance test work orders completed	Continue reinforcement of critical maintenance compliance through our annual incentive plan metric in 2020*	30
	Complete implementation of "bow tie" diagrams at our North Malay Basin asset and pursue an alternative barrier management approach at our Denmark asset*	Implemented a bow tie program at the offshore platform at our North Malay Basin asset and progressed implementation at the floating storage and offloading vessel at that same asset; progressed validation of bow ties within the safety case at our Denmark asset	Continue bow tie program implementation at our North Malay Basin and Denmark assets; commence rollout of the electronic Management of Change system at selected operated assets; continue collaboration with industry groups on a set of process safety fundamentals in 2020*	31
	Continue to perform assurance activities according to the 2019 Board-approved CAD Tier I audit plan and in line with our tiered EHS assurance program; continue to develop our enhanced competency assurance and learning (CAL) strategy, with phased implementation slated to begin in 2020*	Completed audits and consulting activities per the Board-approved CAD Tier I audit plan and in line with the tiered EHS assurance program; mapped certain job profiles with safety critical competencies and began developing the enhanced CAL strategy	Through 2022, focus competency efforts on continued implementation of local competency programs and processes at our operated assets; beginning in 2022, restart efforts to build a standardized enterprisewide approach to CAL, define safety critical job profiles across the enterprise and integrate CAL with HOMS and our learning management system*	27-28, 30
Occupational Health and Safety	Meet a workforce total recordable incident rate (TRIR) target of 0.28 or below	Did not achieve our TRIR target due to an increase in our contractor TRIR; pursued several initiatives aimed at improving contractor safety performance, as discussed further in the Safety and Health section	Achieve a 10% reduction from our 2019 actual workforce TRIR in 2020	29-30
	Achieve a 10% reduction from our 2018 actual severe and significant safety incident (SSSI) rate	Did not achieve our goal, as our 2019 SSSI rate was slightly above our target of 0.46; however, took swift action after identifying an upward trend in this rate early in the year and ultimately achieved a 33% reduction in our SSSI rate from April to December	Achieve a 10% reduction from our 2019 actual SSSI rate in 2020	29-30
OUR PEOPLE				
CATEGORY	2019 GOALS	PROGRESS IN 2019	GOALS FOR 2020+	DISCUSSION (PAGE #)
Employment Practices	Continue to build high quality leaders by refreshing and formalizing the resources available to them on topics such as inclusion and diversity, innovation, Lean and coaching and feedback training	Introduced the Hess Way of Leadership Series to level-set knowledge and capabilities with employee career development, rewards and recognition, policies and practices; formed task forces focused on enhancing our Lean and innovative culture	Reinforce the Hess Way of Leadership by providing practical tools, training and guidance; evaluate the flexible working arrangements that were employed during the COVID-19 pandemic as part of normal work practice in 2020	10, 36-37
	Introduce a revised talent philosophy and associated succession planning technology more broadly, beginning with senior leaders and then cascading to other managers	Implemented an improved talent and succession planning process by engaging senior leaders in conducting health of discipline talent reviews deeper into the organization	Refine practices to assure inclusive, high quality succession planning; leverage technology to improve our hiring practices in 2020	36-37
	Expand diversity (Unconscious Bias) training across our locations	Conducted Unconscious Bias workshops for all leaders globally	Continue focus on removing unconscious bias from employment practices, including recruiting and talent development, in 2020	35

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

## CLIMATE CHANGE AND ENERGY

CATEGORY	2019 GOALS	PROGRESS IN 2019	GOALS FOR 2020+	DISCUSSION (PAGE #)
<b>Risk Management</b>	Disclose the results of our portfolio-specific carbon asset risk scenario planning exercise; incorporate scenario planning into our regular business planning cycle*	Conducted our second portfolio-specific carbon asset risk scenario planning exercise, which is now integrated into our planning cycle on an annual basis, using scenarios from the International Energy Agency's <i>2019 World Energy Outlook</i>	Continue to evaluate carbon asset risk through this annual exercise in 2020 and beyond*	42-45
	Continue to invest in additional midstream infrastructure and increase compression capacity; complete construction and commissioning of the joint venture gas plant (Little Missouri Four) operated by Targa Resources	Through our subsidiary, Hess Midstream LP, partnered with Targa Resources to build the \$200 million Little Missouri Four gas plant, which came online in August 2019, and built out additional gas compression capacity, which will significantly expand our ability to bring more natural gas to market	Continue to pursue additional natural gas processing and compression capacity; continue planning for the Tioga Gas Plant turnaround and expansion project in 2020	49
<b>Strategy, Metrics and Targets</b>	Continue to make progress toward our 2020 goal to achieve a 25% reduction in greenhouse gas (GHG) emissions intensity (i.e., tonnes of carbon dioxide equivalent (CO <sub>2</sub> e) per thousand barrels of oil equivalent (BOE)), versus our 2014 baseline*	Reduced our GHG emissions intensity by 26% compared with our 2014 baseline (ahead of our 2020 target)	Achieve a 25% reduction in GHG emissions intensity (tonnes of CO <sub>2</sub> e per thousand BOE) by 2020, versus our 2014 baseline*	46-47
	Continue to improve performance related to reducing methane emissions, through ONE Future sectoral targets*	On track to achieve ONE Future targets through planned flaring reductions, our leak detection and repair program and the phaseout of high bleed pneumatic controllers in North Dakota	Continue to make progress against the ONE Future sectoral 2025 targets*	51
	Continue to make progress toward our 2020 goal to reduce flaring intensity (standard cubic feet per BOE) by 50%, versus our 2014 baseline*	Reduced flaring intensity by 35% compared with our 2014 baseline	Achieve a 50% reduction in flaring intensity (standard cubic feet per BOE) by 2020, versus our 2014 baseline*	48-50

## ENVIRONMENT

CATEGORY	2019 GOALS	PROGRESS IN 2019	GOALS FOR 2020+	DISCUSSION (PAGE #)
	Develop a risk assessment toolbox for offshore water discharge in 2019; continue to work toward automated data collection in 2019 and beyond*	Completed baseline mapping for offshore water discharge and finalized a data migration plan for the automation of data collection in future years	Continue to baseline the characteristics of emergent contaminants and chemicals considered "highly toxic" in 2020*	11, 53, 55-56
<b>Water Management</b>	Conduct water risk assessments for the South Arne and North Malay Basin assets and complete a water risk ranking and resource evaluation (e.g., oil recovery per water use)*	Completed a water data mapping exercise at South Arne and initiated one at North Malay Basin (expected to be finalized in 2020); conducted two pilot studies focused on tracking and treating produced water in the Bakken	Complete the water data mapping exercise at North Malay Basin and a chemical analysis at South Arne in 2020; participate, through the National Alliance for Water Innovation, in the U.S. Department of Energy's five year program for research and development and mapping of water treatment technologies in 2020 and beyond*	11, 53, 55-56
<b>Process Safety and Spills</b>	Achieve a 10% reduction from our 2018 actual severe and significant environmental incident rate	Surpassed our target, achieving a 51% reduction in our severe and significant environmental incident rate, compared with 2018	Achieve a 10% reduction from our 2019 actual severe and significant environmental incident rate in 2020	11, 57-58

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

Note: Beginning in early 2020, the COVID-19 pandemic demanded a significant amount of our resources and attention as well as a shift to a different and more complex working situation for our employees and contractors. As a result of these unanticipated challenges during the year, it is possible that some of our initiatives may change in terms of scope and timing. Our expectations for implementation timelines are therefore based on the information available at the time of publication of this report and may continue to shift depending on public health and market conditions later in the year.



# HOW WE OPERATE

Hess is committed to the highest standards of corporate citizenship. We aim to help meet the world's growing energy needs in a way that protects the health and safety of our people, safeguards the environment and contributes to the sustainability of the communities where we operate, while also delivering long term value to our shareholders and other stakeholders.

The six Hess Values support our purpose to be the world's 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 four standing committees: the Audit Committee, the Compensation and Management Development Committee, the Corporate Governance and Nominating Committee and the EHS Committee.



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

## Board Accountability

Hess' Board is actively engaged in overseeing the company's sustainability strategy and performance, working alongside senior management to evaluate sustainability risks and global scenarios in making strategic decisions, including those related to climate change. Our independent Chairman periodically accompanies our CEO and other

members of senior management to meet with investors to solicit shareholder views on various topics, including EHS & SR. (For more information on Board involvement in climate change-related issues, see the Climate Change and Energy section, page 41.)

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

The EHS Committee was originally established in 2013 as a subcommittee of the Audit Committee; in June 2019, the subcommittee was elevated to a fourth standalone committee of the Board, underpinning our commitment to evaluate sustainability risks at the highest level. The EHS Committee leads the Board's oversight of Hess' sustainability practices, working with the full Board and senior management so that sustainability risks are taken into account when making strategic decisions. The EHS Committee assists the Board in identifying, evaluating and monitoring EHS strategies and material risks with the potential to affect the people, environment or communities where we operate or our company's business activities, performance or reputation. The EHS Committee makes recommendations to the full Board on policies, programs and practices to address such strategies and risks and monitors the company's compliance with these policies, programs and practices. The EHS Committee also reviews

emergency response planning procedures for EHS events and EHS legal and regulatory matters that could affect the company's business and operations.

The EHS Committee met four times in 2019, and each committee member attended at least 75% of the meetings. Our Vice President of EHS met regularly with the EHS Committee and the Chair of the committee in 2019 to prioritize actions on a number of topics, including EHS performance and strategic priorities; enterprise risk management; regulatory matters; environmental, social and governance reporting; climate change strategic actions; and progress against greenhouse gas and flaring targets.

Each member of the EHS Committee is independent and qualified under the standards established by applicable law, stock exchange listing standards and Hess' Corporate Governance Guidelines. Committee members have extensive oil and gas industry experience, including operations, research and development, and financial expertise. To supplement the expertise of EHS Committee members and the full Board of Directors, Hess brings in outside subject matter experts to brief members on current and developing issues relevant to our business, such as climate change. Board members, together with our executive leadership, have also participated in field visits to Hess operated and nonoperated assets to better understand our key EHS strategies and risks. In 2019, committee members visited our Bakken asset to engage with the Hess workforce and observe how Hess is managing and mitigating EHS risks and to highlight Lean and technology-focused initiatives in the field.

# HOW WE OPERATE

## Executive Oversight

The company is managed by an 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. The Executive Committee holds regularly scheduled meetings, and our Chief Operating Officer chairs an operational subcommittee of the Executive Committee that also meets routinely to discuss these and other matters.



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

## KEY INITIATIVES

We continue to evolve and advance our management systems in a manner that aligns with Hess' portfolio and organizational structure. As part of this process, in 2018 we reorganized into teams of functional leaders (e.g., EHS, Wells, Human Resources, Supply Chain), which helps us continue to improve oversight and assurance across the company and provide expertise in key functional areas within each asset. The Head of each functional area is responsible for overseeing activities in that area across the company, verifying that relevant standards are applied as appropriate and working with each asset to optimize safety, quality, delivery and cost.

The Heads of each function are supported by technical authorities (TAs) – many of whom are embedded directly into our assets. Together, these individuals form the "Heads of" and Technical Authority (HTA) Network, which supports operations across the company. This group meets monthly to support enterprisewide initiatives, promote transparency of activities and optimize synergies across our functions and assets.

In 2019, under the leadership of the HTA Network, we completed development of the Hess Operational Management System (HOMS), a single, enterprisewide system that houses and integrates the various standards, procedures and other governance documents in use throughout our operations. HOMS establishes a common operational framework outlining how we aim to address risk management, process safety, environmental responsibility and management of personnel and contractors, as well as the efficient and reliable design and operation of our assets. A HOMS manual supports HOMS implementation and provides direction on how the management system guides and integrates our work across functions and locations. Ultimately, we expect that HOMS will help us to manage risks associated with a changing organization; coordinate technical expertise, standards and processes across the organization; and align asset-level operations with enterprisewide corporate governance documents and business priorities.

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

In 2020, we are streamlining Hess' enterprise- and asset-level safety and operational standards, procedures and other governance documents as part of our implementation of HOMS.

In support of HOMS, we have continued implementation of EHS standards that formalize enterprisewide expectations and accountabilities for key areas of EHS risk and performance and support a globally consistent approach to

operational excellence. Due to the necessary migration of these standards from our prior EHS & SR Management System to HOMS, we have extended the deadline for full implementation of the phase III standards (and any other standard with an approved delay dispensation) from 2020 to 2021.



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

## KEY ENTERPRISE PROCESSES

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

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

## Enterprise Risk Management

Hess applies a comprehensive, standardized approach to identifying and managing risks of all types across our operations. Our enterprise risk management (ERM) program, which includes consideration of EHS & SR risks, provides a framework that enables Hess' Board of Directors and executive leadership to work together to strengthen the consistency of risk consideration in making business decisions. Our Board

of Directors has ultimate oversight over the ERM process and is charged with understanding the key risks affecting the company's business and how those risks can be managed. Annually, our Chief Risk Officer (CRO) provides the Board's Audit Committee with a comprehensive review of Hess' enterprise-level risks, the status of the ERM program and risk management strategies utilized under our corporate risk policy. The status of EHS & SR risks and mitigations are also discussed in detail at the Board's EHS Committee meetings. Periodically, our Chief Financial Officer (CFO) and CRO provide an update to the Board on enterprise-level risks, including the relative risks of assets and projects within the portfolio. The CFO and CRO oversee day-to-day implementation of the ERM process, including developing and verifying compliance with relevant policies and standards.

Hess' 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 audits. In these risk

assessments, we identify risks and assess their likelihood and potential impact to people, the environment, our reputation and our business.

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

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

We also require that functional-level risk assessments be included in each

asset's or project's risk plan. Examples include identifying and validating concept selection or confirming the technical basis of design for a facility.

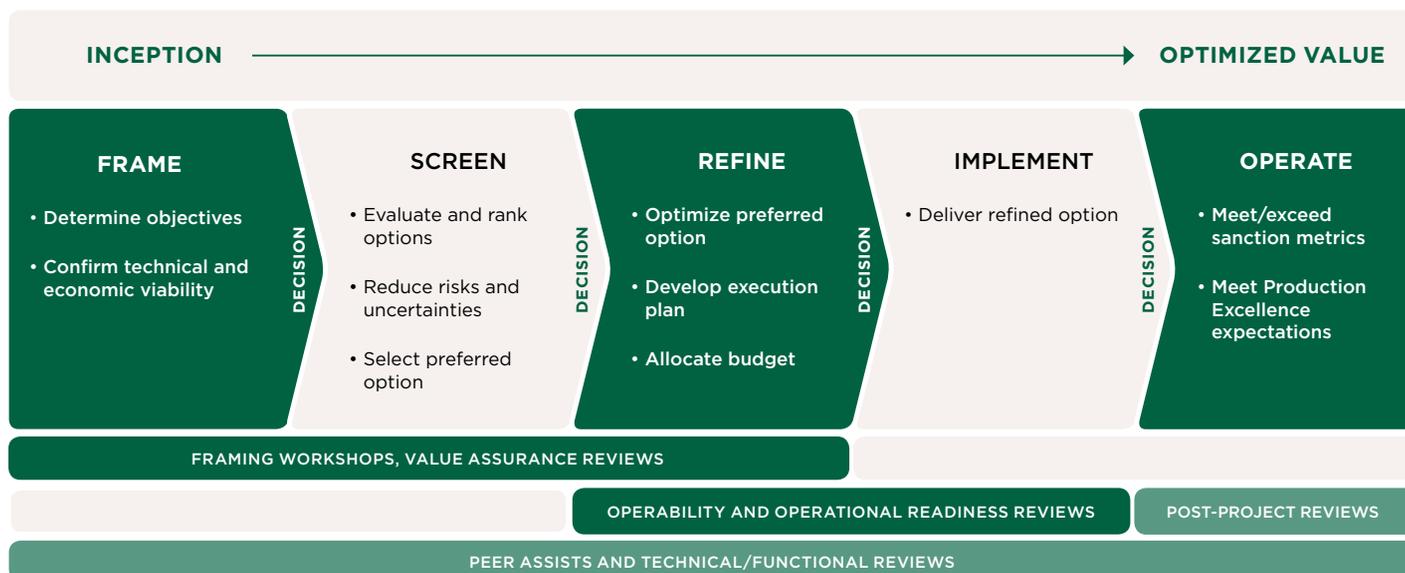
Climate risks are considered throughout both enterprise and functional risk assessments from the perspective of potential financial, physical, reputational and regulatory impacts. Further discussion of Hess' approach to managing climate risks can be found in the Climate Change and Energy section.

### Value Assurance

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

The value assurance reviews are risk based and focus on economics, subsurface and facility design, safety, environmental and socioeconomic considerations, regulatory

## VALUE ASSURANCE PROCESS



## HOW WE OPERATE

requirements and other technical and nontechnical risks. In order to evaluate the potential impact of carbon cost on project economics, we apply either actual carbon pricing where a regulatory framework for such exists, or a sustained \$40 per tonne cost of carbon to the forecasted greenhouse gas emissions from significant new projects.

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

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

### Due Diligence

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



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

### Lean

For more than a decade, we have been implementing Lean principles across our operations to eliminate waste, improve reliability, drive continuous improvement and create value for our shareholders,

business partners, employees and other stakeholders. We have encouraged 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 our distinctive Lean culture in which continuous improvement comes from the entire workforce – our “army of problem solvers.”

In 2019, we conducted a follow up to the prior year’s “Take Work Out” initiative, which helped to reduce unnecessary tasks; the new initiative, called “Breakout,” helped us to identify and address persistent pain points in efficiency that require multifunctional or cross-team efforts to resolve. The initiative resulted in about 200 proposed improvement opportunities. Senior management selected the five opportunities with the greatest potential for positive impact, and those five will be the initial focus of improvement efforts.

To support the day-to-day implementation of Lean principles, we use a standard process for selecting, training and developing embedded Lean leaders (ELLs), who, after completing this process, help to train their teams in basic Lean skills, improve processes and eliminate waste in their respective work areas. We certified approximately 50 additional employees as ELLs in 2019, bringing the total number of ELLs to about 200 enterprisewide. ELLs participated in multiple kaizen (Japanese for “improvement”) workshops held across our value stream to provide sustainable improvements to business results for their respective assets or functions.

### BUSINESS CONDUCT

The Hess Code of Conduct outlines the business conduct and behaviors we expect of our employees, officers, directors and contractors. Any individual

or company working on behalf of Hess or our subsidiaries is expected to follow similar principles. Failure to comply with the Code of Conduct and related policies, or applicable laws, may result in disciplinary action, including termination.

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

To continuously enforce compliance controls and embrace best practices, our Global Compliance team focuses on internal investigations and anti-bribery and anti-corruption (ABAC) programs, as well as other enterprise programs and systems. In 2019, 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 2019, Global Compliance also continued to work with key functions across the company, including Legal, EHS, Human Resources and the Corporate Audit Department, to review potential issues and implement appropriate remediation plans.



Offshore Operations, Danish North Sea

Providing employees with effective training on the Hess Values is a key element of strengthening our culture 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. Delivered through an enhanced, modular platform that highlights key concepts, 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.

The Global Compliance team conducts audits and ongoing monitoring to help ensure that all employees complete these online trainings. At year end 2019, 98% of active employees had completed the Code of Conduct training, and 99% had completed the ABAC training.

## POLITICAL ENGAGEMENT

### HessPAC

HessPAC serves as the political action committee (PAC) of Hess' U.S. employees and acts in full compliance with U.S. federal and state campaign finance and election laws. HessPAC is used to promote the interests of Hess Corporation. In 2019, HessPAC continued in its third full cycle of operation, generated approximately \$74,000 in member contributions and distributed \$73,500 in political contributions in a bipartisan manner to candidates at the federal level.

HessPAC publicly discloses all of its contributions to political candidates, parties and committees. Its federal contributions are accessible via the U.S. Federal Election Commission's website ([www.fec.gov](http://www.fec.gov)). In 2019, we did not make any state-level contributions from HessPAC, but if we do in the future, these will be publicly available on the appropriate website of each respective state where HessPAC is active. As legally permitted, Hess corporate funds were used to provide administrative

support for HessPAC. Both direct and indirect corporate political contributions are prohibited by Hess company policy. HessPAC permits political contributions only through voluntary employee-funded PAC contributions.

### Advocacy

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

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

Hess' commitment to transparency also means that the company fully complies

## HOW WE OPERATE

with all lobbying reporting requirements outlined in the Lobbying Disclosure Act of 1995 and all amendments made to the law by P.L. 110-81, the Honest Leadership and Open Government Act of 2007. In 2019, the company's lobbying expenses totaled approximately \$624,200. This includes fees and expenses for external consultants and trade association dues used for lobbying purposes, as required by the Lobbying Disclosure Act. Hess also complies with any and all relevant state and foreign legal and regulatory requirements concerning direct and indirect lobbying activities and contacts.

Hess belongs to a number of trade associations (organized under section 501(c)(6) of the Internal Revenue Code) that include our industry peers and other companies in related sectors. Trade associations provide forums through which companies across the oil and gas industry can develop unified public policy agendas, exchange technical and industry best practices and approach issues relevant to our business with a common voice. Hess requires all trade associations to publicly disclose all expenses related to lobbying activities, as outlined by the Lobbying Disclosure Act. Our trade associations' lobbying activities accounted for 20% of our total lobbying spend in 2019.

In 2019, none of Hess' membership fees or dues were used by any of our associations for direct or indirect political advocacy. Furthermore, no payments made by Hess to 501(c)(6) or 501(c)(4) organizations

were used for political purposes. A list of memberships and associations that received more than \$50,000 from Hess in 2019 is shown below.

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. To address concerns related to potential misalignment, we publish our positions on key sustainability issues in this annual report.

Hess' Vice President of External Affairs is responsible for approving and overseeing employee engagement with elected officials or regulators when these employees act as official representatives of the company. This strict internal policy extends to Hess employees who serve on trade association committees that advocate for policy changes. This helps to ensure that 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

In Hess' day-to-day business operations, we rely on suppliers and contractors to provide key goods and services and perform essential tasks. These companies are critical to our success and our ability to maximize the efficiency of operations while minimizing operational risks. In 2019, we purchased approximately \$3.7 billion in commercial goods and services from approximately 3,000 suppliers, whose workhours comprised more than 70% of our total workforce hours.

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

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

### Management Approach

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

Our Procurement Policy specifies who should participate in the evaluation of tenders, management of contracts and ongoing procurement of goods and services. It also includes code of ethics and conflict of interest guidelines

## 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

and states that employees who violate the Procurement Policy are subject to disciplinary actions. A central goal of our supply chain management system, including our Procurement Policy, is to help ensure that suppliers understand and abide by our high ethical, safety and other performance standards, while helping us 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 anti-bribery, anti-corruption 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 function within Hess conducts an additional review and develops mitigation plans, as needed.

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

review during procurement can be found in the Safety and Health section.

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

### Local Content

Internationally we often prioritize local suppliers when performing under production-sharing contracts or other agreements with host countries. These agreements vary by country.

In Malaysia, for example, we use an approved vendor list that includes Malaysian-owned companies, and

we also require our suppliers to prioritize hiring local staff. Hess' joint venture in Guyana also seeks to employ local nationals and support local suppliers. Since launching operations in Guyana in 2017, the joint venture has invested \$4.4 million in supplier development, technical and vocational education and economic development, much of it with a focus on building local suppliers' ability to obtain work in the oil and gas sector or broader economy. Through the Centre for Local Business Development, this investment has supported nearly 40 supplier forums and more than 500 business assessments to ascertain the strengths and weaknesses of Guyanese firms; helped register more than 2,000 Guyanese businesses for access to opportunities through the Supplier Registration Portal; and conducted almost 3,000 training days covering procurement, the fundamentals of offshore oil and gas, supply chain management, financial management and human resource management.



See more on Hess' expectations and requirements for suppliers at [suppliers.hess.com](https://suppliers.hess.com) and [hess.com/sustainability/how-we-operate/supply-chain](https://hess.com/sustainability/how-we-operate/supply-chain)





Hess Student Mentoring Program, Houston, Texas

# SOCIAL RESPONSIBILITY

At Hess, social responsibility (SR) means maintaining the highest standards of corporate citizenship as we work to deliver the energy the world needs – energy that is fundamental to advancing economic progress and improving living standards. SR, which is one of the six Hess Values, is foundational to the culture of our company and to our engagement with the communities where we operate; it includes protecting the health and safety of our workforce, safeguarding the environment and creating a long lasting positive impact on our communities.

Our approach to SR emphasizes proactive stakeholder engagement, social risk and

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

## GOVERNANCE FRAMEWORK

We are committed to implementing ethical and responsible business practices in all that we do. Through the Hess Code of Conduct, we have established the business conduct and practices we expect of our employees, officers, directors and contractors, including adherence to the highest standards of human rights.

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

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

## The Sustainable Development Goals

The 2030 Agenda for Sustainable Development – which was adopted by U.N. Member States in 2015 – provides a shared blueprint for global development. Central to the Agenda is a set of 17 Sustainable Development Goals (SDGs) that set ambitious targets and foster cooperation among governments, civil society and the private sector.

As part of our materiality assessment (see page 6-7), we align our material issues with the SDGs to track our greatest impacts and evaluate where our strategic actions and ongoing operations have the most significant potential to promote progress toward the SDGs. The following table summarizes how the SDGs align with our material issues and where discussion of those topics can be found in this report.

RELEVANT SDGS	HESS MATERIAL ISSUES	DISCUSSION (PAGE #)
<b>SDG 3:</b> Ensure healthy lives and promote wellbeing for all at all ages	<ul style="list-style-type: none"> <li>• Human Rights and Security</li> <li>• Process Safety and Spills</li> <li>• Transportation Impacts</li> </ul>	21-22, 24 30-33, 54-55, 57-58 29
<b>SDG 4:</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> <li>• Community and Stakeholder Engagement</li> </ul>	24-25
<b>SDG 6:</b> Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> <li>• Process Safety and Spills</li> <li>• Water Management</li> </ul>	30-31, 54-55, 57-58 53, 55-56
<b>SDG 7:</b> Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> <li>• Climate Change and Greenhouse Gas Emissions</li> <li>• Regulatory Assurance</li> <li>• Transparency in Business Conduct</li> </ul>	39-51 58-59 14-17
<b>SDG 8:</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> <li>• Community and Stakeholder Engagement</li> </ul>	19, 35-36
<b>SDG 13:</b> Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> <li>• Climate Change and Greenhouse Gas Emissions</li> </ul>	39-51
<b>SDG 14:</b> Conserve and sustainably use the oceans, seas and marine resources for sustainable development	<ul style="list-style-type: none"> <li>• Emergency Preparedness and Response</li> </ul>	31-33, 57-58
<b>SDG 15:</b> Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	<ul style="list-style-type: none"> <li>• Process Safety and Spills</li> <li>• Regulatory Assurance</li> <li>• Water Management</li> </ul>	30-32, 57-58 58-59 53-56

# SOCIAL RESPONSIBILITY

In 2019, we also endorsed the Equality Act, and in doing so became a member of the Human Rights Campaign's Business Coalition for the Equality Act. The Act, which is still under review in the U.S. Senate, would guarantee explicit, permanent protections for lesbian, gay, bisexual and transgender people under existing civil rights laws and create a federal standard to treat all employees the same.

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

## Organizational Structure

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

## STAKEHOLDER ENGAGEMENT

As we work to help meet the world's energy needs, we partner as appropriate

with resource owners, communities and stakeholders from across the industry and civil society to develop oil and natural gas resources in a manner that is environmentally and socially responsible. We prioritize safety, integrity and transparency and aim to treat all of our stakeholders with respect. We actively pursue dialogue with stakeholders – including local communities, employees, contractors, suppliers, customers, industry members, governments and investors – to share our values, vision and goals and to seek feedback.

## Stakeholder Planning and Engagement Process

Our stakeholder planning and engagement process is aligned with and included in the Hess Risk Management Standard. Alignment with this standard helps to establish clear links between our stakeholder identification and engagement activities and the key external issues impacting each asset. We maintain individualized External Affairs and Stakeholder (EAS) Plans for each of Hess' operated locations.

The individualized EAS Plans involve a five step process (see graphic above right). The first step is understanding the specific risks faced by each asset as identified in the asset-level risk register and "heat maps" and then prioritizing those risks that are most critical to Hess' license to operate. In the second step, we establish documented internal accountabilities for managing each key issue – including identification of a Business Owner (i.e., an individual from senior management with accountability for the issue) and an Issue Manager or Managers (i.e., individuals responsible for managing the ongoing strategy and engagement to mitigate stakeholder impacts). In step three, each Issue Manager, with support from our External Affairs function, documents the relevant stakeholders, and then in step four outlines the engagement strategies for those stakeholders. The final step is monitoring

## INTEGRATED STAKEHOLDER ENGAGEMENT PROCESS



and tracking the key issues, with updates to the Business Owner and, as required, other senior management at least twice per year.

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

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

- *Indigenous Groups*: Formally recognized groups, tribal coalitions, government supporting agencies, indigenous advocacy groups



Recent examples of our stakeholder engagement activities can be found at [hess.com/sustainability/social-responsibility](https://hess.com/sustainability/social-responsibility)

## Grievance Mechanisms

In the communities where we operate, we do our best to address potential issues early – before they mature into more severe challenges – and we believe that strong and transparent stakeholder relationships help us to do that. Formal grievance mechanisms are an important part of soliciting stakeholder feedback on a company’s operational impacts; they also help companies respond to and act on that feedback through an established process. Hess’ grievance mechanisms help facilitate stronger relationships with communities, landowners and other stakeholders and allow for a more effective response to concerns from the community. We have reached out to community members through forums such as community meetings, town halls and local hearings to share information about our grievance mechanisms and to establish channels of communication.

Through one of the grievance mechanisms at our Bakken asset, we accept feedback and complaints (anonymously, if desired) through several access points, including our Grievance Officer, the Hess Owner Solutions team, our North Dakota front desk staff and our Surface Land team. We receive and address concerns relating to employee and contractor performance, behavior and activities toward external stakeholders. We may also receive feedback on environmental, health and safety (EHS) concerns and workplace, procurement and supplier issues. The most commonly raised topics include road conditions, erosion, land reclamation, fencing, cattle guards and weed control. In 2019, we received 318 grievances through this process.

## Engagement with Bakken Stakeholders Leads to Efficiencies

Hess’ suppliers and business partners represent one of our key external stakeholder groups. After identifying inefficiencies in the process for contractor safety orientation in the Bakken region, we worked through the North Dakota Petroleum Council (NDPC) and with select stakeholders to create a more streamlined system.

Dozens of producers and hundreds of contractor companies operate in the Bakken region in North Dakota, and most contractor companies have been required to attend safety orientations for each producer before they can begin work. In conducting our Bakken contractor orientations, Hess noted that many participants were disengaged, having been through similar orientations already with other producers.

In early 2018, at a meeting of the NDPC, Hess proposed a single, shared safety orientation program that all producers would use and that contractor employees would only have to take once. Those trained through such a program would be given a card, similar to a driver’s license, that would identify them as ready to work in the Bakken. The idea was met with significant support, and Hess took the lead in chairing a new NDPC committee to develop the program, which was named One Basin-One Way.

Developing the One Basin-One Way safety orientation required deep and long term engagement with a wide array of industry stakeholders. The NDPC committee had 99 members representing 50 different companies – from oil and gas producers to safety training providers to contractor companies (e.g., drilling rig operators, casing crews, welding companies, construction companies and more). At least 4,000 hours of work went into developing the program, which launched in June 2019.

As of year end 2019, more than 11,000 workers had earned One Basin-One Way certifications, and over 1,300 contractor companies had registered. Thirteen producer companies are participating to date, and the program has been formally endorsed by the governor of North Dakota. This significant and collaborative engagement effort has resulted in a program that is providing major efficiencies for all involved companies – essentially exporting our Lean philosophy beyond the walls of Hess – and should also bolster safety in the region.

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

We maintain an internal database – the stakeholder management system (SMS) – to track these grievances from start to completion. (The SMS also supports

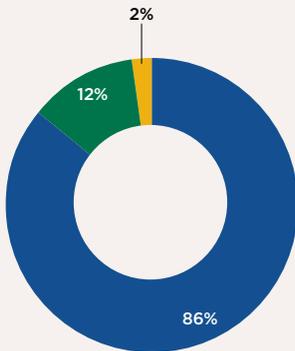
our stakeholder engagement process, described previously.) The response team strives to complete each investigation within 14 days of the original report and provide a response and/or resolution within 30 days. As a final step before closing a case, we contact the stakeholder to confirm the issue has been adequately addressed. Trending data on grievances are reported upward to the Bakken Leadership Team, composed of key senior decision makers for the Bakken asset, as part of our regular operating rhythm.

Separately, we maintain a grievance mechanism for landowners and mineral rights holders associated with the Bakken asset. Specifically, we have an Owner Relations telephone hotline, webpage and email address through which these individuals can ask questions and share concerns and complaints. Our Owner

# SOCIAL RESPONSIBILITY

## 2019 Social Investment Spend by Country

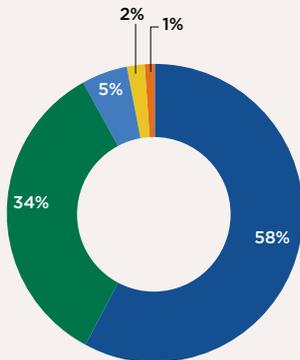
\$ Thousands



- U.S. \$6,596
- Guyana \$930
- Malaysia \$133

## 2019 Social Investment Spend by Type of Investment

\$ Thousands



- Community \$4,414
- Education \$2,639
- Matching Gifts \$417
- Health \$119
- Environment \$70

Note: These charts include all social investments in 2019, including those associated with joint venture operations. Noncash or "in kind" contributions have been included within the category of the social issue they support.

Relations and Owner Support teams manage this system and use the SMS to track open issues and help ensure resolution. In 2019, these teams received and responded to more than 30,000 emails and phone calls, assisting an average of 17 customers per hour.

Also in 2019, we worked to integrate these two grievance mechanisms to increase visibility and improve access to both programs.

## SOCIAL RISK AND IMPACT MANAGEMENT

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

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

### Human Rights

Everywhere we operate, we work to uphold human rights and treat everyone with dignity and respect. By engaging with stakeholders, we aim to proactively address potential issues and work to prevent human rights-related incidents. Hess' complex operational environments present opportunities to make positive and lasting contributions in the areas of governance, transparency, respect for rule of law, and social and economic development.

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

Hess is committed to educating our personnel on the importance of respecting human rights as well as raising internal awareness of the best practices outlined

in our Human Rights Policy. We utilize an online human rights training module for employees that explains the concept and importance of human rights, reviews our Human Rights Policy, offers guidance on integrating respect for human rights into employees' daily work and provides directions on how to report suspected human rights violations.

## COMMUNITY BENEFITS AND CAPACITY BUILDING

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

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

Our social investment programs contribute to education improvement and work skill development, which are fundamental to sustainable economic growth. We also seek to identify opportunities in our supply chain to provide lasting economic benefit through local job creation.

In 2019, our social investments totaled \$7.7 million, with \$2.6 million going toward education projects.

## Local Program Highlights

In 2019, Hess' global assets and Houston operational headquarters engaged in a variety of local social investment activities. The following are selected highlights.

### LEAP Program in Houston

In 2019, we extended our support of the LEAP (Learn, Engage, Advance, Persevere) educational program for three more years to help keep at-risk students in Houston's Greater East End in school and aspiring toward college or vocational training through reading, summer programs and college- and career-readiness training. Hess has contributed more than \$2.1 million to LEAP over the past three years.

### LA1 Coalition in Louisiana

As part of the LA1 Coalition, Hess continued supporting efforts to replace and elevate a section of the LA1 highway near Port Fourchon, Louisiana – a key port for offshore operations in the Gulf of Mexico. The new roadway is expected to improve emergency response capabilities and the hurricane evacuation route. Hess has contributed more than \$800,000 to the public-private partnership.

### JET Apprenticeships in North Dakota

Hess continues to fund the Job Experience Training (JET) apprenticeship program, which, for the past two years, has developed local, qualified reliability operators in North Dakota. JET graduates also earn a U.S. Department of Labor credential. Since 2017, 26 apprentices have entered the JET program, 14 have completed the apprenticeship and 11 have transitioned to be Hess employees.

### Toy Trucks in North Dakota

We continued our partnership with North Dakota state education officials and the governor's office in 2019, shipping toy trucks and a corresponding science, technology, engineering and math (STEM) curriculum designed by Baylor College of Medicine's Center for Educational Outreach to every elementary school in North Dakota. The materials help children learn about energy efficiency, kinetic energy and other STEM-related lessons.

### Education in Malaysia

Hess sponsored the Fulbright English Teaching Assistant (ETA) program again in 2019, bringing 12 ETAs to teach English in public secondary schools in Kelantan, Malaysia. The program reached almost 9,000 students through classroom learning as well as 29 English camps. Hess also began funding a new education program under the MyKasih Foundation "Love My School" Student Bursary Programme, which provides annual scholarships to underprivileged children from the Orang Asli indigenous community.

### Capacity Building in Guyana

In 2019, Hess' joint venture in Guyana invested more than \$3 million to support a number of initiatives, including the Centre for Local Business Development and technical and vocational training for recent graduates. In addition, the joint venture evaluated the potential to fund future capacity development initiatives that would support economic development, health, education and training in Guyana.



Centre for Local Business Development, Guyana



# SAFETY AND HEALTH

The safety of our workforce is Hess' first priority and one of our core values, embodied within the Hess Value of Social Responsibility. Through our safety programs and practices, we seek to maintain a culture in which employees and contractors keep each other safe on the job, so that everyone across our operations returns home safe every day.

Our commitment to safety begins at the top of our company, and it is our expectation that this commitment be reinforced at every level. For example, we include key enterprisewide safety metrics in our annual incentive plan formula for executives and employees. We also conduct leadership site visits and safety observations to engage our organization in safety performance. In 2019, we completed approximately 194,000 site visits and observations, which we track as leading performance indicators.

Our annual Global Safety Appreciation Day, hosted last year in November, provides an opportunity for the Hess workforce to stop and reflect on safety issues – including the prevention of severe and significant incidents – and discuss how we can further embed safety into the Hess culture. In 2019, we used the event to reintroduce and update our universal, mandatory safety requirements known as the Hess Rules. The original Rules focused on energy isolation, lifting and hoisting, working at heights, confined space entry, hot work, excavation and trenching, and land transportation. We added two new Rules, addressing dropped objects and safety system bypass procedures, to set clear expectations intended to protect employees and contractors who perform certain activities on Hess operated worksites.

In 2019, we again conducted “Go to Gemba” events to engage our workforce in conversations about safety, with a focus on improving pre-job planning and job safety assessment tools and techniques. Gemba means “the real place” in Japanese and, in practice, “Going to Gemba” means having leaders from Hess visit our worksites to better understand safety challenges and reinforce our commitment to “everyone, everywhere, every day, home safe.” When a site’s workforce includes contract workers, managers from our contractor companies will often accompany our leaders on these visits. The 2019 Gemba events took place in January and November, as data from recent years indicated that both months have higher incident rates; therefore these events present key opportunities for reinforcing safety practices.

Hess is participating in the development of the American Petroleum Institute’s Onshore Safety Program, drawing on our own experience to support improvement within the oil and gas industry. This effort aims to establish standards for managing activities in U.S. onshore exploration and production operations that have historically high incident rates in the industry. The intent of the program is to raise awareness and improve understanding of best practices and create effective and efficient safety programs that are standardized across onshore upstream operations.

After the 2018 refresh of our safety leadership training program, staff from Hess’ asset operations and our central Environment, Health and Safety (EHS) function continued to train frontline leaders on specific Hess expectations and processes to minimize risk and

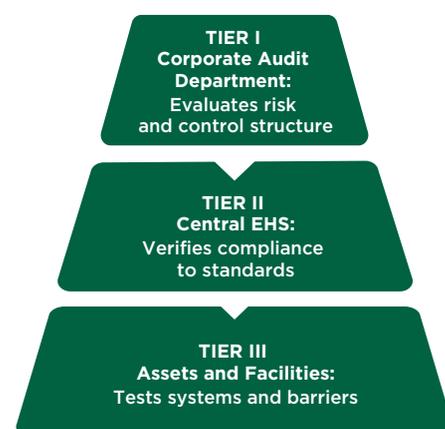
improve safety performance. Through 2019, our North Dakota asset has trained 275 frontline leaders to be safety role models. A senior leader was designated to attend the kickoff session for each class to demonstrate leadership support, set expectations and model the behaviors outlined in the workshop. With a look toward continuous improvement of our leadership training, we’ve been collaborating with the Center for Offshore Safety and the International Association of Oil and Gas Producers (IOGP) on a set of process safety fundamentals, and we plan to integrate this into our training in the future.

## MANAGEMENT APPROACH

At Hess, our objective is continuous improvement in safety performance, with the ultimate goal of zero safety incidents. The Hess Operational Management System (HOMS), which is discussed in the How We Operate section, serves as a framework for managing and measuring our safety performance.

Over the past several years, we have formalized and standardized many of

## EHS ASSURANCE STRUCTURE



# SAFETY AND HEALTH

## Local Efforts

Around the globe, Hess assets demonstrate their commitment to safety every day, whether by achieving outstanding results or continuously improving their processes.

In North Dakota, we deployed a routine task procedure program in 2019 to streamline permitting for routine tasks relating to energy isolation. The aim was to improve control of work and risk management and create efficiencies in pre-job planning for routine and low risk activities. We developed a standardized risk assessment matrix to assess routine tasks and identify which tasks could be risk assessed in advance. By doing the risk assessment at the outset, operators no longer need a permit for each routine task they conduct and thus can focus more attention on higher risk tasks. Specifically, if the task is verified to be low risk, a worker can proceed without a permit. However, if site conditions such as weather, simultaneous operations, changes in process temperatures or pressures warrant, additional site controls, such as following standard work instructions or proceeding through the permit-to-work process, may be required. We are planning additional improvements in 2020 to increase the effectiveness of this program and streamline daily planning.

At our North Malay Basin asset, we celebrated several notable safety milestones. Between May 2017 and September 2019, production operations at the asset achieved 1 million workhours with no lost time injuries (LTIs), completing activities such as hookup and commissioning, piping installation, start up, production and planned shutdown. In September 2019, our Tok Bali Supply Base reached four years LTI free, and in November 2019 our Kemaman Supply Base reached seven years LTI free. Both supply bases provide logistics for our North Malay Basin offshore production operations and have rigorous safety programs in place, including monthly safety and health committee meetings, safety walkabouts and hazard hunts on vessels and onshore bases, and contractor engagement and onboarding. These efforts were a driving force behind the asset being awarded the Hess CEO Award for Safety Excellence as well as the Offshore Self-Regulation Excellence Gold Award from the Malaysian Department of Occupational Safety and Health.

our EHS practices across the company through our global EHS standards project. These safety standards and associated procedures address key areas of safety risk – such as energy isolation, dropped objects and confined space entry – and promote leadership, awareness, consistency and accountability across all levels of the organization. The recent update to the Hess Rules, discussed previously, helps to better align the Rules with our EHS standards.

We review conformance with the external and internal requirements (e.g., regulations, policies, standards and procedures) related to the various HOMS elements through our HOMS Audit Element and associated Assurance Procedure. This procedure was developed as part of our transition to HOMS in 2019; it is an update and expansion of our previous assurance program and covers all HOMS assurance activities.

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

At the Tier II Assurance level, working collaboratively with Hess assets, subject matter experts and technical authorities conduct assessments to evaluate conformance with corporate and asset EHS standards and procedures, as well

as with regulations, and assist the assets in addressing identified improvement opportunities.

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

In 2019, Hess' CAD conducted Tier I EHS audits and consulting activities in accordance with the Board's approved plan for the year. Based on asset requests, Hess subject matter experts also completed various Tier II assessments in 2019. At the Tier III level, self-assessments in the form of behavioral safety observations, leadership site visits, hazard observations, drilling rig inspections and other reviews occurred throughout the year.

## OCCUPATIONAL SAFETY

Hess emphasizes a culture of ownership for occupational safety by empowering workers and giving them the responsibility to identify and mitigate the safety issues relevant to their operations.

For example, our behavioral safety observation program (BSOP) trains workers to conduct peer-to-peer workplace observations in order to identify and track safe and at-risk behaviors. Immediate feedback is given to workers who have been observed, and behavioral trends are analyzed to identify broader opportunities for improvement.

Our U.S. onshore assets have had behavioral safety programs in place since 2011, and best practices developed at those assets were codified into Hess' enterprisewide BSOP Standard in 2017. Since then, we've been working to deploy the standard across our assets, and, with implementation at our operated assets in Denmark and Malaysia in 2019, the BSOP Standard has now been deployed enterprisewide. As part of implementation of the standard in Malaysia, we hosted a "train the trainer" session in September

2019, which included teaching Hess workers the basics of behavioral safety, analysis and identification, and conversation skills. BSOP programs promote continuous data collection and collaborative sharing of best practices and safety information across Hess assets. Going forward, we aim to analyze these collected data on an ongoing basis to identify specific actions for continued improvement.

Transportation is another key focus of our occupational safety efforts at Hess. We address land, aviation and marine transportation safety through a variety of programs.

The Hess Land Transportation Standard has three pillars: driver training and competency, the use of in-vehicle monitoring systems for company owned vehicles, and journey management planning. Hess workers are required to take proactive driver training prior to the first time they operate a motor vehicle on company business, with refresher training required every three years. Our Land Transportation team publishes weekly safety bulletins that address key topics, such as distracted driving, safe parking and safety technology. These bulletins are also provided to many of our contractors. Our key contractors are required to comply with *Land Transportation Safety Recommended Practice*, Report No. 365, published by the IOGP. Correlated with these efforts, our collisions per million miles traveled declined by 69% from 2016 to 2019.

Hess' Corporate Aviation Safety Management System and HOMS form the basis of our aviation safety program. Our aviation standards and procedures frequently exceed national regulations in our countries of operation, and we regularly conduct aviation contractor safety audits, site visits and readiness reviews to monitor the safe operation of

aircraft used to support our operations. While our aviation contractors have experienced no significant Hess-related aviation accidents or injuries in more than 25 years, we continuously work with these contractors to further reduce risk. Through these efforts, over the past five years our aviation contractors have moved more passengers with fewer flights, reducing the number of flights supporting our operations by 35% and overall flying hours by 11%. In 2019, in response to the expanded use of unmanned aerial systems to survey our assets and operations, we increased oversight to proactively validate that safe practices are used and regulations are met.

Our approach to marine transportation safety is addressed under the Contractor Management heading later in this section.

### Key Performance Metrics

Our full workforce total recordable incident rate (TRIR) in 2019 was 0.43, which was higher than our 2018 rate of 0.32 and our target of 0.28. The uptick was driven by an increase in our contractor TRIR, as our employee rate dropped by 62% year over year. Our full workforce lost time incident rate increased from 0.08 in 2018 to 0.18 in 2019. Our severe and significant safety incident (SSSI) rate, which incorporates incidents that have the potential to result in severe consequences as well as Tier 2 process safety events and recordable incidents, stood at 0.54 for 2019, slightly above our target rate of 0.46. We experienced no workforce fatalities among either employees or contractors during 2019.

In response to incidents throughout the year, our assets conducted root cause analyses and implemented corrective actions across our onshore and offshore operations. Certain of our assets also initiated a series of site visits, safety surveys and safety improvement

workshops early in 2019 to engage our employees and contractors in discussions about safety performance and to develop safety improvement plans. We also reemphasized the importance of mitigating high risk activities through our update to the Hess Rules. Ultimately, we were able to achieve a 33% reduction in our SSSI rate from April to December.



# SAFETY AND HEALTH

To improve safety performance, tracking near miss incidents that have the potential to result in severe consequences is as important as tracking incidents that result in an actual consequence. We require that near miss incidents be reported internally and recorded into our incident management system as if an actual consequence had occurred. Hess' enterprisewide annual incentive plan metrics include a target aimed at reducing the rate of severe safety incidents, which includes near miss incidents with potential severe consequences.

## PROCESS SAFETY

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

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

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

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

## New Software Tools Support Global Safety

During 2019, we worked on the development of three new software tools that aim to better manage risks to people, property and the environment.

The electronic Permit to Work (ePTW) and electronic Management of Change (eMOC) systems aim to improve consistency across processes, optimize and automate standard work and assure operational and regulatory compliance. Both systems are expected to improve our understanding of risk and support better risk management and decision making, especially during simultaneous operations and emergencies.

PTW requirements seek to ensure that risks are mitigated prior to conducting work, personnel are involved in planning the work and conducting a risk assessment, proper authorization is in place for the work to be carried out, the person in charge of an area is aware of the ongoing work, and a formal hand back of the facility or equipment in a safe condition is in place. The ePTW system supports HOMS Element 7, which establishes the design, operational and maintenance requirements for new and existing operations and support activities. ePTW also helps to support several Hess Rules – including energy isolation, lifting and hoisting, working at heights, confined space entry, dropped object prevention and hot work – by improving the process for meeting the Rules' requirements.

The eMOC software aligns with Element 8 of HOMS, which establishes a requirement for effective management of planned or unplanned changes to people, processes and equipment. We began the enterprisewide rollout of both systems in early 2020, and their implementation is ongoing.

The third tool, deployed in North Dakota in 2019, is a mobile safety observation program that is helping Hess employees and contractors to capture safety observations at field locations. The software platform enables the recording of safety observations in real time. It includes a standardized methodology for capturing observations and allows for continuous learning and sharing of best practices.

These three software systems have transformed legacy systems into efficient digital processes – giving employees and contractors ready access to the information they need to do their jobs.

In 2019, we continued to enhance our process safety systems by building upon the competency assurance and learning (CAL) programs – which define, assess and develop workforce competencies – that were already in place at certain of our assets. We are in the midst of a multiyear process to build a standardized approach to CAL, define safety critical job profiles across the enterprise and integrate CAL with HOMS. (See the How We Operate section for more on HOMS.) Standardization will allow us to have a common CAL program as well as a common CAL electronic management system. In 2019, we mapped certain job profiles with safety critical competencies and began developing an assurance strategy.

Another strategy we have pursued to minimize process safety risk is to enhance our integrity management program. Integrity critical equipment (ICE) are barriers and safeguards that prevent or mitigate process safety incidents through detection, isolation, containment, control or emergency preparedness and response within our facilities. We have established ICE performance standards, which set specific requirements and criteria for inspections and tests that help to ensure ICE barriers are effective. In 2019, we again surpassed our target of 98% inspection and testing of ICE, with approximately 15,000 critical performance standard assurance test work orders completed. In 2020, we plan to continue reinforcement of critical maintenance compliance through a pilot of Hess technical authority-led integrity assessments of barrier health.

Understanding the role of barriers in relation to hazards, threats, events and consequences – in other words, “barrier thinking” – is a key part of our ongoing process safety efforts. Our Gulf of Mexico employees and contractors continue to use “bow tie” diagrams to help visualize threats, barriers and consequences. Our North Malay Basin asset implemented a bow tie program on its platform in 2019 and is working toward implementation of a similar program on its floating storage and offloading vessel in 2020.

In Denmark, we strengthened barrier effectiveness and maintenance in 2019 as part of our effort to obtain third-party validation for the asset’s performance standards, as required by European Union legislation. We are working to validate the existing bow ties in the asset’s safety case, which is a regulatorily required study unique to individual offshore installations that aims to identify and mitigate safety risk. In 2020, our aim is to validate our maintenance management system by conducting a third-party audit of performance tests on selected systems.

**Key Performance Metrics**

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

Our goal has been to continually reduce our number of process safety events

(PSEs). However, we experienced an increase in our combined Tier 1 and Tier 2 PSEs over 2018, which was our best year to date, with six Tier 1 PSEs in 2019 (compared with three in 2018) and 10 Tier 2 PSEs (the same as in 2018). We have investigated all 2019 Tier 1 and Tier 2 incidents and are implementing appropriate actions that are expected to prevent similar incidents in the future.

We also track 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. Hess uses these KPIs to drive continuous improvement at particular facilities. For instance, our global Drilling and Completions team tracks Tier 3 KPIs relating to well control system performance. An example of a global Production Tier 4 KPI is the execution of required maintenance on ICE, which was an indicator that was again included in the 2019 annual incentive plan bonus calculation for employees.

**EMERGENCY PREPAREDNESS AND RESPONSE**

While Hess’ safety programs are designed to help prevent incidents from occurring, we

also diligently prepare to respond effectively to any emergency that may occur.

Emergency preparedness and response exercises help us to engage our employees and key stakeholders, including our contractors, in preparing for and responding to an incident. These exercises range from notification drills (in which personnel practice the communication protocols required in case of an emergency) to full-scale equipment mobilization exercises. In the event of an incident, Hess’ emergency preparedness and response program is designed to respond to actual or threatened injuries to people, spills and releases to the environment, damage to our assets and impacts to the company’s reputation – in that order of priority.

Preparedness at Hess involves our response organization (illustrated on the next page), engagement with officials and communities, emergency facilities and response plans. We hold trainings and exercises to define and clarify roles, responsibilities and resources. Continuous improvement is an essential element of our Emergency Preparedness and Response Standard by which we incorporate lessons

**Planning and Response Regarding the COVID-19 Pandemic**

In early 2020, an outbreak of a new coronavirus strain became a deadly global pandemic. Our first priority in this crisis has been the safety of our workforce and the communities where we operate.

We established an enterprisewide, cross-functional team specifically for COVID-19 and activated response teams for each of our locations in Europe, Asia and the U.S. The objective is to protect health and safety while assuring continued reliable operations.

These teams have implemented a variety of health and safety measures in consultation with suppliers and partners based on the most current recommendations by government and public health agencies. This includes enhanced cleaning procedures, health screenings, travel restrictions, extended work schedules at offshore platforms, and social distancing initiatives such as remote working and reducing the number of personnel on worksites wherever possible.

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

We also reached into our communities to help those most vulnerable to the pandemic’s impact, such as lower income families with children at home, medical professionals and first responders and hospitality workers in need.

Process Safety Events			
	2017	2018	2019
<b>Tier 1</b> PSE Count	7	3	6
<b>Tier 2</b> PSE Count	22	10	10

# SAFETY AND HEALTH

## HESS EMERGENCY RESPONSE ORGANIZATION



learned from incidents and exercises into our preparedness planning, training and future exercises.

In 2019, we conducted several preparedness trainings and exercises at the local level. In North Dakota, for example, local response teams and Hess employees participated in emergency response plan trainings and equipment deployment drills, including one at the Tioga Rail Terminal, enacting firefighting and spill response tactics. Federal regulators, state law enforcement and local fire services participated in a functional exercise for a catastrophic event at the Tioga Gas Plant. We also conducted equipment deployment drills on Lake Sakakawea, in partnership with county emergency management departments.

In the Gulf of Mexico (GOM), we revised and tested the GOM Regional Well Containment Plan through a worst-case discharge scenario functional exercise involving one of the offshore production platforms. Participants included the U.S. Coast Guard, the Hess Incident Management Team and various spill response and well control cooperatives.

Separately, the GOM Incident Management Team visited partner oil spill recovery and response organizations to observe and learn more about the use of

oil spill recovery equipment and offshore vessel operations.

As part of our joint venture with ExxonMobil in Guyana, we participated in an incident command system training involving Guyana response agency stakeholders, with Hess providing delivery assistance. We also participated in a functional exercise simulating hose failure and pump malfunction during an uncontrolled spill, and we tested the notification and communication process between ExxonMobil and Hess.

At our Houston operational headquarters, we conducted medical drills to practice and refine our response programs. We also took steps to improve our cyber crisis management plan with a risk analysis and subsequent tabletop exercise to identify areas for improvement.

### CONTRACTOR MANAGEMENT

Contractors are critical to Hess' operations, comprising more than 70% of our total workforce hours and performing key tasks in our operations.

We use a recognized industry safety database to standardize our prequalification processes across multiple sites for our U.S. operations. This enables us to clearly communicate requirements and expectations to our contractors and share information efficiently across Hess operations. We also now require that U.S. asset subcontractors register in the database, to provide another layer of visibility into subcontractors and to validate that work done on behalf of Hess meets our EHS expectations.

HOMS addresses contractor capabilities and competencies, and, as part of this framework, we have implemented a Contractor Management Standard at our operated assets. The standard includes requirements for both current and potential new contractors to whom the standard applies. For example,

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

As an extension of the Contractor Management Standard, we developed a new risk-based contractor engagement procedure in 2019 that requires certain engagement activities based on a contractor's EHS risk profile. One of the required activities is to perform "bridging" for higher risk, in-scope contractors. The procedure also established a corporatwide bridging philosophy and methodology, which should help bring consistency to the bridging process and associated bridging documents. Once issued, the procedure is anticipated to help prioritize engagement with higher risk contractors and align our contractor management resources accordingly.

We audit contractors to verify compliance with applicable Hess EHS requirements; contractor EHS requirements; local, state and federal requirements; and industry standards and best practices. In addition, new contractors working on Hess controlled worksites must take part in an onboarding process.

We also work to ensure that our contractors receive safety training along with our employees. In 2019, our North

Malay Basin asset held its annual Logistics EHS Week in Tok Bali, Malaysia, to create greater safety awareness among contractors, employees and community members. Eleven logistics contractors participated, including marine, land and aviation transportation companies. Similarly, and as noted at the beginning of this section, we held engagement workshops with contractor partners in North Dakota to discuss safety performance and develop safety improvement plans.

Hess' 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 – form the basis of how we evaluate marine contractors and vessels. The program helps to 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

At Hess, we prioritize the health of our employees and contractors both on and off the job. In key locations – such as Houston and North Dakota – and for eligible employees and their spouses, we offer a comprehensive wellness program that encompasses emotional, social, physical and financial wellbeing. The program includes annual on-site flu vaccines, biometric screenings and health and wellness fairs. Our health and wellness fairs bring local vendors directly to employees and select contractors during business hours and provide many additional 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 also maintain a random drug and alcohol testing program for employees and select contractors at our U.S. facilities. This effort includes the management of regulatory drug testing programs required by the U.S. Department of Transportation and the U.S. Coast Guard.

We also continue to evaluate health risks as technologies in drilling and operations evolve. In North Dakota, Hess has worked with the National Institute for Occupational Safety and Health (NIOSH) – a branch of the federal Centers for Disease Control and Prevention – to stay abreast of changes to regulations and trending health topics

and to promote the health of workers. In 2019, NIOSH conducted in-depth, on-site studies at Hess locations on occupational health and industrial hygiene topics, including, for example, taking a comprehensive look at the presence of chemicals in the atmosphere at a worksite from start to finish of a drilling operation. Separately, Hess' industrial hygienist studied reliability operator job tasks, looking at the use of solvents and common oilfield chemicals in our operations to better understand potential exposures from such use. These types of studies help Hess continue to improve work practices, raise awareness among oilfield workers of potential hazards, and find and promote ways of reducing risks in our operations and throughout the industry.



Planning Room, Houston, Texas

# OUR PEOPLE

Our priority is to make Hess a great place to work, now and for the long term. We deliberately shape our employee culture by focusing on quality leadership, fostering diversity and inclusion, creating learning and engagement opportunities, driving innovation and embracing Lean processes. Through our Life at Hess initiative and a range of other policies and programs, we seek to deliver a positive and fulfilling employee experience.

## EMPLOYEE DEMOGRAPHICS

At the start of 2019, Hess had 1,708 employees, and as of December 31, 2019, we had 1,775 employees. Of this year end total, approximately 86% were located in the U.S. and 14% were in international locations.

## DIVERSITY AND INCLUSION

At Hess, we are committed to diversity and to providing 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. Hess' Inclusion and Diversity Council provides executive leadership and direction to our hiring, work environment and development activities.

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

## Recruiting Diverse Hires

In 2019, we implemented several initiatives to help us attract more diverse job candidates and new hires. For example, we introduced a new video recruiting technology, HireVue, to expand the reach of our university recruiting and attract more diverse talent into our early career programs. We also became a member of the National GEM Consortium, which supports the development of diverse STEM (science, technology, engineering and math) talent at the master's and Ph.D. levels. As part of the Genesys Works program, we welcomed two more high-school-level interns – for a total of four – who represent diverse backgrounds. Lastly, we worked to improve our candidate experience for Hess applicants.

## Fostering Inclusion

Hess is also committed to fostering an inclusive work environment in which each person is a valued team member who continually learns and grows. In 2019, we expanded our Unconscious Bias training to our U.S., Malaysia and Denmark managers, and 475 employees completed the training in these locations.

Through Life at Hess, we are helping to ensure that inclusion is woven into our culture, policies and programs. As a testament to our efforts, Hess was included in the 2020 Bloomberg Gender-Equality Index, which tracks and reports on public companies' performance on gender equality and representation in the workplace, as well as transparency in reporting on gender. We also received an 85% score on the 2020 Human Rights Campaign Foundation's Corporate Equality Index (CEI). The CEI ranks more than 1,000 of the nation's largest businesses on their practices related to lesbian, gay,

bisexual, transgender and queer (LGBTQ) equality and inclusion.

We remain committed to fostering the professional growth of women and minorities at Hess. As an example, Women Inspiring Success and Excellence

## 2019 Employees by Region

Americas	1,528	86%
Asia-Pacific	150	8%
Europe	94	5%
Africa	3	<1%

## 2019 Women and Minority\* Representation

### WOMEN (U.S. AND INTERNATIONAL)

JOB CATEGORY	Total Employees in Job Category	Number of Women	Percent Women
Executives and Senior Officers	31	5	16%
First- and Mid-Level Managers	441	99	22%
Professionals	874	273	31%
Other	429	79	18%
<b>TOTAL</b>	<b>1,775</b>	<b>456</b>	<b>26%</b>

### MINORITIES (U.S.-BASED EMPLOYEES)

JOB CATEGORY	Total Employees in Job Category	Number of Minorities	Percent Minorities
Executives and Senior Officers	30	4	13%
First- and Mid-Level Managers	359	68	19%
Professionals	756	195	26%
Other	383	64	17%
<b>TOTAL</b>	<b>1,528</b>	<b>331</b>	<b>22%</b>

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

# OUR PEOPLE

(WISE) – a Hess networking group with chapters in Houston, New York and North Dakota – has a vision to “help promote and cultivate leadership skills, business practices, career opportunities and personal contacts for women.” WISE is run as a “Lean-In Circle” and uses workshop modules from Lean-In Energy, the industry chapter of the national organization based on Sheryl Sandberg’s bestselling book, *Lean In*. To underscore our commitment to gender equality, our Senior Vice President of Production serves on Lean-In Energy’s board of directors, and Hess was a sponsor of its new online mentoring platform. Our relationship with the Lean-In organization provides Hess employees with external opportunities for enrichment, development, networking and digital mentoring.

Also in 2019, we continued to provide U.S. employees with a corporate membership to the Women’s Energy Network (WEN), sponsored WEN’s 30th anniversary celebration and sent Hess representatives to serve as leaders at the Women’s Global Leadership Forum and the HERWorld Energy Forum.

## Tracking Our Performance

To gauge our progress, we track our U.S. employee demographic metrics, including the proportions of Hess’ workforce that are female and minority (as defined by the U.S. Department of Labor). From 2018 to 2019, the numbers of both female employees and minority employees remained consistent.

We also track the number of local national employees in our international operations and report publicly where the number is 100 or more. Overall, the proportion of local nationals and of nationals holding managerial or professional positions has grown over the past five years. During this period, the percentage of local nationals increased from 85% to 98% in Denmark and from 75% to 89% in Malaysia.

## External Efforts

We take part in external efforts and professional organizations that are helping to make our industry more diverse. In 2019, for example, we publicly endorsed the Equality Act, and in doing so became a member of the Human Rights Campaign’s Business Coalition for the Equality Act. The Coalition is a group of more than 260 leading U.S. employers that support the Equality Act, which would guarantee explicit, permanent protections for LGBTQ people under existing civil rights laws and create a federal standard to treat all employees the same.

Also in 2019, we engaged with groups such as the National Business & Disability Council at the Viscardi Center, the National Diversity Council, the U.S. Business Leadership Network, the National Action Council for Minorities in Engineering, the Society of Women Engineers and the Veteran Jobs Mission. We also support additional membership organizations that promote diversity.

## TALENT MANAGEMENT

We take a strategic and deliberate approach to talent development so that our employees have meaningful opportunities and a clear path to grow with the company and become future leaders.

CareerManager, our human resources system, provides a common platform and offers a range of tools to manage talent development. In 2019, we launched a new tool, CareerManager Talent, that provides senior managers with a standard approach to assess and track the development of future leaders while facilitating real-time conversations with their teams. In 2020, we plan to give more managers access to the tool.

In 2019, we launched a refreshed approach to career development, helping managers to have more effective

conversations and support employees in career choices. We also rolled out revised technical career maps to our engineering and geosciences staff.

One of the aims of our career development efforts is to help employees advance within the company. Over the course of 2019, we had more than 200 internal promotions and approximately 300 internal moves.

## Integrating Lean

We have continued our work to establish a distinctive Lean culture across the enterprise. Embedded Lean leaders – employees who are highly trained in Lean – help to ensure we put Lean principles into practice effectively. We also encourage employees to participate in training and engage in coaching and mentoring to support their Lean skills development.

## Learning and Development

We’re committed to fostering a culture of continuous learning. Our enterprisewide learning management system – CareerManager Learning – houses computer-based training modules and supporting materials for instructor-led courses. It also tracks and records employee training and measures training effectiveness through surveys and evaluations. In 2019, approximately 900 employees participated in various CareerManager trainings, for a total of roughly 9,100 hours. (These numbers do not include our mandatory safety training, which is tracked and reported separately.)

## New Hires and Early Career Programs

Passport to Hess is an onboarding and orientation program for new Hess employees designed to facilitate a smooth transition through close interaction with supervisors. 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 starting at Hess, employees can

access a structured, on-demand learning program that explains our culture and values. In addition, supervisors receive tools and coaching to guide them in helping new hires successfully integrate into their work teams.

Early career engineers and geoscientists can take part in our Foundation Program, which helps prepare them for their careers through focused training, mentoring and on-the-job assignments. The Foundation Program, with 63% of its membership comprising women and minorities, reflects our commitment to diversity. Through the program, we maintain relationships with universities that align with our values, standards and business operations. Hess leaders serve as members of the academic advisory committees of some of these universities.

Hess has also continued to support the Job Experience Training (JET) apprenticeship program in North Dakota. Over the past two years the program has graduated local, qualified reliability operators who also earn a U.S. Department of Labor credential. Through JET, we partner with local high schools and the Transitional Assistance Program at Minot Air Force Base to source new candidates who are looking for employment opportunities. Since 2017, 26 apprentices have entered the JET program, 14 have completed the apprenticeship and 11 been brought onto Hess as new hires.

## BENEFITS

We are committed to providing our employees with high quality service and value when it comes to benefits. In 2019, we provided more than \$96 million in benefits to our U.S. employees and continued to refine and expand our benefit offerings. For example, we introduced a new wellness program focusing on the emotional, social, physical and financial wellbeing of our employees and subsequently expanded the program to spouses and partners. Employees can earn company contributions to their Health Savings Accounts by

participating in the wellness program. We expanded long term disability benefits for our employees and now cover the entire cost. We continue to provide seminars on financial and health-related wellness topics. For our U.S. employees, we continue to extend all benefits coverage to spouses and partners and offer transgender benefits and equitable benefits for LGBTQ employees and their families.

In celebration of our company's 85th anniversary in 2018, every employee below senior executive level was granted 85 shares of Hess stock – a gift intended to reward and engage employees in the future success of the company. In 2019, we began the practice of awarding stock to new hires, so that all Hess employees are shareholders.

## EMPLOYEE ENGAGEMENT

To positively enhance employees' experience at Hess, we use a range of engagement tools, including small group discussions, focus groups, town hall meetings, interactive webcasts and regular pulse surveys. We regularly share information with and solicit feedback from employees about our business performance, programs and processes. We utilize the company intranet and digital signage at our major locations to share information in a timely manner.

Our Chief Executive Officer and Chief Operating Officer (COO) host small group sessions, called Leadership Dialogues, to discuss enterprise opportunities and challenges. In 2019, Hess convened 29 Leadership Dialogue sessions at our Houston operational headquarters, our regional offices in North Dakota and Malaysia, and via video conference with offshore and field locations – reaching more than 500 employees.

Also in 2019, we held three town hall meetings that were webcast to offices and offshore platforms in the U.S.,

Europe and Asia. Many more were held locally in Denmark, Houston, Malaysia and North Dakota. We use town halls to provide updates on business priorities and performance, reinforce strategy and values, and answer questions from our workforce.

We launched a new program in 2019 called "Greg on the Go" – a short employee Q&A audiocast with our COO Greg Hill.

As part of Life at Hess, we rolled out a manager education program to help leaders understand how to leverage Hess policies and practices, rewards and recognition programs, and career opportunities to enhance the employee experience. In 2019, we recast the Hess Excellence Awards to recognize individuals and teams for exceptional accomplishments that exemplify our Hess Values.

We improved our education assistance program, giving employees immediate access to the full benefit (rather than providing an annual stipend) and enabling new employees to take part right away. In 2019, 57 employees took advantage of this program. We also introduced new flexible work schedules, which provide more work-life balance, for all employees in North Dakota and office-based employees in Malaysia.

Finally, we continue to make a lasting, positive impact on our communities through volunteering and giving. Our Volunteer Policy allows employees, with manager approval, to participate in company sponsored volunteer events during business hours. Employees can request matching gifts of up to \$5,000 annually for personal donations, and qualified charities may receive a \$500 grant on behalf of employees who support that charity on their own time.

In 2019, our employees spent nearly 6,400 hours volunteering and donated more than \$416,000 through our matching gift program.



# CLIMATE CHANGE AND ENERGY

## Hess' Climate Change Position

Climate change is a significant global challenge that requires governments, businesses and civil society to work together on cost-effective policies. We believe climate risks can and should be addressed while also providing the safe, affordable and reliable energy necessary to ensure human welfare and global economic development in the context of the United Nations (U.N.) Sustainable Development Goals.

Hess supports the aim of the Paris Agreement, and Hess' Board of Directors and senior leadership have set aggressive targets for greenhouse gas (GHG) emission reductions. Over the past 12 years, our company has reduced our absolute Scope 1 and 2 equity GHG emissions by approximately 60%.

We are committed to developing oil and gas resources in an environmentally responsible and sustainable manner. Our Board is climate change literate and actively engaged in overseeing Hess' sustainability practices, working alongside senior management to evaluate sustainability risks and global scenarios in making strategic decisions. We are committed to transparency, and our strategy is closely aligned with the recommendations of the G20 Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD).

In 2019, we once again tested the robustness of Hess' portfolio under the energy supply and demand scenarios from the International Energy Agency (IEA) *2019 World Energy Outlook* (WEO), including the ambitious GHG reductions assumed within the IEA's well below 2°C Sustainable Development Scenario (SDS), and confirmed the robustness of our portfolio and our inventory of forward investments. We expect the IEA's views to continue to evolve, including in response to macro events

unrelated to the energy transition, and we intend to continue to reflect the IEA's scenarios in our future analyses.

Hess' strategic priorities – to invest only in high return, low cost opportunities, build a focused and balanced portfolio at low prices and lower our portfolio breakeven costs – are aligned with the energy transition needed to achieve the IEA's SDS, in which oil and gas will continue to be essential to meeting the world's growing energy demand. Our business planning includes actions we will undertake to continue reducing our carbon footprint consistent with the findings of the U.N. Intergovernmental Panel on Climate Change (IPCC) and the aim of the Paris Agreement to limit global average temperature rise to well below 2°C.

We will continue to take steps to monitor, measure and reduce our GHG emissions through the following actions:

- Setting and disclosing our targets to reduce the carbon intensity of our operations
- Applying technological innovation and efficiency to decrease energy use and GHG emissions across our operations, and continuing to explore additional opportunities to do so
- Investing in innovative research and scientific solutions to mitigate climate change
- Accounting for the cost of carbon in significant new investments
- Incorporating carbon risk scenario analysis into our business planning cycle
- Working with government and industry partners to advance the development of a range of low GHG emission pathways and technological advancements

## EXTERNAL ENGAGEMENT

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

Hess is an active member of IPIECA on sustainable development issues such as climate change, biodiversity impacts and access to energy – issues that are often too complex for individual companies to tackle alone. IPIECA represents its members by engaging with stakeholders

and governments on climate change-related topics. It is not a lobbying organization, but instead provides a forum for encouraging continuous improvement of industry performance. IPIECA enables collaborative work with stakeholders by promoting an understanding of the key role the oil and gas industry should play in providing innovation, global reach, knowledge and technical expertise to help develop and implement feasible future energy solutions.

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 and establishing our alignment with the TCFD recommendations, we participate in a number of voluntary initiatives related to climate change disclosure. We have been recognized for our climate change stewardship, achieving leadership status in the CDP's 2019 Global Climate Analysis for the 11th consecutive year. Hess is one of only two U.S.-based energy companies to achieve leadership status, earning an A-. According to the CDP Score Report,

# CLIMATE CHANGE AND ENERGY

## The Task Force on Climate-Related Financial Disclosures

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

We believe that Hess' climate change strategy is aligned with the TCFD recommendations to evaluate the potential impacts of climate change-related risks and opportunities on our organization's operations, strategy and financial planning. In 2018, we completed our first scenario-based annual carbon asset risk assessment to evaluate Hess' transition risks. Subsequently, we expanded this analysis to include measuring physical and reputational risks, completing the necessary steps to be aligned with the TCFD's approach to analyzing climate-related risks and opportunities.

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

TCFD FRAMEWORK: CORE ELEMENTS	HESS' ENVIRONMENT, HEALTH, SAFETY AND SOCIAL RESPONSIBILITY (EHS & SR) STRATEGY: CLIMATE CHANGE ACTIONS	DISCUSSION (PAGE #)
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Maintain the Board of Directors' EHS Committee, which oversees our climate change strategy and other EHS matters</li> <li>• Continue to brief the Board of Directors on climate change matters, to help ensure they remain climate change literate and that climate change-related risks are considered in the development of company strategies and policies</li> </ul>	2-3, 13, 41
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Maintain a Climate Change Position, and update it as needed to align with internal initiatives and stakeholder expectations</li> <li>• Support the aim of the Paris Agreement</li> <li>• Continue to take proactive steps to measure and manage GHG emissions and evaluate emission reduction opportunities; set targets to reduce GHG emissions, methane and flaring</li> <li>• Continue environmental, social and governance disclosures, such as our annual sustainability report and the CDP Climate Change survey</li> <li>• Purchase renewable energy credits, in combination with renewable energy generated from the grid, to offset 100% of our Scope 2 emissions from purchased electricity, and purchase carbon offsets to mitigate 100% of our business travel-related emissions</li> <li>• Invest in innovative research and scientific solutions to mitigate climate change</li> </ul>	39-51
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>• Utilize an enhanced enterprise risk management process to manage climate change-related risk</li> <li>• Screen new projects to balance risk and return on investment, including applying a \$40 per tonne carbon price in geographies where no specific regulation yet applies</li> <li>• 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 IEA</li> <li>• Conduct scenario planning to test the resilience of our portfolio against various alternative views of future market conditions (the results of our portfolio-specific scenario planning analysis are summarized later in this section)</li> </ul>	14-16, 41-46
<b>Metrics and Targets</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Maintain our 25% GHG intensity reduction target (established in 2015), which is aligned with the IEA's 2019 World Energy Outlook Sustainable Development Scenario projection of a 21% carbon intensity reduction by 2030</li> </ul>	46-51

our score is higher than the oil and gas extraction and production sector average (C), the North America regional average (C) and the global average (C). We obtained an A- by earning high marks in many of the leadership categories critical to the TCFD,

which confirms, through an external review, our alignment with the TCFD's recommendations.



Access our latest CDP Climate Change response and CDP Score Report at [hess.com/sustainability/climate-change-energy](https://hess.com/sustainability/climate-change-energy)

For the 10th 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.

## GOVERNANCE

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

The Environmental, Health and Safety (EHS) Committee of the Board is tasked with assisting the Board in identifying, evaluating and monitoring EHS risks and strategies with the potential to affect the people, environment or communities where we operate or our company's business activities, performance or reputation. The Hess Board is routinely briefed by experts to help ensure they remain climate change literate and that climate change-related risks are considered in the development of company strategies and policies. Our Vice President of EHS also met regularly with the Board's EHS Committee in 2019 to provide updates on climate change-related issues and strategic initiatives, to review external drivers for strategy and reporting and to prioritize ongoing and future actions. See the How We Operate section for more detail on governance.

## INVESTMENT DECISIONS

All significant new investment proposals, as presented for approval to senior management, incorporate the cost of carbon as set out in our planning guidance documentation. In geographies where there is an established regulatory framework in relation to carbon dioxide (CO<sub>2</sub>) cost, impacts are included in the base case of the investment analysis. Where there is currently no regulatory framework, results are presented as a sensitivity. Investment decisions are made in the context of such evaluation and on return-on-investment criteria to balance risk and return. Hess' Greenhouse Gas Cost in Project Economics guidance document for incorporating GHG costs in project economics was first published internally in 2016.

## RISK MANAGEMENT

Through our enterprise risk management (ERM) process, we have developed risk profiles for each of our assets that identify key risks – including those related to climate change. For each risk scenario, we estimate the likelihood and potential impact that the identified risks, including physical, reputational and transition-related climate change risks, could have on our business. We compile all identified risks on an integrated risk register that catalogs actions for managing or mitigating each risk.

### Transition Risks

Transition risks are the risks associated with the rate of change in policy actions, technologies or market conditions aimed at the emission reductions, energy efficiencies, subsidies or taxes that may be needed to achieve climate-related aims. In order to assess a broad range of transition risks, and as an integral part of our planning cycle, we now conduct an annual scenario-based carbon asset risk assessment, as discussed on pages 42–45.

### Physical Risks

Hess considers the physical risks associated with climate change – such as increased severity of storms, drought and flooding – for both new projects and existing operations through our ERM and value assurance processes. For example, meteorological and oceanographic studies undertaken for offshore developments include modeling that incorporates assumptions from the latest climate change science. Mitigations to address changing storm magnitude are incorporated into the design of our facilities, and severe weather management and business continuity plans are maintained for severe weather events such as Hurricane Harvey, a Category 4 storm that caused widespread flooding and damage to the Houston area in 2017.

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

In 2019, we began an evaluation of our approach to physical risk assessment to inform enhancements to our process, including how it is incorporated into our wider ERM process. As part of this effort, we have commenced an in-depth pilot assessment of our Gulf of Mexico operations, which will consider the potential impact to our facilities and infrastructure – including logistics and export – as well as how these may be affected by predicted future climate change scenarios (e.g., increasing storm intensity, coastal flooding, etc.). This work is still ongoing, and it is our intention to incorporate the learnings from the pilot into the risk management processes across our operated assets.

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

### Reputational Risks

The TCFD has identified climate change as a potential source of reputational risk or opportunity for companies. According to the TCFD, the types of reputational risk and opportunity posed by climate change can include:

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

*(Continued on page 46)*

# CLIMATE CHANGE AND ENERGY

## Carbon Asset Risk Assessment

Climate-related issues have evolved from an environmental concern to also include financial considerations. Our stakeholders have therefore expressed an interest in understanding how Hess' oil and gas portfolio might be impacted by a transition to a lower carbon economy. Although an energy transition to a lower carbon economy is underway, it is widely considered that there are multiple pathways to achieve this transition, creating uncertainty as to trajectories to a low carbon environment and the pace and scale of change.

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

Because the TCFD recommends transparency around key parameters, assumptions and analytical choices, Hess has chosen to model the three main scenarios detailed in the IEA's *2019 World Energy Outlook* against our own internal base planning case. Furthermore, the TCFD recommends that organizations use a 2°C, or lower, scenario to test portfolio resilience – in other words, a scenario under which global warming is kept to well below a 2°C increase compared with preindustrial levels. Such scenarios usually feature reductions in demand for oil, natural gas and coal; growth in clean technologies; and a reshaping of trade flows, among other assumptions. The Sustainable Development Scenario (SDS) in the IEA's 2019 WEO, which is part of Hess's modeling, fits within this recommendation.

### Considerations for Carbon Risk Scenario Assessment

To evaluate the potential exposure of our portfolio to transition risks in a carbon-constrained future, we began by considering the long range outlook for energy supply and demand, as well as for oil, gas and carbon prices. We have used the IEA's 2019 WEO to examine supply and demand and oil, gas and carbon price scenarios through 2040 in the Current Policies Scenario and the Stated Policies Scenario, and through 2050 in the SDS, which are the years through which these respective IEA scenarios

extend (see [www.iea.org/weo2019/](http://www.iea.org/weo2019/)). These scenarios are recognized as a leading industry standard and benchmark worldwide, and are, therefore, an appropriate choice for an oil and gas producer such as Hess.

Such scenarios and therefore our own assessment of carbon risk are premised on a longer term view of energy supply and demand. We expect that recent events related to the global COVID-19 pandemic and near term global oversupply of oil will have a short term impact on the various IEA energy supply and demand scenarios as published in the 2019 WEO. In 2020, we plan to update our scenario analysis to reflect the IEA's interpretation of the impact of recent market conditions on its longer term forecasts.

According to the IEA, the emphasis on strong early action and the subsequent rapid reduction in emissions means that the SDS is aligned with the Paris Agreement objective to hold temperature rise to well below 2°C, while pursuing efforts to limit the temperature increase to 1.5°C. If technologies that remove carbon from the atmosphere (i.e., those that allow for "negative" emissions) were to be deployed at scale in the second half of the 21st century, then the SDS would provide a 50% chance of a 1.5°C outcome (see the IEA chart on the following page). The cumulative level of net emissions required to do this would be less than the median level in the 1.5°C scenario assessed by the IPCC.

The group of three charts on the next page depicts the 2019 WEO's world energy demand and CO<sub>2</sub> emissions under the IEA's three main scenarios.

In the Stated Policies Scenario, which is the IEA's central scenario, worldwide energy use is expected to grow by approximately 24% between 2018 and 2040 (see the IEA chart on the following page). While there is a decline in demand for coal, oil and natural gas in this scenario between 2018 and 2040 – most notably in the European Union (E.U.) – it is offset by increased demand elsewhere during that same period. Ultimately, demand for oil and gas is projected to grow in the Stated Policies Scenario by 9% and 26%, respectively, over that period and account for 53% of the energy mix in 2040, down only slightly from 54% today.

In the Sustainable Development Scenario (consistent with limiting the rise in global average temperature to well below

## The IEA 2019 World Energy Outlook's Three Main Scenarios

- The Current Policies Scenario is the business-as-usual case.
- The Stated Policies Scenario incorporates energy policy and implementing measures affecting energy markets that may have been adopted (chiefly the Nationally Determined Contributions – i.e., the emission reductions agreed to by individual countries under the Paris Agreement), even though specific measures necessary to put them into effect may need to be fully developed and implemented.
- The Sustainable Development Scenario reflects a pathway to achieving key energy-related components of the U.N. Sustainable Development Agenda – including universal access to modern energy by 2030, urgent action to tackle climate change and measures to improve poor air quality – and is consistent with limiting the rise in global average temperature to below 1.8°C at a 66% probability or 1.65°C stabilization at a 50% probability, without any recourse to net-negative emissions.

2°C), worldwide energy use is projected to experience a modest decline of 7% between 2018 and 2040. Oil and gas are still expected to account for nearly half of the energy mix (47%).

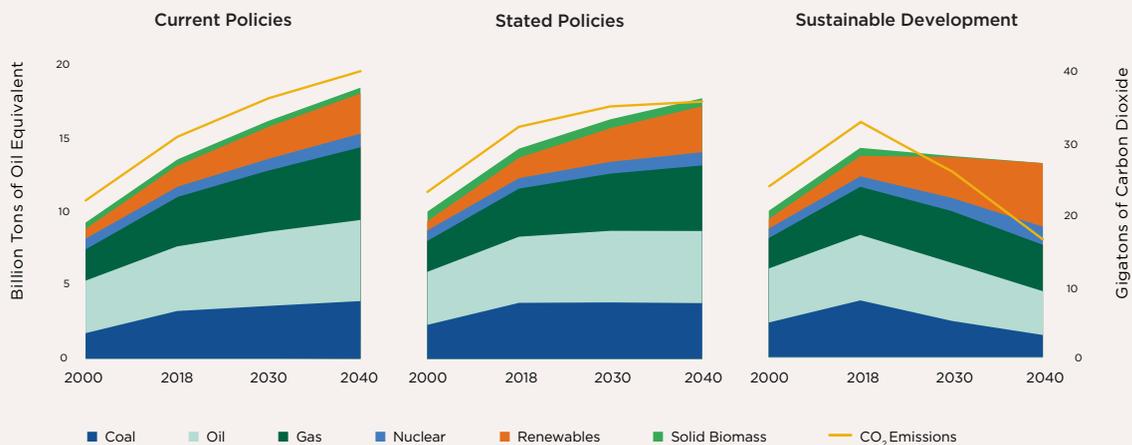
While the Sustainable Development Scenario projects lower oil demand in the 2040 timeframe, the IEA states that “continued investment in both new and existing oil fields, even as overall production declines in line with climate goals, is a necessary part of the energy transition envisaged in the SDS” (2019 WEO, page 95).

In terms of the continuing upstream oil and gas investment required to meet such demand, in the Stated Policies Scenario annual spending averages \$650 billion between 2019 and 2030 and \$730 billion thereafter. In the Sustainable Development Scenario, although fewer new developments are required, continuing investment in both new and existing

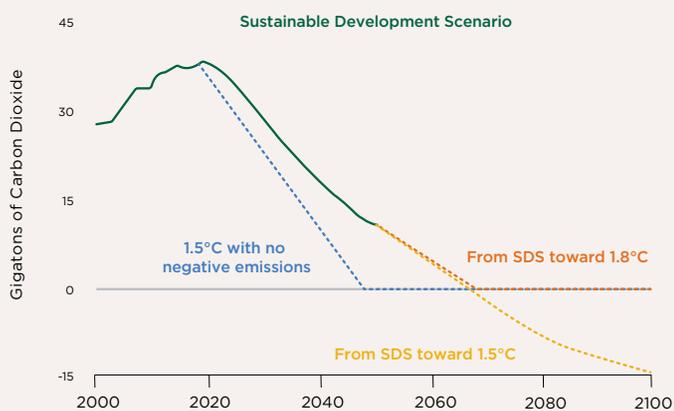
oil and gas fields remains an essential element of the energy transition. Approximately \$510 billion is estimated to be spent on average each year between 2019 and 2030, while \$390 billion is spent between 2030 and 2040.

In contrast, since the oil price crash of 2014, upstream oil and gas investment has been curtailed. Investment has ranged between \$350 billion in 2016 and \$420 billion in 2019, with investment for 2020 now expected to be further reduced to between \$300 billion and \$350 billion. Even with a major capital reallocation from fuels to power, the IEA’s Sustainable Development Scenario requires upstream oil and gas investment over the next decade significantly above the average over the past five years. The oil and gas industry is a long cycle business, such that this continued underinvestment is a risk that could manifest itself as a medium term supply gap, where recent levels of investment are insufficient to meet medium term demand.

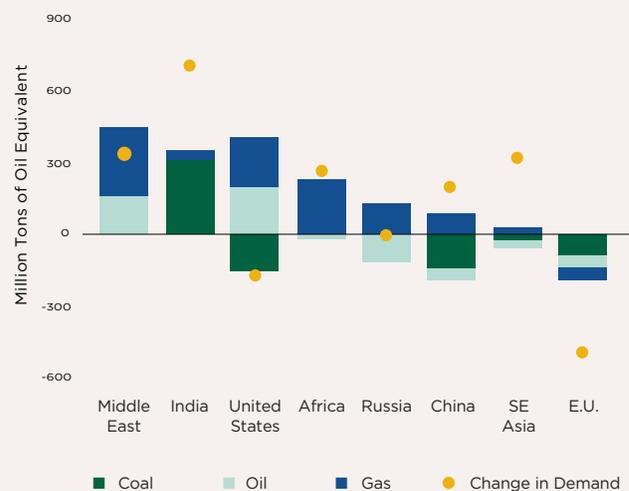
### World Primary Energy Demand by Fuel, and Energy-Related Carbon Dioxide Emissions, by IEA Scenario



### Trajectories for Total CO<sub>2</sub> Emissions in the Sustainable Development Scenario and to Limit Warming to 1.5°C



### Change in Production of and Demand for Coal, Oil and Natural Gas in Selected Regions in the Stated Policies Scenario, 2018-2040



# CLIMATE CHANGE AND ENERGY

## Carbon Asset Risk Assessment, continued

### Hess' Approach to Scenario Planning

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

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

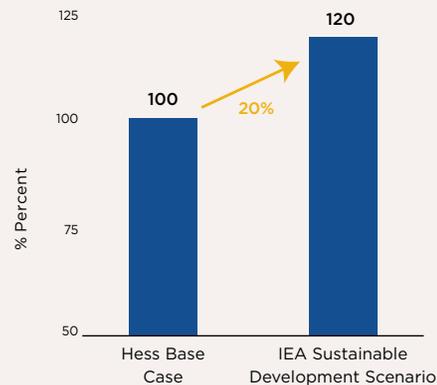
Our first step in this process was to establish a Hess base case, which for 2019 was premised off a long term \$60 per barrel Brent and \$2.75 per million British thermal units (MMBtu) Henry Hub natural gas price, both in 2020 real terms. In addition, we applied either actual carbon pricing for our assets and intended forward investments where a regulatory framework for such exists, or a sustained \$40 per tonne cost of CO<sub>2</sub>. Hess' base case was then compared against the various oil, natural gas and carbon prices in the IEA's three main scenarios - Current Policies, Stated Policies and Sustainable Development - running our current asset portfolio and intended forward investments through these varying sets of assumptions to assess financial robustness.

The three charts below show the oil, natural gas and CO<sub>2</sub> prices under the IEA's Current Policies, Stated Policies and Sustainable Development scenarios against Hess' base case. As these charts show, there is a wide spread of oil, natural gas and carbon pricing across the three IEA scenarios, a key ingredient for informative scenario planning.

### Results of the Hess Scenario Planning Exercise

Through our methodology, we have tested the robustness of Hess' asset portfolio and intended forward investments under multiple energy scenarios, including the IEA's Sustainable Development Scenario. We note that the latter is aligned with

### Hess Portfolio NPV Index\*



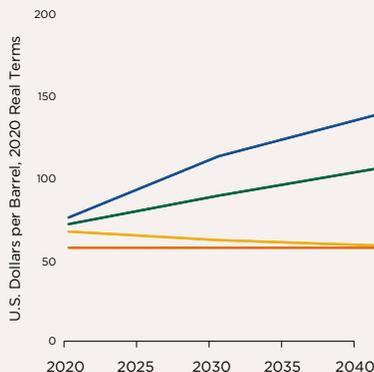
\*The NPV index normalizes the value of the Hess portfolio under Hess' base case to 100%, and indexes the value of the Hess portfolio under the IEA's Sustainable Development Scenario to the Hess base case.

the Paris Agreement's aim of limiting the rise in the global average temperature to well below 2°C, as the scenario incorporates a 66% probability of 1.8°C stabilization and a 50% probability of a 1.65°C stabilization, without any recourse to net-negative emissions.

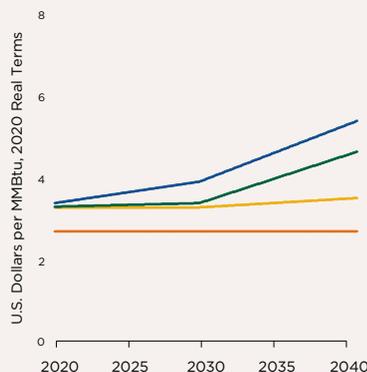
In the chart above, the first column shows the net present value (NPV) of the Hess portfolio under our base case commodity and CO<sub>2</sub> price assumptions, normalized to 100%, and the second column shows the NPV of the Hess portfolio under the IEA's Sustainable Development Scenario and CO<sub>2</sub> price assumptions as an index to the Hess base case. The NPV of the Hess portfolio under the IEA's Sustainable Development Scenario assumptions is 20% higher than under the Hess base case assumptions.

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

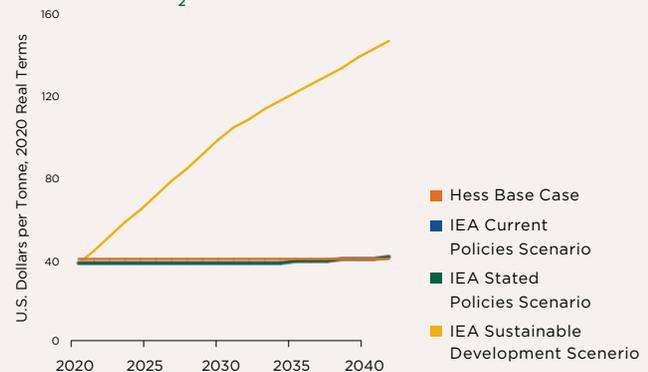
### Crude Oil Price



### Natural Gas Price



### CO<sub>2</sub> Price



### Validation of Hess Strategy

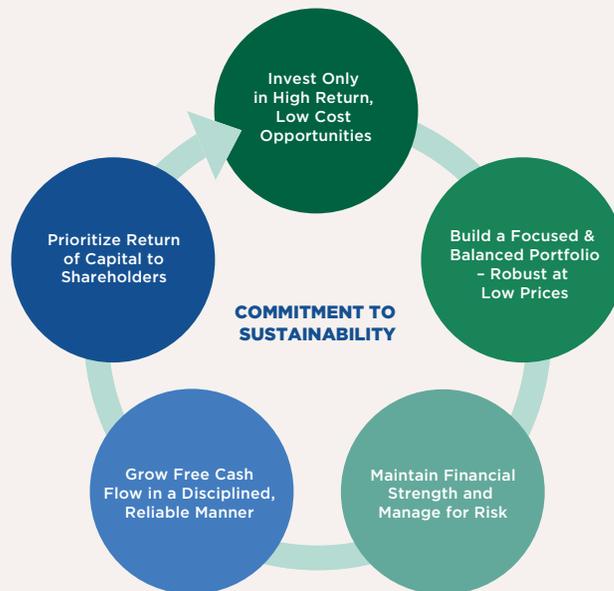
With the lower oil demand assumed in the IEA's Sustainable Development Scenario, industry competition may intensify, and some higher cost producers may be forced out of the marketplace. We therefore believe our scenario analysis validates Hess' strategic priorities to focus investment on high return, low cost oil and gas opportunities and to build a focused and balanced portfolio, robust at low prices.

We believe this strategy is consistent with the IEA's Sustainable Development Scenario, which envisions a meaningful role for oil and gas through 2040, when oil and gas are still projected to account for 47% of global primary energy demand.

Although recent events and market conditions have necessitated major reductions to our 2020 capital and exploratory budget, longer term, Hess plans to allocate the majority of our capital expenditures to developing the company's growth assets offshore Guyana and in the Bakken shale play in North Dakota. Our offshore oil discoveries in Guyana are among the industry's largest and lowest cost discoveries made globally over the last decade. The Liza Phase 1 and Phase 2 developments have industry leading long term oil price breakeven costs of \$35 and \$25 per barrel Brent oil respectively, which more than meet Hess' investment hurdle rate. They also have rapid investment payback plus strong cash flow generation under a range of oil prices, thereby underpinning and validating Hess' strategy. In the Bakken, Hess has approximately 1,900 locations that can generate at least a 15% internal rate of return at \$50 per barrel West Texas Intermediate (WTI). That equates to greater than 60 rig-years for the company, assuming one rig drills 30 wells per year.

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

### Hess Strategic Priorities

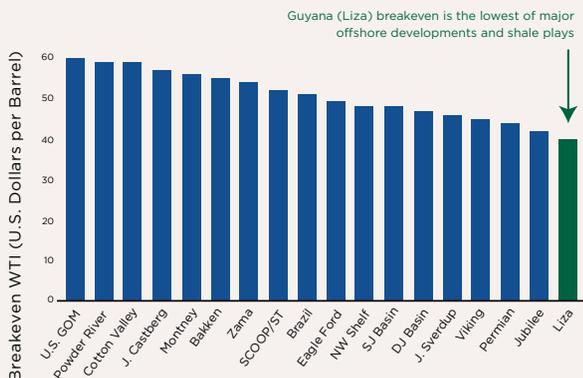


In summary, based on the results of our 2019 scenario planning analysis, we conclude that it is highly unlikely any of our assets would be "stranded" by the CO<sub>2</sub> pricing under even the most ambitious of the IEA scenarios - the Sustainable Development Scenario, which is consistent with the aim of the Paris Agreement.

The IEA is clear in its conclusions that oil and gas will continue to remain a key part of the world's energy solution for many decades to come. And, based on this scenario planning exercise and Hess' strategic priority of being among the lowest cost oil producers, we believe that during the projected period we can continue to monetize our reserves and deliver strong performance under a wide range of market conditions.

### Top Offshore and Shale Plays\*

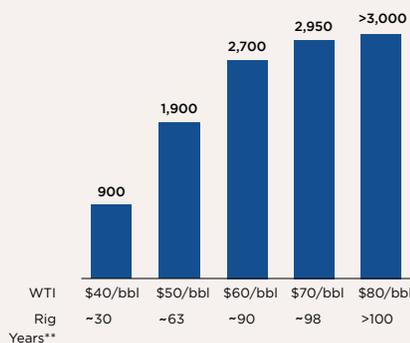
Breakeven WTI



\*RS Energy Group, *Offshore First Class: The L.I.Z.A Framework*, January 2018. Onshore single well breakeven costs include facility costs and general and administrative costs and exclude acquisition costs.

### Hess Bakken Locations with Investment Rate of Return of 15% or Higher

Gross Number of Economic Locations at Various WTI Prices\*\*



\*\*Point forward January 2019, locations generating higher than 15% after tax return. Assumes approximately 30 wells per rig-year. Includes Middle Bakken and Three Forks.

# CLIMATE CHANGE AND ENERGY

## Reputational Risks, continued

In 2019, to address this potential risk as identified by the TCFD, Hess undertook an exercise to measure the potential impacts of changes in corporate reputation (driven by climate change risks and opportunities) on Hess' market valuation. Our analysis attempted to use a Capital Asset Pricing Model (CAPM) to calibrate the historical relationship between the stock price return of Hess to changes in our RepRisk score, oil prices and Standard and Poor's Oil and Gas Stock Price Index. RepRisk – a global data science company focused on due diligence of material environmental, social and governance (ESG) risks – produces a quantitative summary of the ESG risk exposure of a company, including climate-related risks. RepRisk's assessment of the ESG risk exposure of a company is based on the company's activities observed by media, stakeholders and third-party sources and excludes information provided by the company itself. Hess' current RepRisk score of 19 (as of May 2019), places our company in the low risk exposure category, which is comparable to or better than most other oil and gas companies.

The goal of our analysis was to measure the potential impact of changes in RepRisk scores for Hess resulting from the publication of a series of historical news articles related to climate change risks and then correlate this impact to a change in market valuation for Hess. The CAPM model showed a moderately statistically significant correlation between our stock price and our RepRisk score, when general market conditions were assumed to be held constant; however, this did not result in substantial changes in Hess' market valuation. While we found this exercise helpful, measuring and valuing reputational risks and opportunities is challenging because of the difficulty of isolating the long term climate change-related reputation impacts from other company-specific, industry-related and

stock market fluctuations. In addition, we found that these types of climate-related risks, for the most part, have already been identified through Hess' ERM process and are being managed and mitigated through that process. Going forward, we will continue to explore more tangible ways to quantify reputational risk.

## METRICS AND TARGETS

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

- Reduce the GHG emissions intensity of our operated assets by 25% by 2020 (versus a 2014 emissions baseline)
- Reduce the flaring intensity of our operated assets by 50% by 2020 (versus a 2014 emissions baseline)
- Lower methane emissions intensity from our U.S. onshore upstream operations to less than 0.47% by 2025

The 2019 WEO's updated Sustainable Development Scenario, similar to their 2018 SDS, requires an ambitious 21% carbon intensity reduction by 2030 in order to be consistent with a less than 2°C aim. This 21% carbon intensity reduction figure is derived from the Sustainable Development Scenario's CO<sub>2</sub> emissions divided by primary world energy demand in 2030 versus 2017. Hess' 25% GHG intensity reduction target, referenced above, which was set in 2015 and is based on our operated Scope 1 and 2 GHG emissions divided by production, exceeds the IEA's Sustainable Development Scenario goal of a 21% carbon intensity reduction by 2030 and is therefore consistent with the Paris Agreement's 2°C ambition.

Based on the Hess GHG Inventory Protocol, which is published on our company website, and as part of our target setting process, we restated our 2014 baseline and subsequent years' emissions in our 2018 Sustainability Report to remove

the impact of the divestitures that took place in 2017 and 2018. However, we have maintained our commitment to achieving our original 25% GHG emissions intensity and 50% flaring intensity reduction targets.

In the operated GHG emissions and flaring charts that follow, we reference divested assets for the purpose of continuity. All target-related discussions are based on restated numbers, which remove the impact of the divestitures.

## GREENHOUSE GAS PERFORMANCE

We report GHG emissions from our oil and gas assets on both operated and equity bases. Our GHG emission estimates include carbon dioxide, methane and nitrous oxide – reported in units of carbon dioxide equivalent (CO<sub>2</sub>e). 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 IPCC, to estimate CO<sub>2</sub>e totals.

Approximately 94% of Hess' direct reported (Scope 1) operated GHG emissions are from stationary combustion sources such as flaring, heaters, turbines and engines. The factors used to estimate emissions for these sources enterprisewide are those prescribed by the U.S. Environmental Protection Agency (EPA) in its GHG Mandatory Reporting Rule (40 CFR Part 98, Subpart C). The remaining 6% of our reported 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 2019, of the estimated 4.3 million tonnes of gross GHG emissions reported from our operated oil and gas assets, 3.9 million tonnes were Scope 1 emissions, primarily from flaring and fuel combustion, and approximately 0.4 million tonnes were Scope 2 emissions, from purchased electricity. Process operations (primarily fuel combustion) and flaring accounted for 34% and 60% of our Scope 1 GHG emissions, respectively.

In 2019, our absolute GHG emissions increased by 0.4 million tonnes compared with 2018, due primarily to increased production of 21 million barrels of oil equivalent from our North Dakota operations. However, because our production increased at a higher rate than our absolute emissions, our cumulative GHG emissions intensity through 2019 (i.e., tonnes of emissions per thousand barrels of oil equivalent (BOE)) decreased by 26% compared to our 2014 baseline.

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

Since 2007, Hess has tracked GHG emissions from our operated and nonoperated oil and gas assets based on our equity interest. The graphs on the next page detail our Scope 1, 2 and 3 emissions from 2008 to 2019 on an equity basis. These graphs show that over the past 12 years we have reduced our absolute Scope 1 and 2 equity emissions from 10.8 million tonnes of CO<sub>2</sub>e to 4.3 million tonnes, or 60%. During the same period, Scope 3 equity emissions decreased from 114 million tonnes to 49 million tonnes of CO<sub>2</sub>e, or 57%. In total, over this period, our combined Scope 1, 2 and 3 absolute CO<sub>2</sub>e emissions have

decreased 57% through a combination of emission reduction initiatives, asset sales and refinery shutdowns.

### Scope 1 and 2 Equity Emissions

Our major source of Scope 1 and 2 emissions from nonoperated oil and gas assets in 2019 was from the A-18 Block in the Malaysia/Thailand Joint Development Area. Our equity emissions from this asset were approximately 1.2 million tonnes.

Major sources of emissions from our operated assets in 2019 included those from the Tioga Gas Plant and our North Dakota, North Malay Basin and offshore Gulf of Mexico production assets, which together accounted for an estimated 2.5 million tonnes of equity emissions.

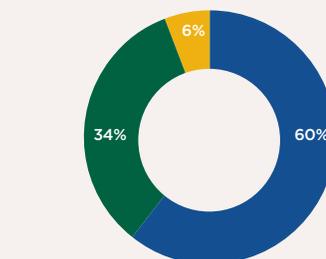
Our other operated and nonoperated assets made up the balance of equity emissions at an estimated 0.6 million tonnes, of which Guyana accounted for approximately 0.2 million tonnes from the startup of operations in 2019. Our 2019 Scope 1 and 2 equity emissions were approximately 0.4 million tonnes higher than in 2018 due primarily to significantly increased production in North Dakota and the startup of operations in Guyana.

### Scope 3 Equity Emissions

Scope 3 GHG emissions are those generated from corporate value chain activities that are not accounted for and reported in our Scope 1 and Scope 2 emissions. We disclose our Scope 3 GHG emissions, the vast majority of which are from the processing and end use of our sold products, on an equity basis as described on the next page. Unlike fully integrated energy companies that are positioned to offer a full range of energy products and services directly to consumers, Hess, as an exploration and production company, has no direct control over these Scope 3 emissions. We therefore are focusing on scientific

### 2019 Operated Scope 1 Greenhouse Gas Emissions by Source

Thousand Tonnes CO<sub>2</sub>e



■ Flaring 2,384  
■ Fuel Combustion 1,324  
■ Other 227

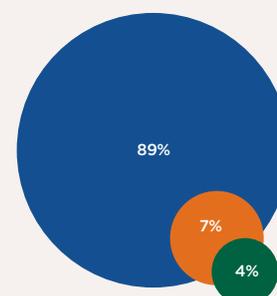
### Operated Greenhouse Gas Emissions (Scopes 1 and 2)



■ Divested Assets  
■ Hess Portfolio  
● GHG Emissions Intensity (Hess Portfolio)  
— 2020 Target (31 Tonnes per Thousand BOE)

### 2019 Operated Greenhouse Gas Emissions by Country

Thousand Tonnes CO<sub>2</sub>e



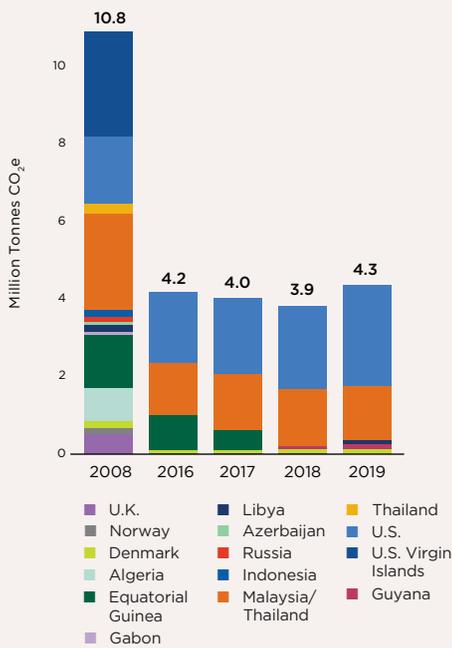
■ U.S. 3,847  
■ Malaysia 291  
■ Denmark 198

# CLIMATE CHANGE AND ENERGY

## Contribution to the Salk Institute's Development of Plant-Based Carbon Capture and Storage

As an additional measure beyond our GHG emission reduction target, which is currently focused on our operated Scope 1 and 2 emissions, we are pursuing ways to help mitigate climate change on a global scale. In early 2020, we announced a gift of \$12.5 million over five years to help fund the Salk Institute's Harnessing Plants Initiative research and development program. The aim is to develop plants with larger root systems that, according to the Salk Institute, are capable of absorbing and storing potentially billions of tons of carbon per year from the atmosphere. The initiative is being run by leading biologists and chemists in the fields of plant genetics and biochemistry and builds on their discovery of a crucial gene to enhance the natural abilities of plants to store CO<sub>2</sub>.

**Equity Greenhouse Gas Emissions (Scopes 1 and 2) by Country**  
Million Tonnes CO<sub>2</sub>e



solutions and innovative research with the potential to address GHG emissions on a global scale. Our support of groundbreaking research by the Salk Institute on plant based carbon capture and storage is described above.

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

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

In 2019, we sold 572 million standard cubic feet per day (MMSCFD) of natural gas, which, when used by customers, accounted for an estimated 11 million tonnes of GHG emissions. We sold 216 thousand barrels per day (MBPD) of crude oil, which accounted for another 34 million tonnes of GHG emissions, for an estimated total of 45 million tonnes of Scope 3 category 11 emissions. This crude oil, when processed by refiners, resulted in an additional 4 million tonnes of Scope 3 category 10 emissions, which brings our total Scope 3 emissions to

49 million tonnes. The 13% increase in Scope 3 emissions compared with 2018 is related to the sale of an additional 12 million barrels of oil equivalent in 2019.

Although not material, we also track and report Scope 3 emissions associated with employee business travel. Combined emissions from employee business travel via commercial air carrier and rail in 2019 were about 3,500 tonnes of CO<sub>2</sub>e, a slight increase from 2018.

### Carbon Offsets

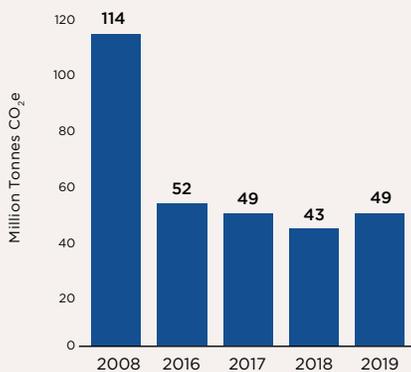
As an element of our EHS & SR strategy, we have purchased carbon credits annually since 2010 to offset at least 100% of our Scope 3 business travel emissions (approximately 3,500 tonnes in 2019). In 2019, for the second year, we also offset 100% of our Scope 1 emissions associated with operating the company's truck fleet, aviation activities (aircraft and helicopters) and personal and rental vehicle miles driven while on company business (approximately 11,800 tonnes in 2019).

We purchased 15,340 tonnes of carbon credits from 3Degrees, for the retirement of offsets related to a third-party landfill gas to energy project in Montana. This contribution offset 100% of the GHG emissions we estimate were generated from our business travel and company operated truck fleet, aviation activities and vehicle miles driven in 2019 (Scopes 1 and 3).

### EMISSION REDUCTION INITIATIVES

In support of our GHG emission and flaring intensity reduction targets, we track and monitor air emissions at each

**Equity Greenhouse Gas Emissions (Scope 3)**  
Million Tonnes CO<sub>2</sub>e



Note: Our 2019 equity Scope 3 emissions were comprised of 45 million tonnes of CO<sub>2</sub>e from use of sold products, and 4 million tonnes from processing of sold products.

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.

### Flaring

In 2019, flaring from Hess operated assets totaled 71 MMSCFD, an increase of 20 MMSCFD compared with 2018, primarily related to significantly increased production from our North Dakota operations. We are taking multiple steps, which are described below, to mitigate this flaring increase and to drive significant flaring reductions in the next few years.

On an intensity basis, we have reduced our cumulative flaring intensity by 35% through 2019, compared with our 2014 baseline.

In North Dakota, exceptional well performance driven by a change in completion strategy (using plug and perf completions instead of the previous multistage sliding sleeve design) resulted in a significant increase in initial production rates, which in turn required additional short term flaring to maintain safe operations. Additionally, delays in the construction and commissioning of the Little Missouri Four gas plant (discussed further at right) caused higher than expected flaring during the year. Although flaring rates increased year on year, rates have remained within regulatory limits and are comparable to our peers and top producers in the Bakken.

Although more than \$3 billion has been spent on midstream infrastructure in North Dakota over the past eight years, our strong production performance has outpaced our buildout of infrastructure to process the significant increase in gas production.

Through our subsidiary, Hess Midstream LP, we are committed to and are aggressively executing significant capital projects to increase gas capture rates and reduce flaring in the Bakken region.

- The Tioga Gas Plant is quickly reaching full capacity. The gas plant is planned to be shut down in the third quarter of 2020 to complete a turnaround; the shutdown will allow for the completion of required maintenance and a planned expansion project of approximately \$150 million to increase plant capacity from 250 MMSCFD to 400 MMSCFD and to process a combination of additional Hess and third-party natural gas that is currently being flared.
- Much of our gas produced south of the Missouri River prior to 2019 had to be flared due to insufficient gas capture and processing facilities. Hess Midstream LP partnered with Targa Resources to build a new \$200 million gas plant – the Little Missouri Four gas plant – which came online in August 2019 and can process up to 200 MMSCFD of natural gas that had previously been flared.
- Over the last 18 months, Hess Midstream LP has added approximately 140 MMSCFD of additional gas compression capacity. We built two new compression stations at Blue Buttes and East Nesson and added two additional compressors, each, at the Wheelock, Sorkness and Myrtle compressor stations, which will significantly expand our ability to bring more natural gas to market.

Over the next several years, we plan to continue to pursue additional natural gas processing and compression capacity, which will help to alleviate flaring intensity in the region.

At many of our production facilities, Hess relies on third parties to provide the gas gathering and processing infrastructure that is needed to mitigate gas flaring. In 2019, the rate of gas capture by third-party gathering and processing facilities was less than expected. We are exploring additional commercial arrangements to improve third-party gas gathering and processing

capacity in an attempt to mitigate additional flaring.

In addition, the following ongoing activities are designed to reduce flaring.

### Natural Gas Capture

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

In 2019, we operated 11 GTUIT mobile units and two ColdStream energy recovery units (14 MMSCFD of capacity in total), allowing us to capture 7.2 million gallons of NGLs. As a result, about 513 MMSCF of gas flaring was avoided, and CO<sub>2</sub>e emissions were reduced by an estimated 44,661 tonnes. This project provides dual economic and environmental benefits, as it converts gas into marketable products as



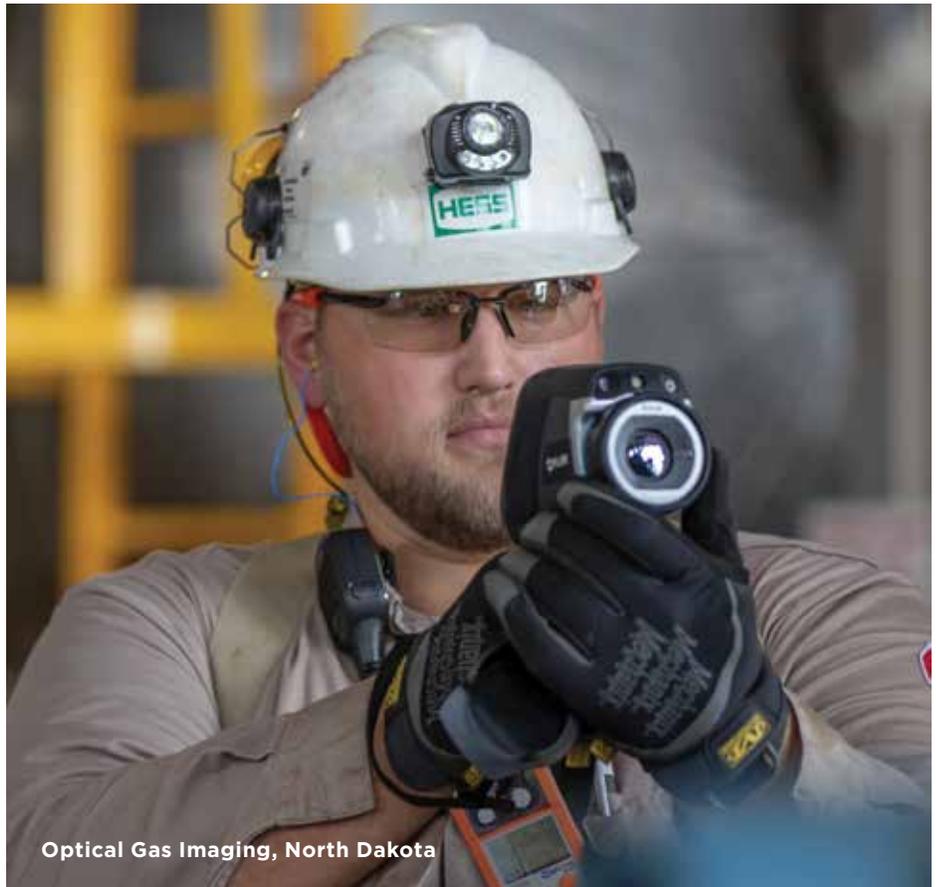
# CLIMATE CHANGE AND ENERGY

well as reduces the amount of gas flared and the associated air emissions.

## Offshore Flare Recovery System

In 2012, we commissioned a flare recovery system for the offshore platform at our South Arne asset in Denmark. The primary intent of installing the system was to reduce GHG emissions and subsequently the quantity of CO<sub>2</sub> allowances that would need to be purchased to meet regulatory requirements. The \$3.7 million system reroutes gas from the flare to a compressor to be utilized as lift gas or fuel gas and works optimally when the offshore operation incurs steady production with minimal upset events. Primarily through the use of this system, flaring at our South Arne operations has been reduced by 80% between 2015 and 2019.

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



Optical Gas Imaging, North Dakota

## ENERGY USE

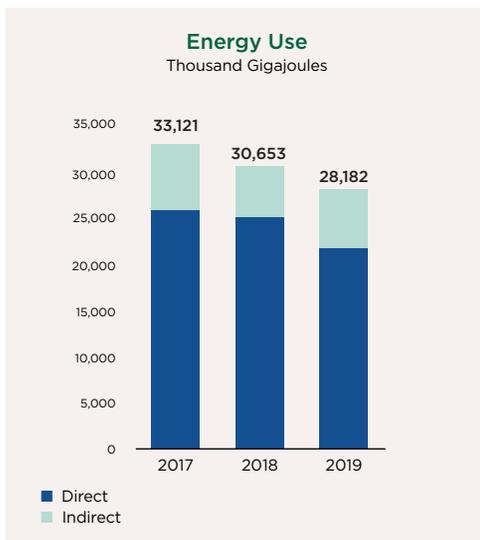
Reducing our energy use has the dual benefit of lowering costs and GHG emissions, and it is a central focus of both our EHS & SR strategy and our Lean approach to managing the business. We generate and purchase energy primarily for power, processing, heating and cooling. In 2019, energy consumption from Hess operated assets was approximately

28 million gigajoules, 8% lower than in 2018. This reduced energy usage was primarily related to selectively replacing aging gas-fired compressor stations in North Dakota with electric compression. Seventy-seven percent of Hess' energy use was directly generated from our operations, primarily at the Tioga Gas Plant and at our production facilities in North Dakota, the North Malay Basin, Denmark and the Gulf of Mexico. The remaining 23% was indirect energy (i.e., energy used by utilities to provide net purchased electricity) purchased for our North Dakota production operations and the Tioga Gas Plant.

In 2019, our U.S. operations accounted for all of our purchased electricity – approximately 700,000 megawatt hours (MWh), or a 17% increase from last year, primarily attributable to increased production in North Dakota and the conversion of new compressor stations

from gas to electric compression. Based on U.S. electricity generation profiles, we estimate that approximately 25% of this electricity was generated from renewable sources, primarily wind power. We also support renewable energy through the purchase of renewable energy certificates (RECs), so that in total 100% of the net electricity used in our operations is attributable to renewable sources. To offset our purchased electricity that came from nonrenewable sources, we purchased 530,714 Green-e Energy certified RECs for wind power, equivalent to 530,714 MWh or about 75% of the electricity purchased for our operated exploration and production assets in 2019. In total, including the RECs, 100% of our indirect energy use came from renewable sources.

See more detail on our purchased electricity use at [hess.com/sustainability/climate-change-energy/energy-use](https://hess.com/sustainability/climate-change-energy/energy-use)



## Managing Methane Emissions

In recent years, advancements in shale energy technology have generated a significant increase in the supply of low cost natural gas. As a cleaner-burning fuel, natural gas can play a critical role in the transition to a low carbon economy. However, there is considerable debate about fugitive methane leakage along the natural gas value chain, which may have the potential to reduce the fuel's climate benefits.

Hess is actively pursuing voluntary methane emission reductions as part of our EHS & SR strategy. As one aspect of this effort, 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% of gross methane production across the U.S. value chain by 2025. Peer-reviewed analyses indicate that a leak/loss rate of 1% or less across the U.S. natural gas value chain provides immediate GHG reduction benefits.

To achieve this goal, ONE Future has established 2025 methane emission rate targets for each sector of the natural gas value chain: production (0.28%), gathering and boosting (0.08%), processing (0.11%), transmission and storage (0.30%) and distribution (0.22%), which cumulatively total to the 1% target. In 2018, the ONE Future members' cumulative methane emissions intensity was 0.33% across the U.S. onshore natural gas value chain, down from 0.55% in 2017. ONE Future has also set interim 2020 sectoral targets.

Hess has activities in three of the ONE Future sectors: production, gathering and boosting, and processing. In 2019, we reduced our methane emissions rate across all sectors. For production our methane emissions rate was 0.35%, for gathering and boosting it was 0.14% and for processing it was 0.03%. Our total onshore U.S. methane intensity was 0.52%, which is below the ONE Future combined 2020 interim target of 0.64% for those three sectors, but slightly above the 2025 target of 0.47%. Our relative methane intensity decreased in 2019. This drop is correlated with the continued implementation of our leak detection and repair (LDAR) program across all of our production facilities (existing and new) in North Dakota and our program to phase out high bleed pneumatic controllers. We anticipate that we will achieve the ONE Future targets by 2025.

Our combined U.S. methane emissions intensity across our onshore and offshore operations was 0.27%, while our global methane intensity in 2019 was 0.15%.

In a related voluntary effort, in 2017 Hess became one of the founding participants in the Environmental Partnership. A key activity of the Environmental Partnership is furthering action to reduce air emissions, including methane and volatile organic compound emissions (VOCs), associated with natural gas and oil production. To accomplish this, the Environmental Partnership

developed three separate Environmental Performance Programs for participating companies to implement and phase into their operations starting January 1, 2018. Hess is implementing the two programs applicable to our operations in North Dakota, as follows:

- **Leak Program for Natural Gas and Oil Production Sources:** Participants will implement monitoring and timely repair of fugitive emissions at selected sites utilizing detection methods and technologies such as U.S. EPA Method 21 or optical gas imaging cameras. Hess conducted semiannual surveys at 869 sites in 2019.
- **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. After identifying 248 high bleed pneumatic controllers remaining in our North Dakota operations, we have begun phasing them out of service. In 2019 and early 2020, we took 86 high bleed pneumatic controllers out of service; we plan to phase the remaining out by 2022.

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

In addition to these programs, the Environmental Partnership provides a platform for industry to collaborate with stakeholders and learn from one another. So far, Partnership companies have made significant progress, including eliminating or retrofitting more than 28,000 high bleed pneumatic controllers and conducting more than 156,000 leak detection surveys.

In order to meet both our ONE Future and Environmental Partnership commitments, in 2019 we continued implementation of our LDAR program across all of our production facilities (existing and new) in North Dakota and at the Tioga Gas Plant in North Dakota.



Further detail on our LDAR program is provided in the Environment section of this report and at [hess.com/sustainability/environment](https://hess.com/sustainability/environment)

### Methane Emissions Intensity

SECTOR	ONE Future 2025 Target %	ONE Future 2020 Target %	Hess 2019 Performance %
U.S. Onshore Production (ND)	0.28	0.38	0.35
U.S. Onshore Gathering and Boosting (ND)	0.08	0.08	0.14
U.S. Onshore Processing (ND)	0.11	0.18	0.03
U.S. Onshore Upstream	0.47	0.64	0.52
U.S. Onshore and Offshore Production	NA	NA	0.27
Global Production	NA	NA	0.15

NA: Not applicable



# ENVIRONMENT

Our commitment to safeguarding the environment is a key aspect of the Hess Value of Social Responsibility and underpins the way we work every day. We strive for continuous improvement in our environmental impacts, which include water and energy use, air emissions, waste and spills. Across our company, we dedicate significant staff and resources to help ensure compliance with environmental laws and regulations, international standards and voluntary commitments. We have developed a range of key performance metrics to track our environmental performance and drive improvement over time at both the asset and enterprise levels. Some of these metrics are also factored into our annual incentive plan, to further advance our culture of environmental stewardship.

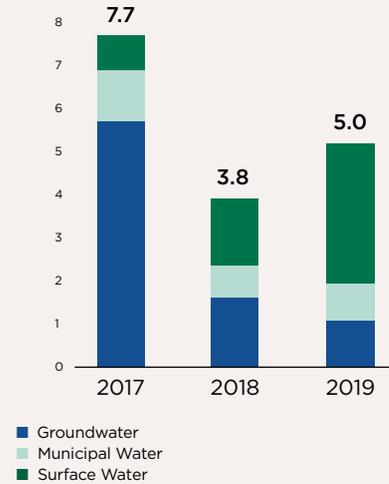
We collaborate with peers, governments and nongovernmental organizations (NGOs) to help drive environmental performance improvements across our industry. We sponsor and actively participate in the Bakken Production Optimization Program, a research program led by the Energy and Environmental Research Center (EERC) and funded by the North Dakota Industrial Commission that aims to improve Bakken system oil recovery and reduce the environmental footprint of Bakken oil and gas operations. In 2019, we continued working with the EERC as part of the Intelligent Pipeline Integrity Program (iPIPE), a consortium of oil and gas producers leading and funding research on innovative technologies to detect leaks and other pipeline integrity issues (see page 59). The iPIPE consortium is one of several initiatives we are sponsoring that is designed to help meet

North Dakota Governor Doug Burgum's challenge to achieve zero pipeline spills.

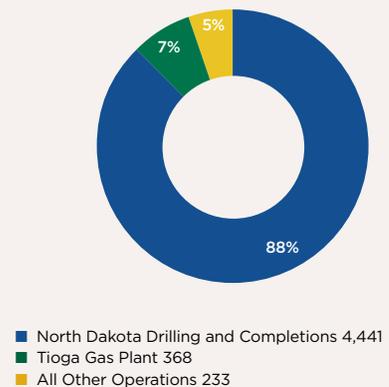
Hess is also a member of the Gulf of Mexico Alliance's Gulf Star program. The Gulf of Mexico Alliance (GoMA) is a nonprofit, public-private partnership that aims to enhance the ecological and economic health of the Gulf region by encouraging collaboration among government agencies, businesses, education providers and NGOs. GoMA is focused on improving habitat conservation, water quality, natural resource stewardship and land use strategies. In 2019, we supported several GoMA initiatives, including "citizen science" Water Watch programs in Louisiana (in partnership with the Lake Pontchartrain Basin Foundation) and Texas (in partnership with the Galveston Bay Foundation). Through the Water Watch program, high school students and other citizens are sampling Gulf of Mexico water for microplastics. In addition to providing funding, Hess Environment, Health and Safety staff have provided technical expertise.

Also in 2019, we initiated a project with the Gulf Offshore Research Institute and the Barataria-Terrebonne National Estuary Program focused on cultivating native plants and grasses to restore the function and habitat of critical Gulf Coast wetlands. We also voluntarily sponsor and participate in the Environmentally Friendly Drilling program, a partnership among oil and gas companies, academia and environmental organizations coordinated by the Houston Advanced Research Center that aims to develop science-based solutions to environmental issues associated with oil and gas development.

**Freshwater Use**  
Million Cubic Meters



**2019 Freshwater Use by Facility/Business Function**  
Thousand Cubic Meters



## WATER MANAGEMENT

The communities and ecosystems in which we operate depend on water to thrive. Water is also important for our onshore operations, where we primarily use it for drilling and completions in our upstream operations and cooling in our midstream gas processing operations.

# ENVIRONMENT

## Lifecycle Approach to Well Integrity

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

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

Our global standards for well integrity outline the criteria for installation, verification, maintenance and operating limits for

barriers to be used through the lifecycle of the well, and they require completion of a detailed well barrier diagram before undertaking activities in the field. An example well barrier diagram is shown below. We use a combination of barriers – such as casing, wellheads, seal assemblies, blowout preventers, cement, packers and bridge plugs – that work together to prevent uncontrolled flow. For example, we use cement in the annular space between the production tubing and the underground formation as a key structural component to protect aquifers. We require a minimum depth of annular cement above and below potential flow zones that meets or exceeds applicable regulations. We also require maintaining multiple and redundant barriers throughout the well lifecycle, and our minimum requirements for the configuration of blowout preventers on drilling rigs meet or exceed applicable regulations.

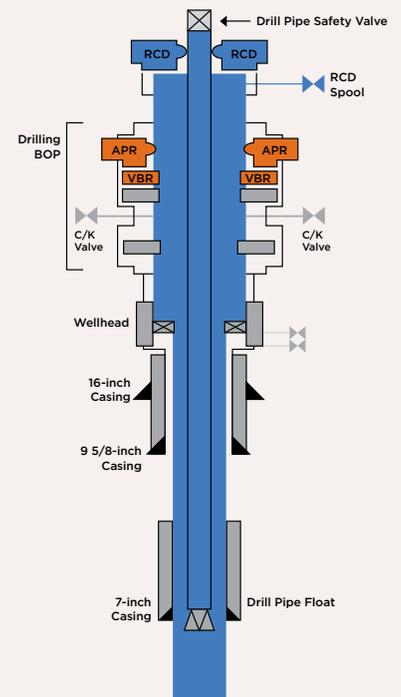
### WELL DEVELOPMENT LIFECYCLE



### WELL BARRIER DIAGRAM, BAKKEN DRILLING EXAMPLE

COMPONENT	CONDITIONS OF SATISFACTION
Drill pipe safety valve (inside blowout preventer)	Pressure tested to 5,000 psi upon installation
Drilling blowout preventer (BOP) and choke and kill (C/K) valves	Pressure tested to 250 and 5,000 psi upon installation
Drill pipe float valves	Inflow tested while drill pipe is being run in-hole
7-inch casing	Pressure tested to 1,500 psi prior to drilling out of the cement barrier
Wellhead	Pressure tested to 5,000 psi upon installation

WELL BARRIER ELEMENT	ACCEPTANCE CRITERIA
<b>Primary Well Barrier</b>	
Rotary control device (RCD) and RCD spool	Pressure tested to 250 psi and 70% of working pressure upon installation
Wellbore fluid	Continuously monitored fluid system as identified by the drilling fluid program
<b>Secondary Well Barrier</b>	
Annular preventer (APR)	Pressure tested to 250 and 2,500 psi upon installation
Variable bore ram (VBR)	Pressure tested to 250 and 2,500 psi upon installation



## Deepwater Assets

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

We validate well components and barriers as part of the construction process to verify they are working as designed. For example, we pressure-test barriers and well components during construction, after first running computer models to confirm we will not overpressure the component during testing. We run digital well logs to validate correct cement placement between the production tubing and the formation before completing our wells. And, in deepwater offshore wells, we verify cement installation with remotely operated vehicles.

We monitor each well's integrity from initial drilling through plugging and abandonment. Offshore, barriers critical to well integrity are digitally monitored on a continuous basis. Onshore, annular pressures are routinely monitored as an indicator of well integrity issues; however, we are in the process of transitioning to a remote, digital, continuous monitoring system.

In 2019, we completed a multiyear process of updating and enhancing our well integrity management system, which defines the organizational structure responsible for managing well integrity and the standards, procedures and risk management protocols that support well integrity. The enhanced system is expected to help us better manage integrity risks throughout the well lifecycle and help to ensure these risks are reassessed if material changes to a well's design or changes to steps in the planned development process are identified or anticipated. We are also improving documentation, data collection and reporting on key performance indicators to measure compliance with these procedures and to enhance the chain of communication as responsibility for the well passes from one Hess team to another.

The enhanced management system will help to ensure that each stage of the well lifecycle and associated field activity is supported by technical standards and procedures that specify minimum requirements for designing, constructing and operating Hess wells, along with the elements critical to well integrity, including the barriers that prevent or stop the uncontrolled flow of well fluids. Moving to this structured and holistic approach to well integrity is in line with our commitment to operating safely and delivering value in our diverse global portfolio.



See the Shale Energy section online for specifics on our approach to well integrity in our shale operations, at [hess.com/sustainability/environment/shale-energy](https://hess.com/sustainability/environment/shale-energy)

Water management has been identified as a material issue for Hess and is a key element of our environment, health, safety and social responsibility (EHS & SR) strategy. In 2019, we continued to develop our risk-based, lifecycle approach to managing water, completing a stressed water resource analysis in the Bakken region and sponsoring two pilot studies focused on tracking and treating produced water.



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

Our total freshwater use for exploration and production in 2019 increased by 44% over 2018. The largest driver of this increase was our North Dakota drilling and completion operations, which saw a 54% increase in water use compared with the prior year. This increase was due in part to a change in our primary completion strategy; the new strategy improves production but requires more sand proppant, and therefore, more water to move that proppant. Water use also increased due to an increase in drilling activity: We drilled 39 more wells and hydraulically fractured 31 more wells in 2019 than in 2018. In 2020, we plan to continue evaluating completion strategies to maximize product recovery.

As our operational profile and practices continue to evolve, we are assessing the best ways to reduce water use impacts across our operations. In North Dakota, for example, our freshwater reduction strategy primarily involves reusing produced water – the nonpotable water that is released from underground formations along with produced oil and natural gas – for production maintenance. During 2019, we increased our reuse of produced water for production maintenance by 57%. The total amount

# ENVIRONMENT

of water we need for our operations and our ability to reuse produced water varies based on the geology of the formation, production levels and changes in hydraulic fracturing technologies, among other factors. We remain committed, throughout our operations, to evaluating ways to reduce our water footprint.

Hess participates in industry forums focused on water management, to advance our own performance and contribute to industrywide knowledge sharing and progress. For example, 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. In 2019, this group developed guidelines on how to use water risk tools at the asset level. We are also members of the Energy Water Initiative, a collaborative effort among 21 oil and natural gas companies to study, describe and improve lifecycle water use and management in upstream unconventional oil and natural gas exploration and production. In 2020, we will also continue our partnership with the Environmentally Friendly Drilling 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 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 improve biodiversity management at Hess' global assets, we have developed threatened and endangered species field guides for personnel to use during field activities. In addition, we have a standard work instruction for all projects to help ensure we take appropriate steps to protect natural resources across our operations.

We monitor the addition of new species to the U.S. Fish and Wildlife Service's national endangered and threatened species lists. In addition, we identify locations where we may need to conduct new biological risk assessments and, where applicable, develop mitigation plans as a result of these listings. Also, where appropriate, we adjust drilling site locations to accommodate habitat features and priorities for certain species. During the 2019 construction season, we conducted 106 projects in the Bakken region that required environmental evaluation. Of the 106 projects, 57 required field studies, and of those 57, 49 required mitigations or adjustments to protect species habitat, wetlands or cultural sites, including to protect the threatened Dakota skipper moth.

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.

We also identify IUCN protected areas (categories I-III) adjacent to our operations. In 2019, there were four such areas, all in North Dakota (Lostwood Wilderness Area, Fort Union Trading Post National Historic Site, Two Top and Bit Top Mesas and Theodore Roosevelt National Park).

### IUCN Red List Species *with habitats overlapping Hess operations*

CATEGORY	SPECIES (COUNT)
<b>Critically Endangered</b>	23
<b>Endangered</b>	49
<b>Vulnerable</b>	175
<b>Near Threatened</b>	194

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), with the goal of proactively balancing oil and gas development with environmental decision making. We also participate in the Cross-Sector Biodiversity Initiative, a partnership of IPIECA, the International Council on Mining and Metals and the Equator Principles Association. This initiative brings the mining, oil and gas

and financial sectors together to develop and share good practices for safeguarding biodiversity and ecosystems.

## WASTE

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

In 2019, we generated approximately 108,000 tonnes of solid waste, approximately 98% of which was classified as nonhazardous according to applicable regulations. Our overall waste generation volume was higher in 2019 compared with 2018 due to a 57% increase in soil disposal stemming from an increase in asset retirement obligations.

We also disposed of approximately 130,000 tonnes of drill cuttings from our North Dakota asset at licensed disposal sites in 2019. 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 (i.e., removing technologically enhanced naturally occurring radioactive material or TENORM) and recycling it. In 2019, we recycled 370 tonnes of nonhazardous piping waste in North Dakota due to these efforts.



See the Shale Energy section online for more information on naturally occurring radioactive materials (NORM) and TENORM: [hess.com/sustainability/environment/shale-energy](https://hess.com/sustainability/environment/shale-energy)

## 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. In 2019, our offshore facilities discharged to sea approximately 10,000 tonnes of nonaqueous drilling mud and cuttings, which included 3,500 tonnes of nonaqueous base fluid.

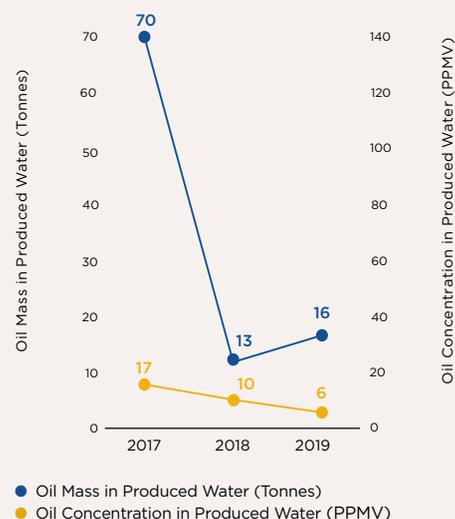
Offshore produced water discharges to sea totaled an estimated 2 million cubic meters in 2019. Produced water discharges had an average oil content of 6 parts per million volume (PPMV), totaling 16 tonnes of oil discharged. This data reflects a year-on-year decrease in PPMV but a slight increase in tonnes of oil discharged, due to an increase in the volume of discharged water.

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

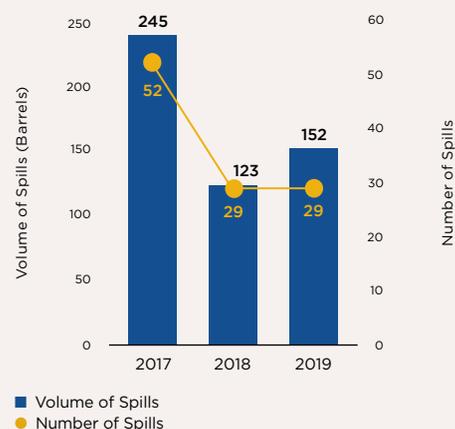
## SPILL PREVENTION

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)

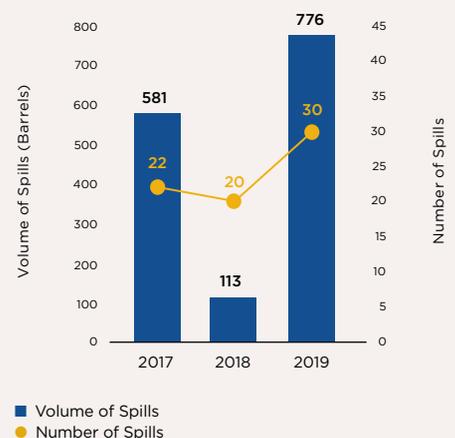
### Oil in Produced Water Discharges to Sea



### Hydrocarbon Spills



### Nonhydrocarbon Spills



# ENVIRONMENT

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

Our international subsea well control preparedness and response capabilities are supported by 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.

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, and we contribute to the IPIECA Oil Spill Working Group in support of our international assets. We are a member of the API's Oil Spill Emergency Preparedness and Response Subcommittee. We also participate in Area Planning Committee meetings for Regions 6 and 8 of the U.S. Environmental Protection Agency.

We track LOPC events through our incident reporting system by size and material and report spills following applicable industry

and regulatory guidance. We also use leading and lagging indicators to monitor LOPC performance, including continuing to tie LOPC performance to our annual incentive plan.

In 2019, the number of hydrocarbon spills held flat compared to 2018, while the volume increased slightly. The number of nonhydrocarbon spills increased by 41% and the volume increased by 85% compared with 2018. With regard to the increase in volume of nonhydrocarbon spills, 83% was due to two produced water spills.

In 2019, we continued to implement a range of programs focused 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 enhance spill prevention training and spill-related worksite controls, including expanding the sharing of root cause analysis findings and use of fluid transfer checklists. In addition, we continue to enhance the range of key performance indicators we use to track performance internally and increase internal transparency and reporting.

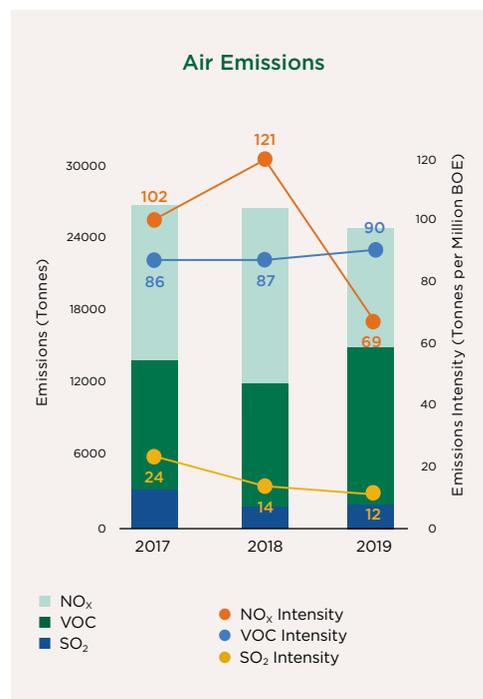
## AIR EMISSIONS

The normal operation of fuel combustion and processing equipment as well as flaring activities results in air emissions of nitrogen oxides (NO<sub>x</sub>), sulfur dioxide (SO<sub>2</sub>) and volatile organic compounds (VOCs). Fugitive emission sources, including those related to product loading and storage, also can contribute to VOC emissions.

We observed a decrease in absolute and normalized NO<sub>x</sub> emissions in 2019, primarily due to less fuel gas consumed at compressor stations. The newer compressor stations that have come online in recent years utilize electric drivers, replacing gas-fired engines.

Absolute SO<sub>2</sub> emissions in 2019 were essentially flat compared with 2018. Due to increased production, SO<sub>2</sub> intensity decreased from 2018 to 2019.

Both absolute and normalized VOC emissions increased slightly from 2018 to 2019, although the emissions trend since 2017 has been essentially flat. Absolute VOC emissions increased by 3,000 metric tons from 2018 to 2019; therefore, even with higher production in 2019, normalized VOC emissions increased. This is primarily attributable to an increase in flaring volumes at our Bakken well pads.



## REGULATORY COMPLIANCE AND LEGAL PROCEEDINGS

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 the use of a compliance tracking tool at our U.S. assets in 2019.

As mentioned in the Climate Change and Energy section, we continued our leak detection and repair (LDAR) program in 2019 across all of our U.S. onshore operations, as a way to achieve emission reductions as part of our ONE Future and API Environmental Partnership commitments and to comply with a prior Consent Decree in North Dakota.

In our North Dakota production operations, the LDAR program helps to decrease the turnaround time for repairs identified through LDAR inspections, and our formalized process for assigning work material flows to field personnel helps to increase accountability and the efficiency of any needed repairs.

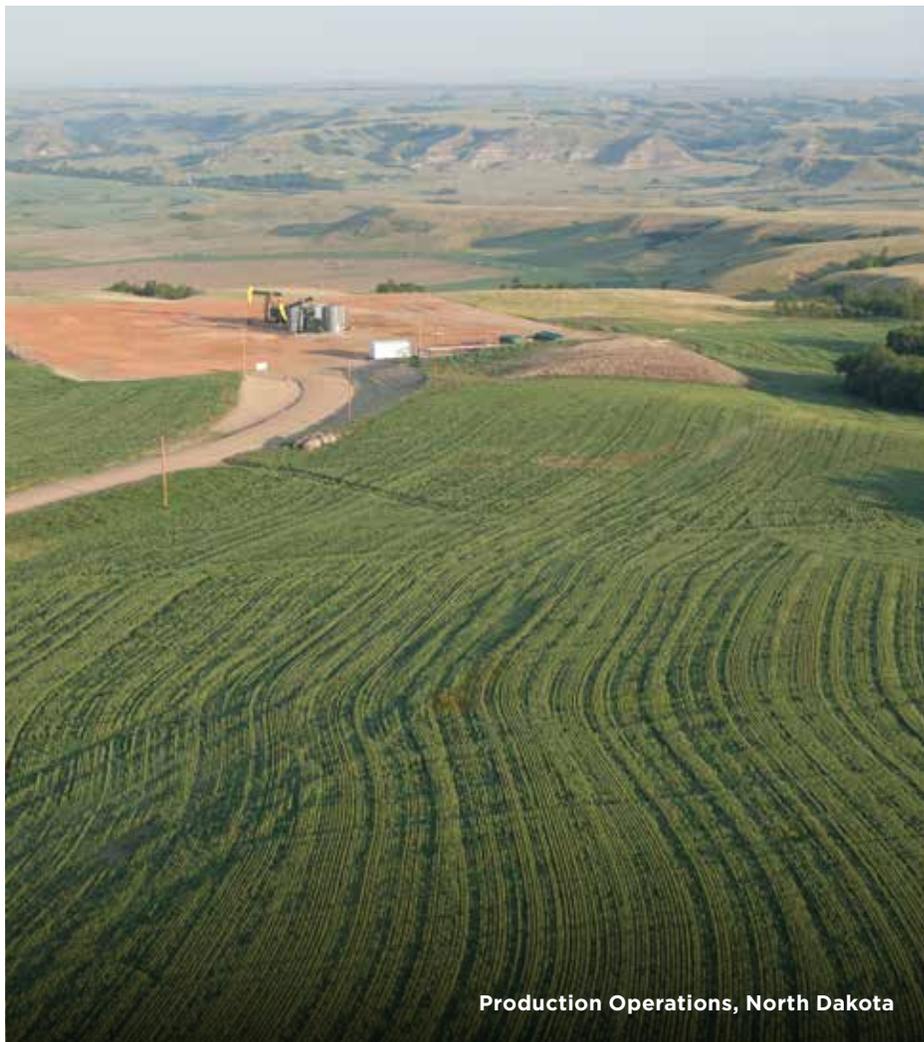


For a detailed description of our LDAR program, visit [hess.com/sustainability/environment](https://hess.com/sustainability/environment)

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

### Environmental Expenditures

Hess received 43 alleged violations for various administrative activities regarding timing on submittals, well status changes and procedural reporting activities. Of the 43 alleged violations, eight resulted in penalties totaling \$7,750 during 2019. The majority of our expenditures on environmental fines and penalties in 2019 (\$4,750) were the result of small offshore spills. Other expenditures were related to one alleged commingling of recycled oil from U.S. Bureau of Land Management field inspections.



Production Operations, North Dakota

### Intelligent Pipeline Integrity

Hess continues our active involvement in the Intelligent Pipeline Integrity Program (iPIPE), a collaboration of oil and gas operators, the Energy and Environmental Research Center - a nonprofit division of the University of North Dakota - and the North Dakota Industrial Commission (NDIC). Program participants are investing a total of \$9 million (a \$2.4 million grant from the NDIC plus matching funds from participating operators) over a period of four years to research and demonstrate emerging technologies that can enhance pipeline integrity efforts and then encourage industrywide adoption of worthy technologies.

Each year, iPIPE members review a range of technologies and choose a few for additional investment and testing. In 2019, iPIPE members chose to support two technologies. The first is a pipeline coating developed by Direct-C that can act as a sensor and detect leaks. iPIPE will help to fund testing to assess the response of the Direct-C technology under various environmental conditions.

The second technology involves low orbiting satellites collecting data that could be used to identify pipeline leaks or other performance issues. This system includes proprietary algorithms and autonomous software to synthesize the massive amounts of data collected from thousands of miles of pipeline into simple visualizations and actionable alerts. iPIPE member operators first funded this technology in 2018 and are continuing to support its testing and refinement.

# PERFORMANCE DATA

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

Our annual report, U.S. Securities and Exchange Commission (SEC) Form 10-K filing and proxy statement, which can be found at [hess.com/investors](https://hess.com/investors), provide more detail on our financial and governance information.

	UNITS	2019	2018	2017	2016	2015
<b>Business Performance</b>						
Sales and other operating revenue	\$ Million	6,495	6,323	5,466	4,762	6,636
Net income (loss) attributable to Hess Corporation	\$ Million	(408)	(282)	(4,074)	(6,132)	(3,056)
Total assets	\$ Million	21,782	21,433	23,112	28,621	34,157
Total debt	\$ Million	7,397	6,672	6,977	6,806	6,592
Stockholders' equity	\$ Million	9,706	10,888	12,354	15,591	20,401
Debt to capitalization ratio	%	43.2	38.0	36.1	30.4	24.4
<b>Exploration and Production</b>						
Total net equity hydrocarbon production*	Thousand BOE/D	311	277	306	322	375
Total operated hydrocarbon production**	Thousand BOE/D	394	323	340	361	433
Proved reserves (total)	Million BOE	1,197	1,192	1,154	1,109	1,086
Liquids (crude oil (light and medium oils), condensate & natural gas liquids)	%	78	75	72	74	76
Gas	%	22	25	28	26	24
Reserve life	Years	10	12	10	9	8
Replaced production	%	104	170	351	119	NM
<b>Selected Economic Metrics</b>						
Capital and exploratory expenditures	\$ Million	3,159	2,340	2,168	2,154	4,338
Income tax expense/(benefit)	\$ Million	461	335	(1,837)	2,222	(1,299)
Royalties and other payments to governments	\$ Million	580	468	379	330	457
Cash dividends paid to shareholders	\$ Million	316	345	363	350	287
Employee wages and benefits (U.S.)	\$ Million	594	598	603	707	791
Interest expense before income taxes	\$ Million	380	399	325	338	341
Operating costs	\$/BOE	12	13	14	16	15
Supplier spend (approximate)	\$ Billion	4	4	5	6	7
Total social investment	\$ Million	7	7	14	20	21
Nitrogen oxides (NO <sub>x</sub> ) taxes	\$ Million	0.2	0.2	0.8	0.8	5.5
<b>Our People</b>						
Number of permanent employees	#	1,775	1,708	2,075	2,304	2,770
U.S.	%	86	86	85	83	79
International	%	14	14	15	17	21
Part-time employees	%	<1	<1	<1	<1	<1
Full-time employees	%	100	100	100	100	100
Employee turnover - voluntary	%	6	6	5	5	5
Employee layoffs	%	0.2	20	13	18	8
Female employees (U.S. and international)	%	26	26	28	27	27
Minority employees (U.S.)	%	22	22	23	25	24
Employees represented by collective bargaining agreements	%	2	2	2	2	3
<b>Safety Performance</b>						
Fatalities - workforce (employees + contractors)	#	0	0	0	0	0
Hours worked - workforce	Million hours	16.0	14.9	20.8	21.7	28.6
Employee total recordable incident rate	Per 200,000 hours worked	0.05	0.13	0.09	0.10	0.24
Contractor total recordable incident rate	Per 200,000 hours worked	0.57	0.41	0.31	0.50	0.39
Workforce total recordable incident rate	Per 200,000 hours worked	0.43	0.32	0.24	0.39	0.36
Employee lost time incident rate	Per 200,000 hours worked	0.00	0.00	0.03	0.06	0.03
Contractor lost time incident rate	Per 200,000 hours worked	0.24	0.12	0.10	0.15	0.10
Workforce lost time incident rate	Per 200,000 hours worked	0.18	0.08	0.08	0.13	0.08
Employee occupational illness rate	Per 200,000 hours worked	0.05	0.13	0.06	0.00	0.09
Contractor occupational illness rate	Per 200,000 hours worked	0.12	0.02	0.08	0.14	0.25
Workforce occupational illness rate	Per 200,000 hours worked	0.10	0.05	0.08	0.10	0.21
Products with Safety Data Sheets	%	100	100	100	100	100

NM: Not meaningful

\*Total net hydrocarbons produced are equity share values from Hess' SEC Form 10-K.

\*\*Total operated hydrocarbon production is used for intensity metrics (i.e., flaring, GHG emissions, energy and other air emissions).

	UNITS	2019	2018	2017	2016	2015
<b>Greenhouse Gas Emissions</b>						
Volume of flared and vented hydrocarbons	MMSCF	25,828	18,797	22,009	26,991	36,121
Flaring intensity*	SCF/BOE	180	163	164	174	192
Operated direct emissions (Scope 1)	Million tonnes CO <sub>2</sub> e	3.9	3.6	3.7	4.1	5.1
CO <sub>2</sub>	Million tonnes CO <sub>2</sub> e	3.6	3.3	3.4	3.7	4.7
CH <sub>4</sub>	Thousand tonnes CO <sub>2</sub> e	319.4	283.0	313.4	296.9	403.7
N <sub>2</sub> O	Thousand tonnes CO <sub>2</sub> e	2.5	2.7	2.7	2.3	2.7
Operated direct emissions (Scope 1) by source						
Flaring/venting	%	61	52	52	52	63
Fuel combustion	%	34	43	42	43	33
Other	%	6	5	6	5	4
Operated indirect emissions (Scope 2)	Million tonnes CO <sub>2</sub> e	0.4	0.3	0.4	0.5	0.6
CO <sub>2</sub>	Million tonnes CO <sub>2</sub> e	0.4	0.3	0.4	0.5	0.5
CH <sub>4</sub>	Thousand tonnes CO <sub>2</sub> e	1.1	0.8	0.9	0.2	0.2
N <sub>2</sub> O	Thousand tonnes CO <sub>2</sub> e	1.9	1.6	1.9	2.4	2.4
Operated GHG emissions intensity*	Tonnes CO <sub>2</sub> e/thousand BOE	30	34	34	33	33
Equity (Scopes 1 and 2) GHG emissions	Million tonnes CO <sub>2</sub> e	4.3	3.9	4.0	4.2	5.5
Equity Scope 3 emissions	Million tonnes CO <sub>2</sub> e	49.2	43.4	48.8	51.6	60.2
<b>Energy Use</b>						
Production energy intensity*	Gigajoules/BOE	0.20	0.26	0.27	0.29	0.23
Operated direct energy use	Thousand gigajoules	21,650	25,064	25,831	29,973	27,506
Operated indirect energy use (gross)	Thousand gigajoules	6,532	5,589	7,290	8,273	8,642
Net purchased electricity by primary energy source**	Thousand MWh	708	606	790	896	936
Green-e certified renewable energy certificates (wind power)	Thousand MWh	531	70	90	100	135
<b>Freshwater Use (Consumption)</b>						
Groundwater	Million cubic meters	1.0	1.5	5.6	5.7	6.0
Municipal water	Million cubic meters	0.9	0.8	1.2	0.6	1.2
Surface water	Million cubic meters	3.2	1.6	0.8	1.2	1.7
Total freshwater	Million cubic meters	5.0	3.8	7.7	7.6	8.9
Reused/recycled (estimated) <sup>‡</sup>	%	3.6	3.3	7.7	14.5	12.0
<b>Solid Waste</b>						
Nonhazardous	Thousand tonnes	107.0	45.4	154.4	92.5	252.5
Hazardous	Thousand tonnes	0.8	1.7	2.6	0.9	0.4
<b>Liquid Waste<sup>†</sup></b>						
Nonhazardous waste	Thousand cubic meters	542.4	141.01	48.28	73.05	7,275
Hazardous waste	Thousand cubic meters	0.00	0.00	0.00	10.52	18.44
<b>Spills</b>						
Hydrocarbon spills - number	#	29	29	52	46	47
Hydrocarbon spills - volume	Barrels	152	123	245	308	1,025
Nonhydrocarbon spills - number	#	30	20	22	42	91
Nonhydrocarbon spills - volume	Barrels	776	113	581	1,104	10,033
<b>Air Emissions (Excludes GHGs)*</b>						
Sulfur dioxide (SO <sub>2</sub> )	Tonnes	1,711	1,655	2,987	3,804	3,727
SO <sub>2</sub> intensity	Tonnes/Million BOE	12	14	24	29	24
NO <sub>x</sub>	Tonnes	9,909	14,306	12,665	10,261	11,515
NO <sub>x</sub> intensity	Tonnes/Million BOE	69	121	102	77	73
Volatile organic compounds (VOC)	Tonnes	13,000	10,303	10,724	9,441	13,133
VOC intensity	Tonnes/Million BOE	90	87	86	71	83
<b>Exploration and Production Discharges</b>						
Oil in produced water to sea	Tonnes	16	13	70	87	81
Oil in produced water to sea	PPMV	6	10	17	18	15
Produced water to sea	Million cubic meters	2	1	6	6	6
<b>Other Environmental Indicators</b>						
Environmental fines and penalties - operated	\$ Thousand	7	75	842	24	25
Environmental expenditures - remediation	\$ Million	20	15	15	10	13
Environmental reserve	\$ Million	70	80	80	80	80

\*The annual gross operated hydrocarbon production (normalization factor) for 2019 was 143,933,216 BOE.

\*\*Third-party power generation.

<sup>‡</sup> Reused/recycled water in 2018 and 2019 represents the percentage of total Bakken produced water that was reused in those years. By reusing 142,000 cubic meters of produced water for well maintenance in 2018, and 222,983 cubic meters in 2019, we have been able to offset freshwater use in that same amount.

<sup>†</sup> Liquid waste totals include wastewater treatment and deep well disposal.

# INDEPENDENT ASSURANCE STATEMENT

ERM Certification and Verification Services (ERM CVS) was engaged by Hess Corporation (Hess) to provide assurance on the 2019 Sustainability Report (the Report).

## Engagement Summary

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

## OUR CONCLUSION

Based on our activities, nothing has come to our attention to indicate that the Report is not fairly presented, in all material respects, in accordance with the GRI Standards 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. During our assurance engagement, travel restrictions were imposed following the outbreak of COVID-19. As a result of these it was necessary to adjust the assurance activities that we had originally agreed with Hess. We replaced the planned "in-person" head office and site visit to Hess' operations in North Dakota with virtual "visits" via tele- and video conference calls for this year's assurance engagement. These changes do not affect our limited assurance conclusion above. However, it is possible that in-person visits may have identified errors and omissions that we did not discover through the alternative assurance program.

A 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.
- Virtual "visits" to Hess' operations in North Dakota and the Stampede asset in the Gulf of Mexico, to verify the source data for the assets' sustainability performance indicators for 2019 and to review sustainability management implementation at the asset level.
- An analytical review of the 2019 data for the sustainability performance indicators from all assets and a check on the completeness and accuracy of the data consolidation at the Hess corporate level.
- A virtual "visit" to Hess' head office in Houston, Texas, to review the consolidation process and the results of the internal data validation process, and to conduct interviews with subject matter experts regarding the content of the Report.
- A review of samples of documentary evidence, including internal and external documents, relating to the assertions made regarding 2019 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  
29 June 2020

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



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

## AWARDS AND RECOGNITION

### SUSTAINABILITY

- CDP Climate Change leadership status for 11th consecutive year
- Dow Jones Sustainability Index North America for 10th consecutive year
- *Corporate Responsibility Magazine's* 100 Best Corporate Citizens for 12th consecutive year
  - No. 1 oil and gas company
- Bloomberg Gender-Equality Index
  - Only U.S. oil and gas company
- STOXX Global ESG Leaders Index for seventh consecutive year

- MSCI USA ESG Leaders Index for 10th consecutive year
- FTSE4Good U.S. Index for seventh consecutive year
- *Wall Street Journal's* Top 250 Best Managed Companies
- *Newsweek* magazine's America's Most Responsible Companies

### WORKFORCE

- *Minority Engineer* magazine's Top 50 Employers

- *STEM 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
- *Woman Engineer* magazine's Top 50 Employers
- *Equal Opportunity* magazine's Top 50 Employers

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Forward-looking statements are based on our current understanding, assessments, estimates and projections of relevant factors and reasonable assumptions about the future. Forward-looking statements are subject to certain known and unknown risks and uncertainties that could cause actual results to differ materially from our historical experience and our current projections or expectations of future results expressed or implied by these

forward-looking statements. The following important factors could cause actual results to differ materially from those in our forward-looking statements: fluctuations in market prices of crude oil, natural gas liquids and natural gas; reduced demand for our products, including as a result of COVID-19; changes in laws, regulations and governmental actions applicable to our business; the ability of our contractual counterparties to satisfy their obligations to us; unexpected changes in technical requirements; availability and costs of employees and other personnel, equipment, supplies and other required services; and other factors described in Item 1A—Risk Factors in our Annual Report on Form 10-K and any additional risks described in our other filings with the Securities and Exchange Commission.

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

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% post-consumer waste (PCW) paper manufactured entirely with 100% certified wind energy and containing 100% post-consumer recycled fiber.

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

- ♻️ 64 trees preserved for the future
- ♻️ 5 pounds of water pollutants not created
- ♻️ 30,010 gallons of water saved
- ♻️ 2,009 pounds of solid waste not created
- ♻️ 5,333 pounds of net greenhouse gases (GHGs) prevented
- ♻️ 29 million British thermal units of energy not consumed

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

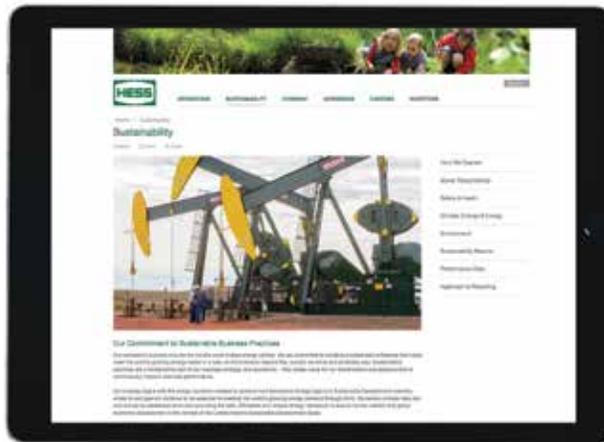
- ♻️ 4,655 pounds of GHG emissions not generated

Displaces this amount of hydrocarbons:

- ♻️ 2.32 barrels of natural oil unused

In other words, your savings from the use of wind-generated electricity are equivalent to:

- ♻️ 2,385 miles not driven
- ♻️ 26 trees planted



## LEARN MORE AT [WWW.HESS.COM/SUSTAINABILITY](http://WWW.HESS.COM/SUSTAINABILITY)

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### **GRI CONTENT INDEX**

Performance against GRI Standards indicators

[www.hess.com/sustainability/sustainability-reports/GRI-Index](http://www.hess.com/sustainability/sustainability-reports/GRI-Index)



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