

HESS CORPORATION

2016 Sustainability Report



HESS VALUES

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



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

REPORT APPLICATION LEVELS

GLOBAL REPORTING INITIATIVE (GRI) IN ACCORDANCE OPTION

Following a review by ERM Certification and Verification Services (ERM CVS), our external verifier, Hess is self-declaring this report in accordance with the Core option of the GRI G4 Sustainability Reporting Guidelines.



UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS

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



ON THE COVER
Offshore Operations, Gulf of Mexico

ASSURANCE

ERM CVS conducted representative site visits, reviewed source data and our internal data collection and aggregation system and conducted interviews to ensure the information presented is a reliable representation of our performance. An ERM CVS Assurance Statement has been included at the end of this report. ERM CVS also provided an opinion on the GRI "in accordance" option.

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MESSAGE FROM THE CEO

Our company has more than a decade of visible production growth with an expanding resource base, declining operating and development costs and strong leverage to oil prices, all of which positions us to deliver improving financial returns and significant value to our shareholders. We achieved strong operational performance in 2016 even as we reduced activity in the low oil price environment – driving operating efficiencies, reducing cash operating costs, advancing our offshore developments and achieving major success with our focused exploration program. Production growth, which is set to resume beginning in the second half of 2017, is underpinned by the Bakken, the North Malay Basin and Stampede developments, and offshore Guyana, where we have participated in one of the industry's largest oil discoveries in the past 10 years.

Our strategy is to maintain a portfolio that is balanced between onshore and offshore, unconventional and conventional, and U.S. and international, allocating capital for the best long-term value and risk-adjusted returns. Sustainability practices are a fundamental part of our business strategy and operations and align with Hess' Values of Integrity, People, Performance, Value Creation, Social Responsibility and Independent Spirit. Through our Code of Business Conduct, we translate these Values into decisions that guide the way we do business.

We believe sustainable business practices create value for our shareholders and opportunities to continuously improve business performance. This belief supports our mission to be a trusted energy partner and our commitment to helping meet the world's growing energy needs in a safe, environmentally responsible, socially sensitive and profitable way. Sustainability issues are examined by our Board of Directors and taken into account in formulating our company strategy.

Our 2016 Sustainability Report shows how sustainable business practices are integrated into our short-term goals and long-term strategy. Hess' environment, health, safety and social responsibility (EHS & SR) strategy is focused on several key areas for our operations including process safety, social responsibility and climate change, which are described below. Detailed information on our programs and performance, including progress in the implementation of our EHS & SR strategy, is provided in this report and on our company website at hess.com.

“We believe sustainable business practices create value for our shareholders and support our mission to be a trusted energy partner.”

SAFETY

We believe sustainable performance and operational excellence begin with our unwavering dedication to safety. Regarding personal safety, our employees and contractors share a goal of reaching zero safety incidents – what we describe as “everyone, everywhere, every day, home safe.” In 2016 we once again worked to address incidents that have the potential for severe consequences, and we reduced our employee recordable incident rate by 58 percent compared with 2015. However, our workforce total recordable incident rate rose compared with the prior year due to an increased rate of contractor incidents. We are addressing this increase in part through implementation of a new Contractor Management Standard that includes enhanced measures for procurement prequalification, comprehensive onboarding and ongoing monitoring of safety performance.

Hess' process safety programs aim to prevent unplanned or uncontrolled loss of primary containment of any material that could result in an incident such as an injury, fire or environmental release. Our efforts focus on understanding and identifying key points within process safety systems that could impact integrity and the safe and proper operation of equipment. In 2016 we achieved a four-year low in the number of Tier 1 and Tier 2 process safety events. Even with this performance improvement we remain vigilant in our focus on reducing these events. We embarked on an external review of our process safety management systems and also began a review of mechanical integrity at our onshore and offshore locations in 2016, as part of our ongoing asset integrity management process. We expect to complete both reviews in 2017.

SOCIAL RESPONSIBILITY

Social responsibility is one of our company values and fundamental to the way we do business at Hess – because part

of being a trusted energy partner is making a positive impact on the communities where we operate. We are guided by our commitments to international voluntary initiatives designed to advance transparency, environmental protection, human rights and good governance. Along with our other voluntary commitments, Hess continues to support the United Nations Global Compact and the Global Compact U.S. Network, which share best practices in sustainable business conduct across the private sector. Stakeholder engagement processes were further integrated into our enterprise risk workshops, value assurance reviews and asset business plans in 2016.

In 2016 our social investments totaled nearly \$20 million, with \$16 million going toward education projects and the balance directed toward economic development, health and capacity building.

CLIMATE CHANGE AND THE ENVIRONMENT

Climate change is a global challenge that requires government, business leaders and civil society to work together on cost-effective policy responses that recognize the vital role that safe, affordable and reliable energy plays in ensuring human welfare, economic growth and security. We understand oil and natural gas are essential to meet the world's growing energy demand and are committed to developing energy resources in an environmentally responsible and sustainable manner. Climate change and environmental risks are considered by our Board of Directors in the development of company strategies and policies.

In support of our 50 percent flaring intensity reduction target and our 25 percent greenhouse gas emissions reduction target, we track and monitor air emissions at each of our assets and undertake a variety of emission reduction initiatives. Through 2016, we have reduced flaring and greenhouse gas emissions intensities by 29 percent and 20 percent, respectively, against our 2020 targets. We expect continued progress against these targets as a result of major stakeholder-approved initiatives and infrastructure investments particularly in Equatorial Guinea and our Bakken asset in North Dakota.

Safeguarding the environment through the responsible management of environmental impacts – including water use, air emissions, waste and spills – is an essential component of our drive for operational excellence and an important part of how we do business every day. We also dedicate significant resources to

help ensure compliance with environmental laws and regulations, international standards and voluntary commitments.

Hess was once again recognized in 2016 by several third-party organizations as a leader in the oil and gas industry for the quality of our environmental, social and governance performance and disclosure.

PEOPLE

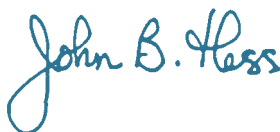
Our company's special culture and strong performance are a reflection of our people. Their talent and dedication are further enhanced by our application of Lean manufacturing principles or what we now call the Hess Way of Working, which fosters teamwork and continuous improvement to overcome challenges, eliminate wasteful operational processes and create value.

As part of our Values, we are committed to fostering a workplace that values diversity and inclusion, learning and development, engagement and innovation – with the recognition that our employees hold the key to our company's continued success. With this in mind, we regularly share business updates, reinforce our strategy and direction and listen to the views of our workforce through a robust program of employee engagement and communications.

In response to market conditions, we have reduced headcount as we scaled back operating activity. In addition, in the fourth quarter of 2016, we realigned our organization to better reflect our portfolio and long-term priorities. Throughout these changes, our employees have stayed true to our Values and committed to our mission to be a trusted energy partner.

We are proud of the progress made in driving our company's growth in a challenging business environment, and excited to continue building a sustainable enterprise that makes a positive difference for our stakeholders and the world around us.

Thank you to our employees, communities, customers, business partners and investors for their ongoing support and partnership.



John B. Hess
Chief Executive Officer

ABOUT HESS

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

2016 HIGHLIGHTS

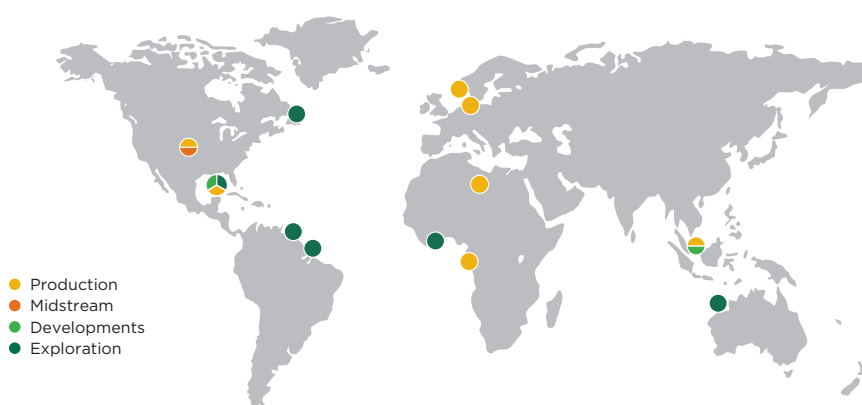
- ▶ Through Lean manufacturing techniques, our Bakken team reduced average drilling and completion costs to \$4.8 million per operated well, compared with \$5.8 million per well in 2015.
- ▶ In offshore Guyana, the Liza oil discovery in the Stabroek Block – in which Hess has a 30 percent working interest – has been confirmed as one of the largest in the world in the past 10 years. Sanction of the first phase of development of Liza is expected in 2017, with first production by 2020.
- ▶ At the North Malay Basin project in the Gulf of Thailand, which is targeted for completion in 2017, progress continued on full field development with the drilling of 13 wells.
- ▶ In the deepwater Gulf of Mexico, Hess continued to advance the Stampede development project, with first oil on track for 2018.
- ▶ We acquired a 33 percent nonoperated participating interest in the Kosmos Energy-operated Block 42, offshore Suriname.

2016 ECONOMIC CONTRIBUTIONS

\$ Millions	
● Recordable Supplier Spend (Exploration & Production)	\$5,511
● Income Tax Expense	\$2,222
● Capital and Exploration Expenditures	\$2,154
● Wages and Benefits (U.S.)	\$707
● Dividends	\$350
● Interest Expense	\$338
● Royalties and Other Payments	\$330
● Social Investments	\$20
● Carbon and NO _x Taxes	\$1

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

HESS PORTFOLIO OF OPERATIONS



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



Midstream: Assets include a natural gas processing plant, rail-loading terminal and associated rail cars, crude oil truck and pipeline terminal, and crude oil and natural gas gathering systems in North Dakota; and a natural gas processing plant, crude oil and natural gas gathering systems, carbon dioxide assets, and pipelines in West Texas.



Developments: Activities include North Malay Basin in the Gulf of Thailand and Stampede in the Gulf of Mexico.



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

Note: The groupings of assets above include Hess operated and nonoperated assets. Boundaries and restatements of data included in this report can be found in the Approach to Reporting section.

1,109

Million Barrels of Oil
Equivalent Proved Reserves

9.2

Years Reserve Life

322,000

Barrels of Oil Equivalent per Day
Total Net Hydrocarbons Produced

APPROACH TO REPORTING

Within this report, we provide descriptions of the company's 2016 strategy and performance regarding material economic, environmental and social issues. Our annual report, U.S. Securities and Exchange Commission Form 10-K filing and proxy statement detail our financial and governance information; these documents can be found on our website.

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

REPORTING STANDARDS

This sustainability report was prepared in accordance with the Core option of the Global Reporting Initiative (GRI) *G4 Sustainability Reporting Guidelines* and associated *Oil and Gas Sector Supplement*. The report is also based on the *Oil and Gas Industry Guidance on Voluntary Sustainability Reporting* document 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, as well as the 10 principles of the United Nations (UN) Global Compact. A GRI Content Index, cross-referenced with IPIECA indicators and the UN Global Compact principles, is provided on pages 56–58.

 An expanded GRI Index is available at hess.com/gri-index

MATERIALITY

Consistent with GRI G4 materiality guidance, we prioritized new and emerging issues important to our stakeholders when developing the content for our sustainability report. Through a survey of select industry peers and a subset of priority external stakeholder groups, we identified the 10 most material issues for our company:

- ▶ Regulatory Assurance
- ▶ Water Management

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

Overall, our material issues include environmental, social and governance concerns reflecting diverse external stakeholder priorities and Hess' operational and regulatory risk focus. These issues have informed our environment, health, safety and social responsibility strategy and helped to define the boundaries of this report.

 A table mapping our material issues to GRI G4 reporting criteria and identifying the reporting boundaries for each is available at hess.com/sustainability/approach-to-reporting/boundaries-for-material-issues

BOUNDARY SETTING


Included within the scope of this report are the principal facilities and assets operated by Hess Corporation and our subsidiaries during calendar year 2016, unless otherwise indicated. Data presented are gross figures from operated facilities, unless specified otherwise.

We report some quantitative environment, health and safety data on a normalized basis to facilitate year-on-year comparisons. 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* (2nd edition, May 2011).

We also report our social investments for our operated assets, joint ventures and nonoperated facilities in which we hold a significant interest.

RESTATEMENTS

We completed our transformation to an exploration and production company in 2014 after exiting our downstream business, which included refining, retail, energy marketing and energy trading. Historical safety and environmental data from 2013 and prior were restated to reflect the upstream (exploration and production) business only. However, individual divestitures that did not meet the materiality threshold for removal from our new 2014 GHG emissions baseline – as delineated in the Hess GHG Protocol – are included in the restated data.

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

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 found in this report is in U.S. dollars.

This sustainability report has been assured by ERM Certification and Verification Services (ERM CVS), a third party that annually reviews our sustainability data and self-declared GRI “in accordance” option. This external review helps to ensure consistent and objective data collection and reporting of our sustainability performance. The Independent Assurance Statement is provided on page 59 of the report.

PROGRESS AND GOALS

This section offers a snapshot of our progress and path forward with respect to our most material sustainability programs and initiatives; as such, it provides an indication of our commitment to improve performance across a range of issues. Through continued implementation of our environment, health, safety and social responsibility (EHS & SR) strategy, we are improving how we understand and manage nontechnical risks in our day-to-day operations while addressing the material sustainability issues facing Hess and the oil and gas industry at large. Our strategic efforts planned for 2017 will build on our progress to date.

Elements of our EHS & SR strategy are included in the summary table that follows, along with our key accomplishments in 2016 and select targets and metrics that we have established to measure how effectively we are implementing our strategy. Our progress and goals are categorized according to the six sections of the report in which they are discussed.

HOW WE OPERATE				
Operating in a lower-for-longer oil price environment, strengthening our license to operate and enhancing our reputation through advocacy and transparency in reporting				
Category	2016 Goals	Progress in 2016	Goals for 2017+	Discussion (Page #)
Regulatory Assurance	Strengthen our regulatory assurance process through integration into our business operating rhythm*	Expanded use of our compliance tracking tool at U.S. assets and enhanced the field assurance team that conducts our leak detection and repair program; further aligned central and asset-based regulatory assurance efforts within our business operating rhythm	Continue to evaluate and enhance our EHS management system in 2017 and beyond	53
	Ensure alignment of our regulatory advocacy priorities with our enterprise risk management process*	Began this alignment process, including regular engagement with domestic assets and with our enterprisewide EHS function	Refine and enhance the regulatory advocacy process in 2017 to ensure that regulatory risks and potential impacts are appropriately characterized and considered in company decision making*	16
Transparency in Business Conduct	Refine reporting to meet stakeholder expectations	Published our 2015 Corporate Sustainability Report with the Global Reporting Initiative's G4 Core "in accordance" option, and disclosed new indicators such as those related to grievances, occupational health and supply chain	Continue to refine sustainability disclosure to align with stakeholder expectations in 2017 and beyond	5, 40
	Further enhance our Anti-Bribery and Anti-Corruption Policy and Procedure	Developed supporting reporting systems and continued rollout of online anti-corruption compliance training	Enhance our Global Trade Compliance Program and revise our Code of Business Conduct and Ethics in 2017	15
Supply Chain and Contractor Management	Begin implementation of our Contractor Management Standard	Developed standard templates for key common supply contracts; continued to enhance our contractor selection, management and review process; and strengthened our process for managing contractors through ongoing implementation of our Contractor Management Standard	Embed standard model contracts and continue training on and implementation of standards, driving consistency and efficiency across all assets in 2017	16-17, 32
Management Systems	Deploy Lean metrics	Rolled out enterprisewide Lean metrics for tracking the training of embedded Lean leaders across both business functions and individual skill levels, and for assessing the status of our progress in developing a distinctive Lean culture	Further embed the Lean way of thinking into Hess' culture in 2017	11
	Continue to roll out and implement a complete set of enhanced EHS global standards on a prioritized basis	Approved five new EHS global standards and completed gap assessments for these standards at selected assets	Continue to develop and implement EHS global standards on a prioritized basis through 2020	12, 27-29, 31-32
	Measure effective implementation of the EHS & SR strategy through established targets and metrics*	Began tracking individual initiatives through project-specific work plans as part of our business operating rhythm	Continue to measure effective implementation of the EHS & SR strategy through 2020*	6

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

SOCIAL RESPONSIBILITY

Meeting our commitment to operate as a trusted energy partner



Category	2016 Goals	Progress in 2016	Goals for 2017+	Discussion (Page #)
Community and Stakeholder Engagement	Continue to integrate stakeholder engagement, social risk and impact management and social investment into enterprise business processes	Continued to integrate SR considerations into our enterprise business processes	Integrate SR and Human Rights Guidelines into enterprise business processes to support policies and standards in 2017	19, 23
	Expand implementation of stakeholder engagement and grievance mechanism processes*	Implemented the processes at two new assets	Continue to advance progress in 2017*	20-21
	Continue to progress implementation of our SR Global Standard*	Progressed this effort in 2016, including development of guidelines to support the associated policy and standard	Approve and continue implementation of the SR Standard in 2017*	19
Human Rights and Security	Continue to progress implementation of our Human Rights Global Standard*	Progressed this effort in 2016, including development of guidelines to support the associated policy and standard	Approve and continue implementation of the Human Rights Standard in 2017*	19
	Commence risk-based rollout of human rights training module at selected assets*	Conducted risk-based human rights training at selected assets	Review enterprisewide social, reputational and human rights risks to update risk identification in 2017*	23
	Develop human rights content for contractor onboarding*	Incorporated human rights training into contractor onboarding	Refresh and conduct human rights training as needed based on identified risks in 2017*	23
	Track the implementation of new standards through the number of employees and contractors completing human rights training at high-risk assets, as well as the percentage of new contracts with human rights clauses*	Began tracking progress with these initiatives	Continue tracking progress through 2020*	7

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



PROGRESS AND GOALS

SAFETY AND HEALTH

Focusing on continuous improvement in process safety management systems, integrity and barrier management, assurance and competency, as we aspire toward zero incidents



Category	2016 Goals	Progress in 2016	Goals for 2017+	Discussion (Page #)
Process Safety and Spills	Continue to progress our efforts in integrity management to include prioritized asset integrity assessments and implementation of performance standards for integrity critical equipment (ICE)*	Continued enterprisewide efforts to generate performance standards for ICE and launched an enterprisewide assessment of the mechanical integrity of our equipment	Continue to promote performance standards for ICE and complete asset integrity assessments for all Hess-operated production locations in 2017*	30
	Continue to progress our efforts in integrity management, including offshore implementation of our enhanced barrier management approach*	Implemented our enhanced barrier management approach at our Baldpate, Tubular Bells and Equatorial Guinea assets by the first quarter of 2017	Implement our enhanced barrier management approach in South Arne in 2017, and at Stampede and North Malay Basin as those assets come online*	30
	Continue to make improvements in our process safety management system and process safety standards*	Launched enterprisewide assessments of our process safety management systems and issued 26 additional engineering standards and specifications to further improve process safety and operations	Continue to make improvements in our process safety management system and process safety standards in 2017 and beyond*	29-30
	Build upon our Gulf of Mexico competency assurance program and enhance our enterprisewide EHS assurance program*	Advanced the competency assurance effort in 2016 and developed a tiered EHS assurance program for the enterprise	Further enhance the enterprisewide competency strategy, with a focus on integrating and enhancing existing global systems to achieve a shared competency system in 2018 and beyond; begin the implementation of an enterprisewide tiered EHS assurance program in 2017 and beyond*	8
Occupational Health and Safety	Meet a workforce total recordable incident rate target of 0.31 or below	While we did not achieve the 0.31 target rate, we improved our employee total recordable incident rate by 58 percent and strengthened our process for managing contractors through ongoing implementation of our Contractor Management Standard	Meet a workforce total recordable incident rate target of 0.34 or below in 2017	28
	Meet a severe safety incident rate (previously called high potential incident or "HiPo" safety rate) target of 0.15 or below	While we did not achieve the 0.15 target rate, we achieved a four-year low in the number of Tier 1 and Tier 2 process safety events	Meet a severe safety incident rate target of 0.15 or below in 2017	28-29, 31

OUR PEOPLE

Preserving management and technical capabilities to respond effectively when the price of oil recovers



Category	2016 Goals	Progress in 2016	Goals for 2017+	Discussion (Page #)
Employment Practices	Continue focus on employee engagement	Held 37 Leadership Dialogue sessions and created a new early-career development program for drilling and completions engineers	Promote a culture of engagement and continuous learning; embed the Hess Way of Working into more of our people processes (e.g., performance management form and leadership development programs) in 2017	37
	Advance initiatives and process efficiency in the annual compensation process, performance management, talent management and learning and development	Evaluated opportunities for continuous improvement in our talent management practices and conducted focused training for first-time leaders	Continue to simplify and streamline talent management processes to deliver targeted development and succession plans in 2017	36
	Refine usage of Career Manager, our integrated human resources system, through continuous improvement in data integrity, reporting and use of analytics	Added succession-planning functionality to CareerManager, giving us the ability to analyze critical information about our organizational capabilities and bench strength	Continue to align our structure and strategy to provide appropriate promotion and development opportunities and more fully leverage each person's capability in 2017	36

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

CLIMATE CHANGE AND ENERGY



Implementing tactical strategic actions to reduce our carbon footprint

Category	2016 Goals	Progress in 2016	Goals for 2017+	Discussion (Page #)
Climate Change and Greenhouse Gas (GHG) Emissions	Create a working team with senior leader representation to review strategic actions with regard to climate change*	Created a working team to review climate change-related strategic actions	Begin to assess our value assurance process to identify opportunities to fully integrate EHS deliverables that include climate change-related actions (e.g., assessment protocols) in 2017*	39
	Continue to expand North Dakota midstream gas gathering infrastructure*	Achieved startup of the Hawkeye Compressor Station (January 2017)	Operate the Hawkeye Compressor Station in 2017 and beyond to help reduce gas flaring*	9
	Continue to progress a project in Equatorial Guinea to pipe gas that had traditionally been flared in our Okume operation to the Ceiba Field to use as fuel gas to help power our operation*	Progressed planning for this capital project	Complete the capital phase of the project in 2017*	43
	Make progress toward our 2020 goal to achieve a 25 percent reduction in GHG emissions intensity (tonnes per thousand barrels of oil equivalent (BOE)) based on our current portfolio of operated assets, versus our 2014 baseline*	Reduced GHG emissions intensity by 20 percent, compared to our 2014 baseline	Continue to make progress against our 2020 target*	41-42
	Continue to improve performance related to reducing methane emissions, through ONE Future sector-based targets*	Maintained methane emissions below the overall 2025 ONE Future target of less than 1 percent of gross methane production across the value chain	Continue to make progress against ONE Future sector-based 2025 targets*	45
	Make progress toward our 2020 goal to reduce flaring intensity (standard cubic feet per BOE) by 50 percent based on our current portfolio of operated assets, versus our 2014 baseline*	Reduced flaring intensity by 29 percent, compared to our 2014 baseline	Continue to make progress against our 2020 target*	42-43

ENVIRONMENT



Safeguarding the environment and responsibly managing our environmental footprint

Category	2016 Goals	Progress in 2016	Goals for 2017+	Discussion (Page #)
Water Management	Improve water data collection methodology*	Enhanced our water data collection methodology and increased the frequency of internal data collection requests	Continue to improve water data quality in 2017*	47-48
	Incorporate water management in the risk assessment process*	Evaluated options for the integration of water management into risk assessments and other elements of our business operating rhythm	Continue to advance this effort in 2017 and beyond*	47-48
Process Safety and Spills	Maintain focus on reducing liquid spills and gas releases from our operations	Observed a five-year low in losses of primary containment	Achieve a severe environmental incident rate target of 0.027 (i.e., a 10 percent reduction compared to 2016) in 2017; continue to evaluate and enhance our pipeline integrity management program	47, 52
Hydraulic Fracturing	Continue initiatives to reduce the environmental impacts of shale energy development	Continued our involvement with the Environmentally Friendly Drilling (EFD) program and the Energy and Environmental Research Center (EERC), and replaced trucks with piping for freshwater transport in North Dakota for 100 percent of well completions	Continue involvement with the EFD and EERC and continue to evaluate water reduction strategies in 2017	47

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



Production Operations, North Dakota

HOW WE OPERATE

Our management systems and corporate culture are designed to help us meet the highest standards of corporate citizenship. We are committed to protecting the health and safety of our people, safeguarding the environment, and contributing to the sustainability of the communities where we operate, while delivering long-term value to our shareholders.

The six core Hess Values support our aim to be the most trusted energy partner. Our Code of Business Conduct and Ethics (Code of Conduct), Social Responsibility 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 AND KEY INITIATIVES

The highest level of oversight at Hess rests with the Board of Directors, while direct responsibility lies with the company's executive leadership. The EHS Subcommittee of the Board's Audit Committee provides guidance to the Board on EHS-related considerations. Each member of the Subcommittee is independent and qualified under standards established by applicable law, stock exchange listing standards and Hess' Corporate Governance Guidelines. The Subcommittee met four times in 2016.



See Hess' Corporate Governance Guidelines at hess.com/hessgovernanceguidelines

The EHS Subcommittee 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 and reputation. The Subcommittee also

develops recommendations for the Audit Committee and the full Board on policies, programs and practices to address such issues and risks. Subcommittee members have extensive oil and gas industry experience, including operations, research and development, and financial expertise. In addition, Subcommittee members, together with our executive leadership, have actively engaged in field visits to better understand our management systems and key EHS risks. In 2016 Subcommittee members visited our Gulf of Mexico production and drilling operations and focused on our integrity management processes. Our Vice President of EHS meets regularly with the Subcommittee and the Chair of the Subcommittee to prioritize any actions needed.

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

In 2016 Hess formed the Operational Excellence (OE) Network, an expanded version of the former OE Council, with broader functional and operational membership and a mandate to oversee high-impact, enterprise-level initiatives. Like the council, the OE Network aims to align and integrate these efforts to create value for the company. The network enables us to more effectively design

and implement key enterprise initiatives by fostering collaboration across Hess' global resources and creating standardized methodologies supported by tools and processes.

Connecting process owners and business leaders across the company helps us to ensure that projects are planned and implemented holistically – for example, by evaluating how a new or changed process will impact other processes throughout Hess. We also establish metrics to monitor the effectiveness of our processes and verify we are sustaining improvements.

2016 KEY DEVELOPMENTS

- ▶ Approved five new environment, health and safety (EHS) global standards and completed gap assessments for these standards at selected assets
- ▶ Deployed enterprisewide Lean metrics
- ▶ Further enhanced our Anti-Bribery and Anti-Corruption Policy and Procedure through development of supporting reporting systems and continued rollout of online anti-corruption compliance training
- ▶ Strengthened our use of regulatory assurance tools
- ▶ Developed standard templates for key common supply contracts and continued to enhance our contractor selection, management and review process

2017 GOALS

- ▶ Continue to develop and implement EHS global standards on a prioritized basis
- ▶ Further embed the Lean way of thinking into Hess' culture in each business function
- ▶ Enhance our Global Trade Compliance Program and revise our Code of Business Conduct and Ethics
- ▶ Continue to evaluate and enhance our EHS management system
- ▶ Embed standard model contracts and continue training and implementation of standards, driving consistency and efficiency across all assets

HOW WE OPERATE

This report describes several key initiatives sponsored by the OE Network in 2016. Examples include development of the Incident Reporting and Investigation and Contractor Management Standards (see Safety and Health, pages 29 and 32, respectively), our regulatory and process safety efforts (see pages 29–30), and development of a tiered EHS assurance program (see page 27).

EHS Global Standards

At Hess, management systems provide an important framework for continuous improvement in enhancing operational excellence, tracking key performance metrics, managing risk and maintaining regulatory compliance. In 2016 we continued to develop and implement an enhanced set of EHS standards across the company. The goals of this project, which has been guided by our OE Network, are to formalize enterprisewide expectations and accountabilities and support a globally consistent approach to operational excellence. By documenting our expectations in the form of standards, we aim to strengthen assurance across the enterprise.

Following a risk-based approach and our Documents Standard, we prioritized the order of development and implementation for enterprisewide standards into three

phases, as shown in the graphic below. In 2016 we developed and approved the Phase II standards through cross-asset and cross-functional teams and began implementing these standards across our operations.

The first part of implementation requires our assets to complete desktop gap assessments to compare their current documented practices with the expectations of the enhanced standards and identify actions to close any gaps identified. In 2016 all assets included within the scope completed gap assessments on the Phase II standards and created implementation plans to align with the below timeline.

We plan to fully implement Phase I standards by the end of 2017, Phase II standards by the end of 2018 and Phase III standards by the end of 2020.

An important aspect of the standards development process has been the incorporation of Lean principles. For example, we developed a standardized work process to gain efficiency, incorporate lessons learned and track our progress from the start of development through the implementation of each standard. To add clarity for all those involved and to mitigate inefficiencies, we created support tools and guidance

documents and made them easily accessible through our company intranet. To bring accountability, we established metrics and charts to track the completion of gap assessments and discussed progress as part of our routine operating rhythm. See page 15 for further discussion of Lean.

Operations of the Future

We are in the process of implementing a significant operational reorganization and improvement plan. This effort – called Operations of the Future, or OOTF – focuses on better aligning job duties to business processes to maximize efficiency, reliability, integrity and surveillance; optimize production and costs; and drive continuous improvement, including improvements to EHS performance. The change was driven in part by the increasing complexity of our technical and operational processes.

Through OOTF we are generating cross-functional, asset-based teams with a geographic focus. We view OOTF as a cultural shift – another step in engaging all of our people to deliver as “One Team, One Goal.” The new approach helps to break down silos and focuses the entire organization on working in service of our colleagues in the field.

EHS GLOBAL STANDARDS PROJECT PLAN

2015–2017	2016–2018	2017–2020
1	2	3
Phase I Standards <ul style="list-style-type: none"> ▶ Energy Isolation ▶ Land Transportation ▶ Lifting and Hoisting ▶ Process Safety Information ▶ Vehicle Entry ▶ Waste Management 	Phase II Standards <ul style="list-style-type: none"> ▶ Confined Space Entry ▶ Contractor Management ▶ Dropped Objects ▶ Emergency Preparedness and Response ▶ Incident Reporting and Investigation 	Phase III Standards <ul style="list-style-type: none"> ▶ Behavior-Based Safety ▶ Excavation and Trenching ▶ Permit-to-Work ▶ Medical Assessment ▶ Safety Systems Bypass ▶ Working at Heights

Note: Additional standards published outside the scope of this project include the Management of Change Standard (2015), the Hess Marine Standard (2016) and the Risk Management Standard (2017).

Hess is also redefining roles and responsibilities to provide more clarity for individual job functions and teams. OOTF aims to drive key operational information, decision making and accountability downward within operational teams and to build leadership capabilities into the front line through training and coaching. The new team structure is supported by standardized processes and proactive management. We are focusing in particular on key drivers of efficiency and performance, including reducing unplanned work and deferrals, creating resource capacity and maximizing production. To support these operational improvements, we are also better integrating contractors in day-to-day operations so they are equipped to be true partners with Hess.

We initially developed and implemented OOTF in our onshore assets, launching at our Bakken asset in late 2015 and continuing with our Permian asset in early 2016. Our offshore operations will begin implementation in 2017.

Operational Readiness

Significant operational and EHS risks can occur during commissioning and startup. During these early phases, we make preparations to help ensure that both the physical equipment and the people running the equipment can operate to Hess' safety, environmental, production and economic performance standards.

For several years we have been improving and formalizing our approach to operational readiness. Project teams undergo three Operational Readiness Assessments during the development of major projects to help identify risks and opportunities and prepare for external, pre-operational regulatory reviews. The

Operational Readiness Assessments are aligned with the 14 elements of our EHS management system:

- ▶ Organization and Leadership
- ▶ Management of Change
- ▶ Hazard and Risk Management
- ▶ Emergency Preparedness and Response
- ▶ Compliance
- ▶ Incident Reporting and Investigation
- ▶ Improvement
- ▶ Documents and Data Control
- ▶ Training, Awareness and Competency
- ▶ Performance Measurement and Communication
- ▶ Contractor Management
- ▶ Audit
- ▶ Design, Operations and Maintenance
- ▶ Management Review

As part of each assessment, Hess subject matter experts and contractors, as applicable, engage in a collaborative workshop, contributing cross-functional insights and sharing best practices and lessons learned from other regions. The project team and senior executives regularly review the risks identified through these workshops.

In 2016 we developed an operational readiness dashboard that collects information on key operational readiness factors, identifies risks from each assessment and provides an overview of project milestones. The dashboard, which is regularly reported to senior executives during strategic review meetings, has been helping us track operational readiness for our three key developments: the Hawkeye Compressor Station in North Dakota, the Stampede Project in the Gulf of

Mexico and North Malay Basin Full Field Development in the Gulf of Thailand.

KEY ENTERPRISE PROCESSES

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

Enterprise Risk Management

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

Our Risk Management Standard – finalized in early 2017 – will further improve the alignment and integration of risk management across our operations and functional areas. The risk management requirements in this standard apply to all assets and major capital projects and prospects throughout their respective lifecycles (i.e., acquisition, exploration, appraisal, development, production and abandonment). The Risk Management Standard establishes a risk framework, accountabilities and expectations across the organization – including individual functions such as ERM and EHS – to provide a consistent and integrated risk management process. Key elements of the standard include the following:

HOW WE OPERATE

- ▶ Minimum risk management expectations for each asset and major capital project (risk plan, ERM assessment, functional risk assessment(s), stakeholder engagement plan, integrated risk register and risk monitoring) to help ensure consistent adoption and alignment in risk tools
- ▶ A hierarchy of risk assessments, integrated across technical and functional areas, that outlines the level of management review applied to different tiers of risk
- ▶ A formalized process for aligning risk assessment with stakeholder engagement, including the facilitation of stakeholder mapping at ERM workshops
- ▶ A risk monitoring process with accountabilities and an operating rhythm to help ensure appropriate monitoring, alignment and escalation of risk from the asset, project or function to and from senior management

As part of our ERM process, we conduct risk assessments for all assets and major projects annually. Risk registers and reports that are generated through these processes are reviewed and updated throughout the year as part of each asset's and major project's operating

rhythm. Risk assessments are also completed prior to each value assurance stage gate deliverable (described below) for all projects, rig commitments and new opportunities that go through the value assurance process.

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

In 2016 we began a detailed review of integrity risk at our producing assets, as part of our ongoing asset integrity management process. This comprehensive effort, which is focused on identifying and mitigating process safety and loss of containment risks, is described further in the Safety and Health section.

Value Assurance

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

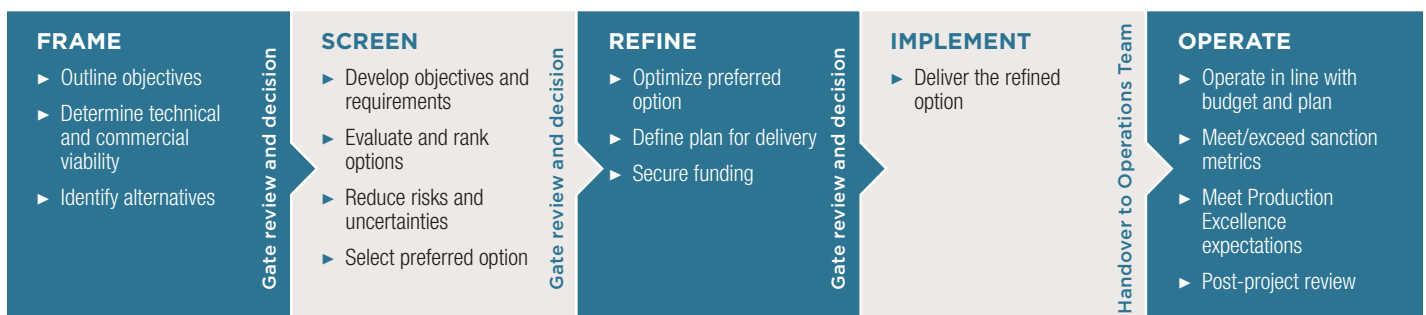
We review our assets and major capital projects as part of the business planning cycle to verify that they add value to our company and that the relevant technical expertise has been incorporated. The reviews focus on economics, subsurface and facility design, environmental and socioeconomic considerations,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

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

New Country Entry

Our new country entry process helps us assess nontechnical, aboveground risks when evaluating opportunities in a new country of operation. Through this process, subject matter experts from various functions across Hess evaluate our future operations in a particular country through a detailed risk questionnaire that accounts for social, environmental, legal, external affairs, compliance, commercial and supply chain risks. The purpose of the review,

VALUE ASSURANCE PROCESS



which draws on available information from governmental sources such as the U.S. State Department as well as leading nongovernmental organizations such as the World Resources Institute, is to categorize each risk as high, medium or low based on severity and whether the risk can be easily mitigated.

Through the new country entry process, we endeavor to enhance the quality and breadth of information available to Hess leadership for the evaluation of new opportunities. The process also helps the project team mitigate identified risks once a commitment is made to enter a new country. Ultimately, we are able to support our ERM and value assurance workflows, utilizing the necessary information at key decision points in our investment and project planning processes.

Lean

Over the past seven years, Hess has implemented Lean principles across our operations to eliminate waste, create value and drive reliability and continuous improvement for our communities, employees, business partners, shareholders and other stakeholders.

We view Lean not as a short-term program for achieving cost savings, but as a holistic cultural shift, changing the way we think and act. Central to this shift has been moving our leaders from directing solutions toward coaching and developing employees and contractors to generate solutions themselves. The result is a distinctive Lean culture in which continuous improvement comes from the entire workforce – our “army of problem solvers.”

One recent example of Lean in action is from our Stampede Project in the Gulf of Mexico. We have been collaborating with our six lead drilling

and completions contractors and using Lean thinking to improve performance. This multi-company approach is unique within our industry and has contributed to the successful delivery of some of the most complex deepwater wells in the Gulf of Mexico.



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

BUSINESS CONDUCT

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

Our compliance policies and procedures all stem from our Code of Conduct. Our Global Compliance team establishes, maintains and enforces policies, procedures, processes and initiatives to prevent and detect compliance violations. Its aim is to promote an organizational culture that is committed to ethical conduct and compliance with the law. The Chief Compliance Officer informs the Board of Director's Audit Committee on a regular basis.

Hess utilizes an automated approval system to review and approve higher-risk transactions. To continuously improve compliance controls and embrace best practices, our Global Compliance team focuses on internal investigations, anti-bribery and anti-corruption (ABAC) programs as well as other enterprise programs. Our Global Compliance team, through its dedicated investigation arm,

investigated all issues and allegations referred to the team in 2016. Global Compliance continued to partner with other key functions such as Legal, EHS, Human Resources and Corporate Audit to review potential issues and put in place appropriate remediation steps.

Providing employees with effective training on the Hess Values is a key element of strengthening our culture and helping ensure employees understand and embody the Values in their daily work. Our Global Compliance team has developed in-depth training on our Code of Conduct that includes examples of how employees can translate the Hess Values into on-the-job actions. All employees joining Hess take this training as part of their new hire process. In 2016 we implemented an annual Code of Conduct certification that is required for all current employees. The Global Compliance team conducts audits and ongoing monitoring to help ensure that all employees complete these trainings. At year-end 2016, 96 percent of employees had completed the onboarding training and 93 percent of employees had completed the Code of Conduct certification.

We also require new and current employees to take in-depth anti-corruption training based on Hess' ABAC Policy and Procedure. Since inception of the enhanced ABAC program in 2015, 96 percent of employees have completed ABAC training. To further support Hess' ABAC program, in 2016 we improved the process for disclosure, review and approval or mitigation of potential conflicts of interest.

POLITICAL SPENDING HessPAC

In the U.S., federal election law permits corporations to establish political action committees (PACs), which may

HOW WE OPERATE

make political contributions. HessPAC, the political action committee of Hess' U.S. employees, entered its first full cycle of operation in 2016 and generated \$158,978 in member contributions. HessPAC made \$112,000 in political contributions in a bipartisan manner to candidates at both the state and federal levels.

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

Advocacy

As Hess is a trusted voice on energy policy, there is great value in our engagement with stakeholders regarding legislation and regulations that may impact our company, both domestically and internationally. Hess actively engages in discussions with elected and appointed government officials in order to better understand legislative and regulatory requirements and ultimately help mitigate potential risks to the company's license to operate. The company's principles and values dictate that all of our political engagements are done in accordance with all applicable laws and regulations and that no direct political contributions are made by Hess employees using corporate funds.

Hess fully complies with all lobbying reporting requirements outlined in the Lobbying Disclosure Act of 1995 and all substantial amendments made to the law by P.L. 110-81, the Honest Leadership and Open Government Act of 2007. In 2016 the company's lobbying expenses totaled approximately

\$1.11 million. This included expenses for internal employees, external consultants and trade association dues used for lobbying purposes, as required by the Lobbying Disclosure Act.

Hess belongs to a number of associations, primarily to give the company access to the associations' expertise in business, technical and industry best practices – an approach that is consistent with our industry peers. Hess requires all trade associations to report all expenses related to lobbying activities as outlined by the Lobbying Disclosure Act. Our trade associations' lobbying activities accounted for 23 percent of our total lobbying spend in 2016.

In 2016, none of Hess' membership fees or dues were used by any of our associations for direct political advocacy. Furthermore, no payments made by Hess to 501(c)(6) or 501(c)(4) organizations were used for express political advocacy. A list of memberships and associations that received more than \$50,000 from Hess in 2016 can be found on page 60.

We recognize that our positions do not always align with all formal positions of the associations, organizations and collaborative working groups in which we participate. Our funding should not be considered a direct endorsement of the entire range of activities undertaken by these associations, organizations or collaborative working groups.

Hess has a strict internal policy that prohibits our employees from engaging with elected officials or regulators as an official representative of the company without the approval of the Vice President of Government and External Affairs. Our policy extends to Hess employees who serve on trade

association committees that advocate for policy changes. The policy also 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 environment, health, safety and social responsibility 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

Our business partners, suppliers and contractors are critical to Hess' overall success and our ability to maximize the efficiency of operations while minimizing operational risks. We work collaboratively with our supply chain to improve performance and create shared value.

We jointly review processes, procedures and data with our suppliers to help drive the right actions and foster continuous improvement. For example, we are working with our suppliers to implement Lean principles across our assets. Through Lean, we are finding new ways to integrate our efforts to create win-win solutions that have sustainable benefits. At our onshore assets, Hess has worked with suppliers to develop standardized approaches to various categories of maintenance jobs, including standardized work instructions and material requirements. This standardization and repeatability helps improve work efficiency and quality.

In 2016 we purchased more than \$5.5 billion of goods and services from more than 5,000 suppliers, whose manhours comprised over 70 percent of

our total workforce hours. Engagements with our suppliers are conducted so as to comply with applicable local laws and requirements, and practices may differ from those described below in certain instances.

Management Approach

We manage our key suppliers with a cross-functional team that works collaboratively to reach mutually agreed-upon targets for safety, quality, delivery and cost. Team members – representing critical organizational functions such as operations, engineering and finance – work together to create efficiencies while also building long-term, strategic relationships with key suppliers.


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

Contracts that involve higher risk, due to either the number of manhours the supplier will work for Hess or the scope of that work, automatically trigger an EHS review in the procurement process that covers training qualifications, safety programs and performance,

environmental management systems and measurement, and emergency preparedness and response. As one part of the EHS review, we use recognized industry prequalification systems for our areas of operation in the U.S. and Europe. Outside of these areas, we use a standardized process with a questionnaire based on our 14 EHS management system elements. Absent certain limited exceptions, suppliers that do not meet our requirements must develop an improvement plan before they can contract with Hess. Further detail on our EHS-related qualifications review during procurement can be found in the Safety and Health section.

The companies that supply Hess with goods and services must comply with applicable laws and regulations in areas such as EHS, drug and alcohol use, conflicts of interest and anti-corruption laws, and must maintain any licensing or permitting requirements with respect to their activities. Suppliers are also required to abide by our Code of Conduct and Hess' Voluntary Commitments regarding labor and

human rights (see pages 19 and 23). Standard contract clauses include requirements with respect to ethical business practices, human rights, social responsibility, business integrity, search and seizure, quality and EHS.

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

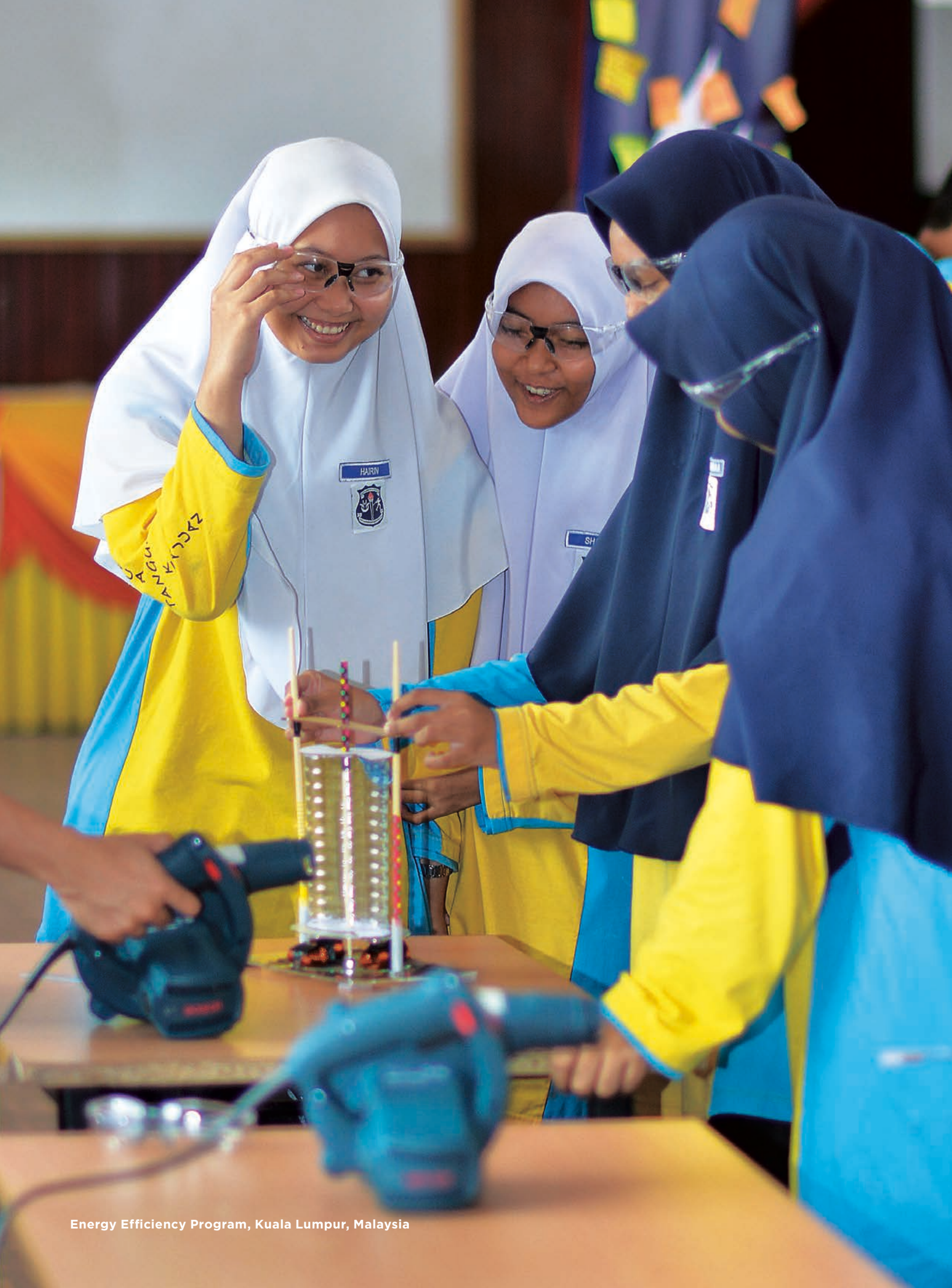
LOCAL CONTENT

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

In Malaysia, for example, we use an approved vendor list that includes Malaysian-owned companies, and we also commit to holding our suppliers accountable to hiring local staff. In Equatorial Guinea, Hess works with the government to identify qualified local suppliers and include them in tenders as applicable.



Offshore Operations, Gulf of Thailand



Energy Efficiency Program, Kuala Lumpur, Malaysia

SOCIAL RESPONSIBILITY

At Hess, we are committed to being a trusted energy partner and community member in all of our areas of operation. One way we do this is by integrating social responsibility (SR) into the way we do business. Our approach to SR is centered on three focus areas: stakeholder engagement, social risk and impact management, and strategic social investments that facilitate direct and indirect local benefits. Proactively engaging with communities and stakeholders where we operate maximizes our business value, helps us manage social risks and impacts and creates opportunities for stakeholders.

GOVERNANCE FRAMEWORK

Hess' SR governance framework sets out our commitments to our employees and the communities where we operate through every phase of our business activity. Our commitment to ethical and responsible business practices begins with the Hess Values and Code of Conduct. The Hess Value of Social Responsibility establishes our commitment 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. Our Code of Conduct describes the business conduct and behaviors that we expect of our employees, officers, directors and contractors, including our expectations regarding human rights.

We have endorsed or formally joined a number of voluntary initiatives designed to protect the environment, promote human rights and encourage financial transparency:

- ▶ Universal Declaration of Human Rights
- ▶ International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- ▶ United Nations Global Compact (Hess serves on the Board of the UNGC's U.S. Network)
- ▶ Voluntary Principles on Security and Human Rights
- ▶ Extractive Industries Transparency Initiative (EITI)

These initiatives, which we collectively call our "Voluntary Commitments," inform our SR, Human Rights, and Security and Human Rights Policies. We continued development of our SR and Human Rights Standards in 2016 as part of our environment, health, safety and social responsibility (EHS & SR) strategy. The standards cascade from our policies and comprise the next level of our governance framework. To support our SR and Human Rights Policies and Standards, we also developed guidelines for each of these documents in 2016. The guidelines will be an important element of embedding social risk management and stakeholder engagement into our value assurance and enterprise risk processes. The final level of our governance framework is made up of training, toolkits and local procedures.

Organizational Structure

Hess deploys SR resources across the organization. To do this effectively, we have a core SR team combined with local resources who are embedded with our assets and project teams.

The role of the core team is to develop governance, advise executives, manage companywide social performance, provide technical and functional support



GOVERNANCE FRAMEWORK

2016 KEY DEVELOPMENTS

- ▶ Continued to integrate social responsibility (SR) considerations into our enterprise business processes
- ▶ Expanded implementation of stakeholder engagement and grievance mechanism processes into two new assets
- ▶ Conducted risk-based human rights training at selected assets and incorporated human rights training into our contractor onboarding process
- ▶ Invested nearly \$20 million in social programs across the globe

2017 GOALS

- ▶ Integrate SR and Human Rights Guidelines into enterprise business processes to support policies and standards
- ▶ Continue to expand implementation of stakeholder engagement and grievance mechanism processes
- ▶ Review enterprisewide social, reputational and human rights risks to update risk identification
- ▶ Refresh and conduct human rights training as needed based on identified risks

SOCIAL RESPONSIBILITY

to the assets and project teams, and provide assurance across these efforts.

The asset and project resources report into the business line management structure and are responsible for developing and executing asset- or project-specific SR plans. SR activities are integrated and aligned between the core team at our operational headquarters in Houston and global locations.

STAKEHOLDER ENGAGEMENT

Our industry can face challenges in the pursuit of sustainable oil and gas exploration and production, including certain social considerations. Effectively engaging with stakeholders in our host communities facilitates our ability to responsibly access the resources we require as an international energy company – from the earliest phases of our new country entry process

through the decommissioning of an asset. We understand that our success is in part tied to our ability to mitigate the potential risks associated with our activities, which could impact stakeholder relationships and public perception. We aim to create value through mutually beneficial opportunities with our stakeholders, which include communities, employees, contractors, suppliers, customers, industry members, governments and investors.

Stakeholder Engagement Process

Proactive, two-way and ongoing stakeholder engagement helps to establish a mutual understanding of expectations between Hess and those who live and work in our areas of operation.

Our stakeholder engagement process focuses on the proactive relationship- and trust-building opportunities created

by meaningful engagement, as well as the business value that engagement brings when it is integrated as a part of project risk management. Consistent with our continuous improvement methodology, we follow the “Plan, Do, Check, Adjust” cycle to direct our stakeholder management efforts. As the expectations, priorities and concerns of our stakeholders evolve, we adjust our approach to align with their needs and our business activities. Building on our earlier efforts, in 2016 we continued to enhance our stakeholder engagement process and associated tools by integrating stakeholder issues and engagement into our enterprise risk workshops, value assurance reviews and asset business plans.

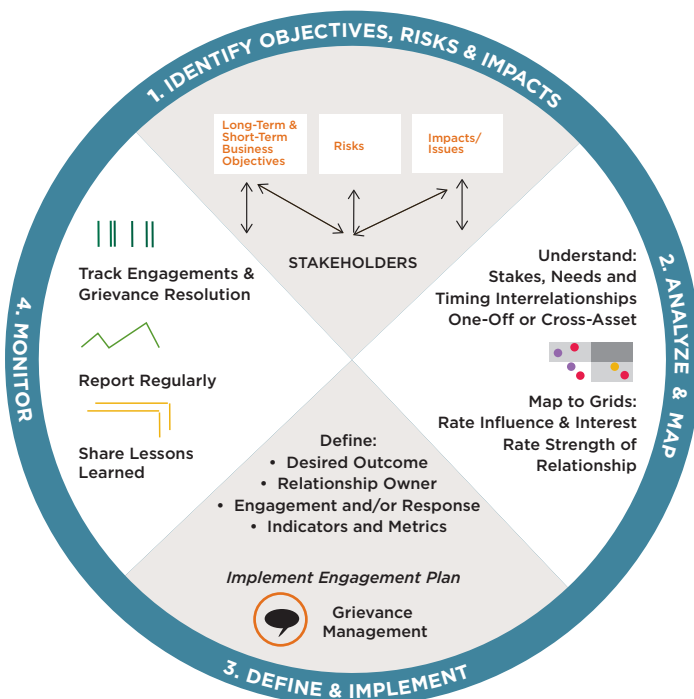
As part of implementing our EHS & SR strategy, we began working with each of our assets to develop individualized plans for engaging with their priority stakeholders. Our Bakken, Gulf of Mexico, Permian, Denmark and Ghana assets have developed engagement plans, and their implementation is ongoing. Other Hess assets are in various stages of developing their engagement plans.

Grievance Mechanisms

We believe that developing strong and transparent relationships with communities and addressing potential issues early – before they may grow into more severe or widespread problems – helps to avoid incidents.

Formal grievance mechanisms provide stakeholders with a means for sharing feedback with companies on their operational impacts, while also helping companies respond to and act on that feedback through an established process. Through the use of our grievance

STAKEHOLDER ENGAGEMENT PROCESS



STAKEHOLDER ENGAGEMENT

Promoting Energy Efficiency in Malaysia

Hess Malaysia recently began an engagement with the Energy Efficiency Program (EEP), a joint industry–government effort to raise awareness among secondary school students on the efficient use of energy resources (in particular natural gas).

In November 2016 a geologist and an engineer from Hess' North Malay Basin asset visited two schools and shared their experiences working in the oil and gas industry. The sessions also included science demonstrations and presentations on energy resources and the electricity supply system in Malaysia.

The EEP has engaged more than 3,000 secondary school students in five Malaysian states since its inception in 2014. The effort is jointly organized by Petrosains (a science museum sponsored by Malaysia's national energy company PETRONAS) and the Malaysian Gas Association and supported by Malaysia's Energy Commission and Ministry of Education.

North Dakota Safety Council Training

In September 2016 Hess cosponsored – together with the North Dakota Safety Council – a series of workshops designed to prepare local first responders to safely respond to oil and gas emergencies. The North Dakota Emergency Medical Services Association (NDEMSEA) provided free workshops, which were in part built on best practices from safety training courses in our other areas of operation, at a conference in Bismarck for law enforcement, firefighters and emergency medical personnel. Topics for the sessions included incident command for oil and gas emergencies, drilling rig safety, response protocols for workplace violence and active shooter situations, landing zone safety and communications, responding to pipeline emergencies and more.

We also worked with the North Dakota Safety Council to sponsor a day of sessions at NDEMSEA's 2016 Southwest Region Emergency Medical Services Conference. The sessions covered topics similar to those at the Bismarck conference, with the same objective of preparing attendees to safely respond to oil and gas emergencies. The audience for these sessions included companies, communities and emergency personnel.

mechanisms, we aim to strengthen our relationships with communities and respond more effectively to their concerns. Hess has a formal grievance mechanism in place at our Bakken asset in North Dakota, and in 2016 we began implementation of mechanisms at our Permian asset in West Texas and South Arne asset in Denmark.

At our Bakken asset, where the process was launched in early 2015 and is thus the most mature, the mechanism outlines a process for reporting, investigating and resolving issues and concerns raised by people who claim they are impacted by Hess operations. When we are alerted to a potential issue, our response team draws employees from various disciplines within Hess such as EHS, drilling, completions, operations, maintenance and civil construction in order to reach a resolution. By engaging each discipline

as appropriate, we are able to escalate management of the grievance upward in the company as necessary to help resolve the issue. The response team strives to complete their investigation within 14 days of the original report. We maintain an internal database – the stakeholder management system (SMS) – to track all grievances from start to completion. (The SMS also supports our stakeholder engagement process, described on the previous page.) As a final step before closing a case, we contact the stakeholder to confirm they feel the issue has been adequately addressed. Trending data on grievances are reported upward to the Bakken Leadership Team as part of our weekly operating rhythm.

Also in North Dakota, we have reached out to community members to share information about the grievance mechanism and explain how to

contact us if they perceive a problem. For example, Hess representatives presented our process at meetings of the McKenzie County Commission and the Northwest Landowners Association.

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

In 2016 we received a total of 150 grievances, including feedback related to roads, dust, maintenance, land reclamation, weeds and EHS concerns.

SOCIAL RESPONSIBILITY

EXTERNAL STAKEHOLDERS

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

external stakeholders – from local landowners and governments to community service agencies and indigenous groups. A few recent examples of our stakeholder engagement activities are provided below.

CATEGORY	EXTERNAL STAKEHOLDER GROUPS	RECENT EXAMPLES OF ENGAGEMENT
Land Users/Landowners	Residents, landowners, commercial land interests, farmers, ranchers	Held annual meetings with Bakken landowners to review completed work plans, address concerns and discuss upcoming activities. Continued our efforts to leverage the Hess Community Connection to resolve issues and maintain dialogue with these stakeholders.
Resources Users/Rights Holders	Mineral rights owners, water rights owners and users, hunters/fishers/gatherers	Increased efficiency with Bakken mineral rights owner transfers and developed a direct deposit process for international owners.
Governments	Local, regional and national authorities, national militaries, international governing authorities	Hosted senior members of the U.S. House of Representatives' Energy and Commerce Committee at Hess' operational headquarters in Houston, to educate them on Hess' policy priorities, economic impacts and role as a leading independent oil and gas company. Engaged directly with U.S. Congressional and Administration officials – including individuals from the House and Senate, the Environmental Protection Agency and the Departments of State, Interior and Energy – to educate them on energy-related issues. Also, a Hess representative serves on the North Dakota Oil and Gas Research Council, a public-private partnership.
Direct Economic Interests	Investment partners, vendors and suppliers, contractors, unions, shareholders	Worked with suppliers to learn and apply Lean principles for mutually beneficial enhancements to projects. A Hess representative served on a panel at a teacher education seminar in North Dakota to discuss workforce needs.
External Business Interests	Chambers of commerce, industry organizations, local businesses, sustainability initiatives	Participated in the Shale Advisory Committee of the Ohio Oil and Gas Energy Education Program. A Hess representative served on the executive committee of IPIECA. Leaders of Hess' EHS and SR functions actively participated in IPIECA working groups and stakeholder engagement activities focused on topics such as social responsibility, water, climate change and sustainability reporting.
Special Interest Groups	Nongovernmental organizations, religious groups, cause-oriented nonprofits, community groups	Participated in multi-stakeholder initiatives, including the Voluntary Principles on Security and Human Rights, the EITI and the UNGC, to advance responsible business practices globally. With the North Dakota Petroleum Council, participated in a trash cleanup day called "Pick Up the Patch." Donated more than 8,500 pounds of leftover prepared food in 2016 from our Houston operational headquarters to Second Servings Food Rescue.
Community Services	Local police/fire/emergency medical services, health care services, education, human service agencies	Continued a safety education program near our Permian operations to make students and their families aware of certain safety considerations near oil and gas sites. Donated \$200,000 worth of equipment to Bismarck State College's National Energy Center of Excellence. Worked with industry peers and a government agency in Malaysia to educate fishermen about the potential safety implications of activities conducted near offshore oil and gas platforms.
Indigenous Groups	Formally recognized groups, tribal coalitions, government supporting agencies, indigenous advocacy groups	Continued engagement with local fishing villages in Ghana, through their Paramount Chiefs and community members, including providing updates on Hess business activities.

SOCIAL RISK AND IMPACT MANAGEMENT

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

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

Risk mitigation measures are driven by our value assurance process and conducted on an as-needed basis. As a result of the social baseline study we conducted for our Gulf of Mexico assets in 2015, we implemented several social investment activities in 2016 that aimed to support biodiversity, wetlands preservation and regional infrastructure. Among these were a tree-planting event at Nicholls State University in April 2016 and funding for a highway improvement project – both in Louisiana.

Human Rights

At Hess, we understand that although it is the duty of governments to protect human rights, companies like ours must build trusted partnerships and treat all citizens with dignity and respect wherever we operate. Our strategy is to prevent human rights-related incidents by engaging with stakeholders to proactively address potential issues. The complex environments in which we

operate present an opportunity to make positive and lasting contributions in the areas of governance, transparency, respect for rule of law, and social and economic development.

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

We continue to utilize the asset-level human rights-related risks identified through a third-party review conducted in 2015. This global assessment included security-related risk and has provided us with the insight needed to regularly review and update Hess' global human rights risk profile. Through this review, we continue to gain an external perspective of our potential impacts on human rights.

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

We developed an internal SharePoint site focused on Hess SR policies and initiatives that covers Hess' Voluntary

Commitments, including the Voluntary Principles. Through that internal site, Hess employees can link to the Voluntary Principles website and key components of the Hess security and human rights governance framework. This internal SharePoint site will be updated with additional reference materials, presentations, internal examples of security and human rights best practices, and the Hess Security and Human Rights Toolkit.

In Malaysia in 2016 we conducted training on human rights and the Voluntary Principles for a number of our employees, including our country manager, and contractors. The training, which was similar to previous security and human rights-related courses carried out in Equatorial Guinea, included an introduction to our Security and Human Rights Toolkit.

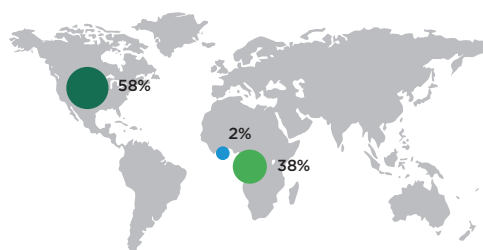
COMMUNITY BENEFITS AND CAPACITY BUILDING

To maintain our reputation as a responsible corporate citizen, Hess seeks to create mutually beneficial relationships with our host communities. We design our programs to create shared value in local communities and help create a favorable environment for our operations. At the local level, our assets create, maintain and implement strategic social investment programs tailored to each operation and community.

We evaluate our programs to confirm a balance of strategic investment and support of local organizations, which helps us evolve along with the changing development needs of the communities where we operate. Hess focuses on established partnerships with key organizations, projects best aligned with business and social risks and projects

SOCIAL RESPONSIBILITY

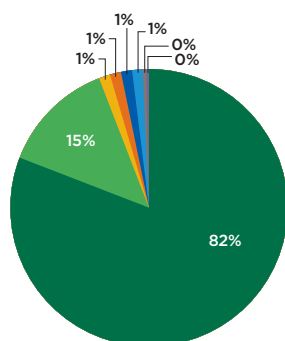
2016 Social Investment Spend by Country
(\$ Thousands)



- U.S. \$11,532
- Equatorial Guinea \$7,629
- Ghana \$399
- All Others* \$278

*Includes Australia, Denmark, the Kurdistan Region of Iraq, Malaysia and Norway.

2016 Social Investment Spend by Type of Investment
(\$ Thousands)



- Education \$16,211
- Community \$2,930
- In-Kind \$249
- Environment \$142
- Civic and Employee \$128
- Disaster Relief \$106
- Health \$59
- Art and Culture \$13

Note: These charts include all social investments in 2016, including those associated with joint venture operations.

identified from social assessments. We integrate this strategy into our business, enhancing investment visibility and leveraging volunteer opportunities for our employees.

Our social investment programs contribute to education improvement and work skill development, which are fundamental to sustainable economic growth. We also seek to

identify opportunities in our supply chain to provide lasting economic benefit through local job creation. Our programs generally fall into two categories: corporate-led, multiyear and multimillion-dollar flagship programs and asset-based projects with moderate funding levels.

In 2016 our social investments totaled nearly \$20 million, with \$16.2 million going toward education projects. Another \$3.6 million was earmarked for economic development, health and capacity building.

Flagship Investments in Education

Hess continues to show progress with our two flagship social investment programs focused on developing secondary education systems and capacity: PRODEGE II and Succeed 2020.

PRODEGE II

Our Program for Educational Development of Equatorial Guinea, or PRODEGE II, is a partnership with the Equatorial Guinean government that aims to strengthen preschool, primary and junior secondary education in that country. The five-year, \$50 million program, which began in 2014, has achieved significant results to date, including the following:

- ▶ Increased the capacity and improved the work of teachers, school directors and inspectors at the preschool, primary and junior secondary levels
- ▶ Organized all schools, inspectors and teachers into official district zones across the country and established peer-learning networks, called “teacher circles,” to strengthen teaching practices
- ▶ Worked closely with the Ministry of Education to define and launch a new

professional development program (ProFADS) that will certify up to 1,500 preschool and primary school teachers over the next two years (approximately 33 percent of uncredentialed teachers in the country)

- ▶ Reinforced teaching strategies that incorporate active learning for more than 6,000 primary- and preschool-level teachers; distributed student learning guides for grades 4–6 to all primary schools and teacher guides to preschool teachers, benefiting approximately 147,000 students
- ▶ Further defined the intervention needed at the junior secondary level to strengthen school management and improve the quality of teaching and learning, which will involve training more than 750 school directors and master teachers in instructional leadership and active learning strategies in 2017

Succeed 2020

We initiated the Succeed 2020 program in 2012 with a \$25 million grant to the state of North Dakota. The five-year program aims to improve the transition from secondary school to higher education and the workplace by supporting college and career counseling for students, professional development for teachers, and tutoring and online learning. Succeed 2020 is run by FHI 360, a nonprofit human development organization, and implemented through the state’s Regional Education Associations (REAs).

During the 2015–16 school year, approximately 2,100 teachers, 400 administrators and 175 school counselors participated in Succeed 2020 activities, including professional development in teaching, college planning and career exploration. Most REAs shifted their

professional development activities away from “one and done” events to more intensive, longer-term efforts. In addition, nearly 5,000 students received direct services through career fairs, job shadowing and hands-on activities in science, technology, engineering and math. As a testament to the impact of this program, 87 percent of teachers surveyed said they changed their classroom practices after participating in Succeed 2020 activities.

In 2017, the last year of the program, participants will be preparing for the transition to post-Succeed 2020 operations. Succeed 2020 has established a policy subcommittee to help identify strategies for sustaining work launched through the program. REAs will plan to complete their final school-year projects and begin to implement plans for sustaining key activities.

Local Program Highlights

Hess’ global assets and Houston operational headquarters engaged in a variety of local social investment opportunities in 2016 focused on education and community development.

LEAP

In 2016 Hess was honored at the second annual Citizen Schools Texas Luncheon for our grant to establish LEAP (Learn, Engage, Advance, Persevere) – a three-year, \$4.3 million pilot program that sought to prevent at-risk middle school students in Houston from dropping out. Hess has been one of five program partners working collaboratively to provide support to students who are English language learners and over age for their grade level. Our support for the pilot – which came to a close in 2016 – focused on two middle schools in the Houston Independent School District, which is one of largest school districts

in Texas. Hess is evaluating additional education-related social investment options, including elements of the LEAP program, for future consideration.

Farmer Cooperatives in Equatorial Guinea

Since 2013 Hess has been assisting two small farmer cooperatives in Equatorial Guinea to become fully operational and sustainable. Our efforts have focused on providing basic equipment, financial support (both funding and financial advice), guidance and training tools, and technical support. In 2016, the second year of production, the two cooperatives produced eight different food crops, totaling over 8,350 kilograms of food and sales of approximately \$9,000. We support this project in partnership with the Equatorial Guinean Ministry of Agriculture, the Professional School of Agriculture, and the Spanish agrarian company Dalmau.

Protecting Marine Turtles in Equatorial Guinea

Hess has been a sponsor of the Bioko Marine Turtle Program, which

has scientific, educational and microenterprise aspects, since 2012. In 2016 we donated \$130,000 toward this important endeavor.

Scientists involved in the Bioko program are collecting data on the population dynamics of four sea turtle species nesting on Equatorial Guinea’s Bioko Island. The data are published in international journals, presented at scientific symposia and shared with national park administrators to help ensure effective management and protection of the turtles. Representatives from the program work with teachers to educate primary-level students about the turtles and the Bioko program, in part through distribution of a children’s book. Additional educational materials have been developed for university students.

The program also teaches local women how to make and market jewelry from paper beads. This effort provides a source of income for local households, as an alternative to harvesting adult turtles and their eggs from the beaches for commercial use.





SAFETY AND HEALTH

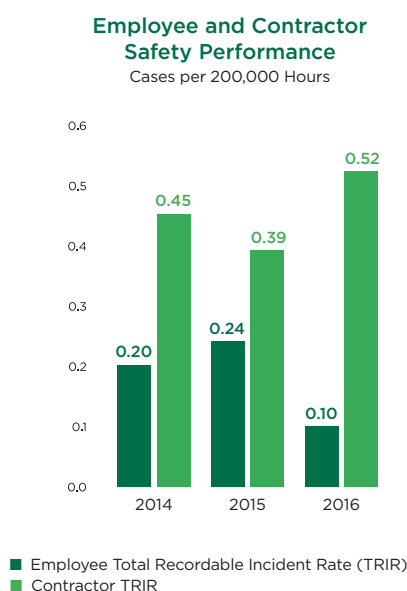
Safety is central to Hess' culture, and our commitment to personal and process safety begins at the top of our organization and is reinforced at every level. We include key safety metrics in our annual incentive plan formula for executives and employees. We also reinforce the importance of workforce safety practices through annual Chief Executive Officer's and President's Awards for Safety Excellence, which recognize Hess teams and individuals that exemplify outstanding and sustainable safety performance.

Our safety programs and practices are designed to deliver continuous improvement, with the goal of having everyone across our operations return home safe every day. Each individual employee and contractor is personally responsible for supporting our ultimate goal of zero incidents.

PERSONAL SAFETY

Hess' safety standards and procedures follow our 14-element Environment, Health and Safety (EHS) Management System Manual and guide our workforce on safe practices related to key areas of safety risk such as energy isolation, dropped objects and confined space entry, among many others. Our personal safety programs focus on leadership, awareness, consistency and accountability across all levels of the organization.

Our Behavioral Safety Observation Program (BSOP), for example, has helped us to advance our global safety performance and continually drive down personal safety risk and exposure by standardizing the observation programs our assets had in place previously. BSOP is a peer-to-peer observation program through which trained employees and contractors observe workers' behaviors and provide constructive feedback



on safe work practices. Our assets in North Dakota, Ohio and Texas have been implementing BSOP since 2011 with positive results. In 2016 we trained 160 new observers to look for safe and at-risk behaviors at our North Dakota facilities. Best practices identified through the onshore program were codified into an enterprisewide standard, which we have begun implementing in our offshore organization in 2017.

Throughout Hess, individuals at each asset are tasked with identifying and mitigating the safety issues most relevant to their operations. For example, members of our workover rig team in North Dakota began a monthly safety focus in 2016 to highlight areas where attention is needed, based on safety data from prior months. Supervisors share safety presentations with their crews on each issue. Similarly, our Land Transportation group publishes weekly safety bulletins on key topics, such as how to handle rapidly changing weather conditions during the harsh North Dakota winters.

A focus on road safety is critical to creating a safe work environment for our



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

2016 KEY DEVELOPMENTS

- ▶ Launched enterprisewide assessments of both our process safety management systems and the mechanical integrity of our equipment
- ▶ Improved our employee total recordable incident rate by 58 percent
- ▶ Achieved a four-year low in the number of Tier 1 and Tier 2 process safety events
- ▶ Strengthened our process for managing contractors through ongoing implementation of our Contractor Management Standard

2017 GOALS

- ▶ Continue to make improvements in our process safety management system and process safety standards, and complete asset integrity assessments for all Hess-operated production locations
- ▶ Meet a workforce total recordable incident rate target of 0.34 or below
- ▶ Meet a severe safety incident rate target of 0.15 or below
- ▶ Begin the implementation of an enterprisewide tiered environment, health and safety assurance program

APPLYING BEST PRACTICES TO DRIVE PERFORMANCE IMPROVEMENT

For the past several years we have placed a special emphasis on addressing incidents identified as drivers for our overall safety performance, beginning with dropped object incidents. Starting in 2014 we engaged our workforce in a comprehensive education program and standardized the requirements for addressing observed dropped object hazards. Since the program's inception in 2014, the rate of dropped object incidents that were classified as severe safety incidents has decreased by 29 percent, and our severe safety incident rate has decreased by 39 percent.

We capitalized on best practices from the dropped objects campaign by applying the same approach to hand injuries. Hand injuries accounted for about half of personal injuries at Hess' onshore assets in 2015. In 2016 we launched a hand injury prevention campaign across the company, allowing each asset to tailor improvement actions to their individual needs.

An example of one of the approaches taken was at our Bakken asset. The Bakken hand injury prevention initiative was led by two committees – one representing drilling and workover operations and one representing completions and construction. The initiative included leadership engagement and significant workforce participation and training, as well as job safety analyses, job task hazard hunts and monthly communication of program metrics. In June we held a safety stand down to generate discussion about how hand injuries affect Hess operations and individual workers and to find preventative solutions to common risk situations.

Hess' workforce in North Dakota engaged in these efforts and worked diligently to seek new ways to prevent hand injuries. Some contractors, for example, purchased or even invented new tools to keep hands safe on the job. Since undertaking this initiative, hand injuries in the Bakken decreased by 29 percent, exceeding the Bakken team's goal of 25 percent.

people and for the communities where we operate. Our Land Transportation Standard outlines the three pillars of land transportation safety at Hess, which are driver training and competency, the use of in-vehicle monitoring systems for company vehicles, and journey management planning. Hess employees are required to take proactive driver training before operating a motor vehicle on company business. Contractors are encouraged to comply with *Land Transportation Safety Recommended Practice*, Report No. 365, published by the International Association of Oil and Gas Producers (IOGP).

After seeing strong improvement in our safety rates in 2015, our enterprisewide performance was mixed in 2016. On the positive side, our total recordable incident rate (TRIR) for employees decreased year-over-year from 0.24 to 0.10, a 58 percent improvement, and we experienced no workforce fatalities among either employees or contractors.

At the same time, the TRIR for our workforce – which includes employees and contractors together – reached 0.40, an 11 percent increase from 2015. This increase can be attributed to our contractor-only TRIR, which increased from 0.39 in 2015 to 0.52 in 2016. In addition, our workforce lost time incident rate (LTIR) was 0.13, increasing from 0.08 in 2015. We are working diligently in all regions where Hess operates to bring these rates back in line with our safety goals for 2017.

With contractors making up more than 70 percent of our total workforce hours, we recognize the importance of working with companies that align with our safety goals. In fact, despite our contractors' performance in 2016, our contractor-only TRIR has been steadily improving over time, with an overall reduction of 27 percent since 2012. As discussed later in this section, we are promoting Hess' strong safety culture with our contractors by implementing our Contractor Management Standard

and enhancing the prequalification process for procurement, the onboarding process and ongoing monitoring of safety performance.

Although lagging indicators are important, we believe that tracking leading safety indicators – such as near-miss incidents – is an equally important way to improve safety performance. We require that information concerning near-miss incidents be reported companywide into our incident management system. By tracking and reporting near misses we are able to communicate lessons learned and take actions to address at-risk behaviors and observed workplace hazards. Near misses are also an important indicator of potential process safety events (PSEs), which are discussed in the Process Safety section.

We have continued to enhance our process for tracking, reporting and investigating incidents, including near misses and PSEs, allowing for improved

consistency in how these events are classified and providing us with a higher-quality dataset. Hess' revised EHS Incident Reporting and Investigation Standard was finalized in 2016 and took effect at the beginning of 2017. This standard provides tools and procedures for classifying incidents and near misses; standardizes notification requirements and action timelines for incidents and near misses; and ensures that an appropriate investigation is conducted based on the severity of each incident. Also as part of the new standard, we have revised our classification system for severe incidents as well as our historical safety dataset. The reclassification of historical safety data allows for apples-to-apples comparisons and trending of our performance. Our severe safety incident rate (previously called our high potential incident or "HiPo" rate) incorporates incidents that have both actual high/severe consequences (i.e., "severe incidents") and potential high/severe consequences (i.e., "HiPos").

PROCESS SAFETY

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

- ▶ Design integrity – reducing risks in the design and construction of facilities
- ▶ Technical integrity – inspecting, testing and maintaining hardware and software barriers

- ▶ Operational integrity – working within operational design parameters

Our design integrity processes, which involve detailed risk analyses, are a key aspect of our major ongoing development projects, including the Stampede Project in the Gulf of Mexico, North Malay Basin Full Field Development in the Gulf of Thailand and the Hawkeye Compressor Station in North Dakota. These projects apply multiple risk assessment and mitigation studies and tools – such as hazard and operability studies; layers-of-protection analyses; bow tie analyses; and failure modes, effects and criticality analyses – throughout the development process.

We seek to enhance process safety leadership and increase awareness of process safety with key personnel across the enterprise. Our goal is to minimize the likelihood of process safety events through the effective management of process safety risks by our workforce. Hess' commitment to continuous improvement in this area was

exemplified through several new and ongoing initiatives in 2016.

For example, we launched an enterprisewide assessment of our process safety systems. This assessment, which is being conducted by an independent third-party organization, involves reviewing and benchmarking Hess' process safety organization, leadership, commitment and culture; process safety management system documentation; and process safety performance and metrics. The assessment commenced in 2016 with a review of our enterprise systems and documentation and interviews with leadership and relevant subject matter experts. We expect to complete the assessment in late 2017 following a series of field audits at designated Hess locations.

Also in 2016 we began a review of mechanical integrity at our assets as part of our ongoing integrity management program. This process has involved a detailed review of the mechanical



Tioga Gas Plant, North Dakota

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integrity of wells, pressure equipment, piping, flow lines, injection lines, tanks, vessels and other equipment that is intended to avoid or mitigate a loss of primary containment. All Hess-operated production locations will complete these reviews in 2017. Already, results from these assessments have been used to augment our existing integrity risk management processes.

These new initiatives are building on Hess' ongoing improvement efforts, including actions first identified in 2013 during a series of process safety health checks. The health checks provided a high-level, global assessment of process safety in our production and drilling operations. We completed 93 percent of the identified actions by the end of 2016 and are on target to close the remaining items on schedule by the end of 2017.

Another focus for 2016 has been the continued implementation of performance standards for integrity critical equipment (ICE), which acts as a barrier for the occurrence of incidents through isolation, containment, prevention, detection, control, mitigation or emergency preparedness and response. Although we were already conducting regular maintenance of ICE for our production operations, we

continued to enhance our program in 2016 by systematically implementing performance standards for individual pieces of equipment. The standards set specific expectations and criteria for inspections and maintenance that help to ensure each barrier is effective and will operate as intended.

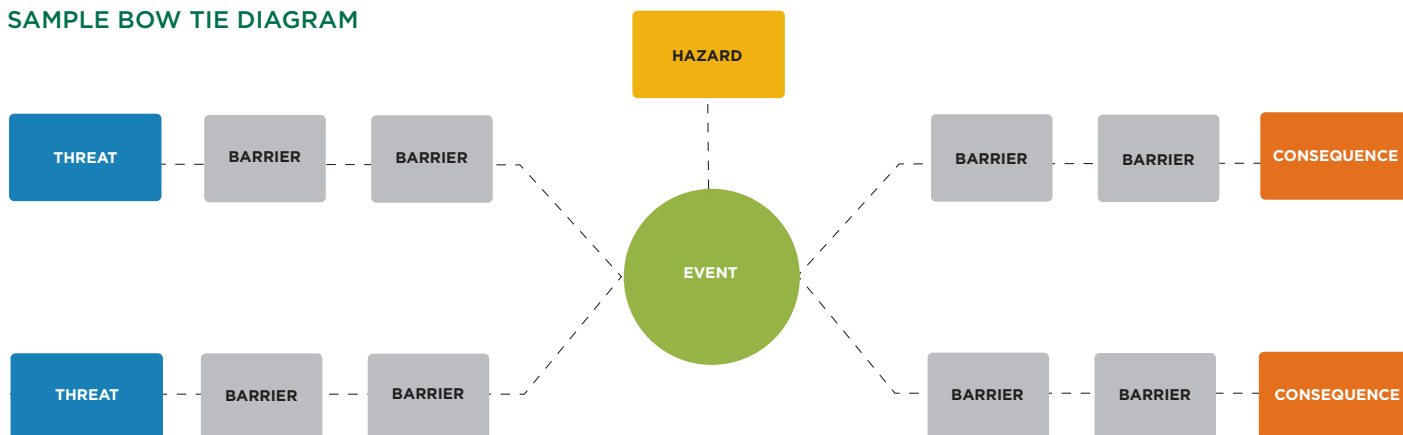
At the end of 2015, a survey of existing Hess engineering standards and specifications identified 52 additional standards that could be issued to further improve process safety and operations by establishing consistent technical requirements across the enterprise. Utilizing a Lean project plan we completed 26 of these standards in 2016, with the remaining 26 scheduled for completion in 2017.

Process safety continues to be a focus at our deepwater assets. Hess currently operates two production facilities in the Gulf of Mexico in the Baldpate and Tubular Bells Fields and has ongoing development activities in the Stampede Field. Risks related to deepwater assets, which include wells at a depth of more than 1,000 feet underwater, may, under certain circumstances, be greater than those of land-based wells. Offshore wells tend to operate much deeper and under greater pressure and also present unique

challenges related to the containment of accidental discharges. Our Gulf of Mexico deepwater 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 also continue to enhance our approach to barrier management as part of our continuous effort to improve process safety risk management. After a successful pilot at the Baldpate platform in the Gulf of Mexico in 2016, we have expanded our "barrier thinking" approach to our other offshore assets. Barrier thinking involves understanding the role of barriers in relation to hazards, threats, events and consequences. Our approach uses simple "bow tie" diagrams (see below) to help employees and contractors visualize threats, barriers and consequences. In March 2016 senior Hess leaders worked with "bow tie champions" – individuals implementing the program at our offshore assets – to map our path forward. In June our bow tie guidance document was finalized. By first quarter 2017, barrier thinking was in operation at our Baldpate, Tubular Bells and Equatorial Guinea offshore assets, with implementation

SAMPLE BOW TIE DIAGRAM



LOCAL EFFORTS

Onsite Root Cause Analysis

In late 2016 a 5-pound rod transfer line dropped 85 feet to the floor of a workover rig in the Bakken. No one was injured, but the potential severity of the event prompted Hess and the contractor to investigate it thoroughly to determine the root cause or causes of the problem. A key element of the investigation was when the team went to the rig site and spent four hours reenacting the events that led up to the incident. As a result, the investigation team determined that the standard work instruction (SWI) did not contain several key safety steps. The SWI was subsequently updated – with the assistance of the crew involved in the initial near-miss event – and rolled out to all 17 workover rigs in the fleet. While the onsite reenactment required the rig to be temporarily shut down and production to be impacted, it was critical to identifying and developing action plans to mitigate the cause of the near miss.

A Simple Safety Solution

Traditionally, crews installing oil-well pumping units have conducted some aspects of the installation while working beneath a suspended, 7,000-pound steel “walking beam.” Though Hess has not experienced a recordable injury related to this process, the situation was identified last year as having significant potential risks. In response the Hess Completions team developed a low-cost, low-tech solution – resting the walking beam on a pair of sturdy stands, like giant sawhorses, while the installation tasks are completed. This significant safety improvement is now being used at our Bakken asset and will be employed when needed at our Permian asset, in addition to being shared with other companies in our industry.

planned for our Denmark asset later in 2017 and at Stampede and North Malay Basin as those assets come online.

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

PROCESS SAFETY EVENTS			
	2014	2015	2016
Tier 1 PSE Count	20	21	11
Tier 2 PSE Count	49	43	30

We observed a positive trend in our process safety performance in 2016, which aligns with our goal to continually reduce our number of PSEs. We experienced 11 Tier 1 events in 2016, compared to 21 in 2015. Likewise, we had 30 Tier 2 events in 2016, compared to 43 in 2015.

Hess also tracks Tier 3 and 4 KPIs, which are leading process safety

indicators primarily designed to monitor risk control systems and process safety barriers at the facility, asset or enterprise level. We use these KPIs to support continuous improvement at particular facilities or within company systems. For instance, our global drilling and completions function tracks Tier 3 KPIs specific to their operations, such as blowout preventer performance and loss of power events. An example of a Tier 4 KPI is the implementation of performance standard tests for ICE, which was an indicator included in the 2016 annual incentive plan bonus calculation for employees.

EMERGENCY PREPAREDNESS AND RESPONSE

Although Hess makes a significant effort to prevent incidents, we also diligently prepare to respond effectively to any emergency that may occur. In the event of an incident, Hess' emergency preparedness and response program is designed to respond to injuries to people, spills and releases to the environment, damage to our assets and impacts to the company's reputation – in that order of priority.

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

HESS EMERGENCY RESPONSE ORGANIZATION



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

Our three-tiered emergency response organization is positioned at the asset, regional and global levels. In August 2016 we activated all three tiers for our assets in the Gulf of Mexico in preparation for a tropical weather event that ultimately became Hurricane Hermine. At the Tier 1 level the Emergency Response Team made preparations to provide for the safety of Hess' offshore platforms, rigs and support vessels. Due to the proximity of the storm to our Tubular Bells asset, we made the decision to shut in production and evacuated personnel from the platform.

At the Tier 2 level our Incident Management Team (IMT) set the response objectives, which included providing for the safety of response personnel, mitigating risk, assuming the worst-case forecast path and utilizing the checklist in the Hurricane Response Plan. The IMT also tracked weather updates, provided situation status reports and monitored logistical support to meet the objectives. When the Tier 3 level was engaged, the Incident Support Team at Hess' operational headquarters in Houston kept the Hess Executive Committee informed of the situation and stood ready to support the IMT as necessary.

CONTRACTOR MANAGEMENT

Because contractors comprise nearly 70 percent of our total workforce hours, contractor management has

long been a fundamental element of our EHS management system. We use a recognized industry safety database management system to standardize our prequalification processes and contractor data management across multiple sites for most major areas of our operations. This enables us to more clearly communicate requirements and expectations to our contractors and share information more efficiently across Hess operations.

In 2016 we finalized and approved our Contractor Management Standard, which strengthened requirements for both current and potential new U.S. contractors to whom the standard applies. Among other changes, we now specifically require compliance with a set of seven basic global requirements for safe work practices that we call the Hess Rules, and we require contractors to submit manhour and safety incident data on an asset – as opposed to companywide – basis.

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

Our contractor management process gives contractors a letter grade based on factors such as past EHS performance and existing safety management systems as well as fulfillment of

insurance requirements. Contractors must earn a satisfactory grade. If a contractor receives an unsatisfactory grade, the asset director or a more senior Hess employee must endorse a safety improvement action plan before that contractor may be approved for procurement. If an operational situation (such as an emergency) requires the use of a contractor that has not completed the prequalification process or that has received an unsatisfactory grade, the asset vice president or director must approve the use of the contractor, and asset management must provide increased oversight.

In 2017 we will begin implementation of the Contractor Management Standard and our strengthened management process across our international assets.

For the evaluation of marine contractors and vessels, we use our enterprisewide marine assurance framework as well as the Offshore Vessel Management and Self-Assessment program, a tool developed by the Oil Companies International Marine Forum. The program helps ensure a clearer and more consistent communication of our needs and expectations to our marine contractors and enables us to review the qualifications of marine contractors from around the world using an internationally accepted, standardized approach to assessing conformance with safety and quality standards. Starting in the Fall of 2016 we enhanced this program to include a questionnaire for rating our marine contractors' performance. The resulting scores will determine whether a performance improvement plan is needed for any marine contractor,

which in turn will help us to drive continuous improvement.

HEALTH AND WELLNESS

Hess' health and wellness strategy includes several elements:

- ▶ Health risk assessment and planning
- ▶ Industrial hygiene and control of workplace exposures
- ▶ Medical emergency management
- ▶ Management of health in the workplace, fitness for task assessment and health surveillance
- ▶ Health impact assessment
- ▶ Health reporting and record management
- ▶ Public health interface and promotion of good health

Our employee programs include free preventive medical services, international travel vaccinations and flu shots for employees and family members.

We also operate a mobile medical surveillance program for employees at our Bakken and Permian assets. Through this initiative, annual medical exams covering employee fitness for duty and exposure programs (e.g., noise, respiratory) are centrally coordinated and tracked. Centralization helps us meet the requirements of the U.S. Occupational Safety and Health Administration and increases efficiency across our assets.

We maintain a random drug and alcohol surveillance program for employees and contractors at our U.S. operations. This effort includes the management of drug testing programs to meet U.S. Department of Transportation and U.S. Coast Guard requirements.

Hess continually seeks new ways to address any potential health risks that may arise for our workforce. In 2016 we made progress in addressing potential risks associated with manual tank gauging, or the process of opening hatches in crude oil production tanks to measure water and oil levels and density. Due to the generally high vapor pressure of Bakken crude oil, the process of taking these measurements could – if not done appropriately depending on the conditions – expose workers to vapors that are harmful to breathe. Through our partnership with the National Institute for Occupational Safety and Health, we have identified and implemented a

number of practices that can decrease exposure during this process. Also, we are investing in truck-mounted Lease Automatic Custody Transfer Units, which should greatly reduce the need for manual tank gauging.

At our Houston operational headquarters in 2016 we provided first aid, cardiopulmonary resuscitation and automated external defibrillator training for employees. This training utilized the online Heartsaver training module provided by the American Heart Association (AHA), followed by hands-on testing with our occupational health professionals, who are certified AHA instructors.





OUR PEOPLE

At Hess, we value our employees and know they are critical to our success. We are committed to maintaining a company culture that emphasizes leadership, continuous learning, employee engagement and diversity and inclusion.

Throughout 2016, in response to the continued low price of oil and related budget pressures, we further scaled back activities and reduced headcount accordingly. In the fourth quarter of 2016, we realigned the organization to better reflect our portfolio and long-term priorities, leveraging human resources programs to help ensure the retention of individuals with key competencies. Our decisions were grounded in the Hess Values, with a focus on long-term sustainability and growth, without compromising our focus on safety.

EMPLOYEE DEMOGRAPHICS

We began last year with 2,770 employees and as of December 31, 2016, had 2,304 employees. At year's end, approximately 83 percent of employees were located in the U.S., including 59 percent in Texas, and approximately 17 percent were in international locations.

2016 EMPLOYEES BY REGION

Americas	1,909	83%
Asia-Pacific	183	8%
Europe	128	5%
Africa	84	4%

EMPLOYEES IN TRANSITION

Employees who were not retained through our organizational realignment were offered severance packages to help ease their transitions. The company also provided outplacement services to support them with resume preparation, interview skills and job search strategies as they launched their search for new employment. This approach is consistent with Hess'

values, which include treating people with fairness, honesty and respect.

DIVERSITY AND INCLUSION

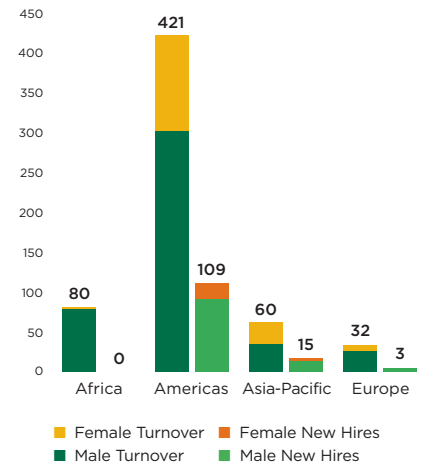
Hess is committed to diversity and equal employment opportunities for all employees and job candidates regardless of race, color, gender, age, sexual orientation, gender identity, creed, national origin, genetic information, disability, veteran status or any other protected status in recruitment, hiring,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

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

In 2016 we continued our diversity outreach efforts with organizations that advocate for minorities, women, veterans and the disabled, including the National Business & Disability Council at the Viscardi Center, the National Diversity Council, the U.S. Business Leadership Network, the National Action Council for Minorities in Engineering, the Women's Energy Network, the Society of Women Engineers and the Veteran Jobs Mission. We also continue to support additional membership-based organizations that promote a diversity of expression and thought.

Our proportion of women and U.S. minority employees, as defined by the U.S. Department of Labor, remained flat in 2016 compared to 2015. We are committed to fostering women's

2016 Turnover and New Hires Number of Employees



2016 KEY DEVELOPMENTS

- ▶ Continued to foster employee engagement
- ▶ Advanced initiatives and process efficiency in the areas of annual compensation, performance management, talent management and learning and development
- ▶ Refined usage of CareerManager, our integrated human resources system, through continuous improvement in data integrity, reporting and use of analytics
- ▶ Created a new early-career development program for drilling and completions engineers

2017 GOALS

- ▶ Promote a culture of engagement and continuous learning; embed the Hess Way of Working into more of our people processes (e.g., performance management form and leadership development programs)
- ▶ Continue to simplify and streamline talent management processes to deliver targeted development and succession plans
- ▶ Continue to align our structure and strategy to provide appropriate promotion and development opportunities and leverage each person's capability

OUR PEOPLE

NATIONAL EMPLOYEES				
Country	Category*	2014	2015	2016
Denmark	National Employees	87%	85%	96%
	National Managers/Professionals	78%	77%	93%
Malaysia	National Employees	74%	75%	85%
	National Managers/Professionals	72%	73%	83%

*The percent of national employees is equal to the number of national employees in that country divided by the total number of employees in that country. The percent of national managers/professionals is equal to the number of national managers/professionals in that country divided by the total number of managers/professionals in that country.

2016 WOMEN AND MINORITY* REPRESENTATION						
Job Category	Women (U.S. and International)			Minorities (U.S.-Based Employees)		
	Total Employees in Job Category	Number of Women	Percent Women	Total Employees in Job Category	Number of Minorities	Percent Minorities
Executives and Senior Officers	41	5	12%	37	4	11%
First and Mid-Level Managers	561	116	21%	457	92	20%
Professionals	1,203	371	31%	982	269	27%
Other	499	134	27%	429	111	26%
Total	2,304	626	27%	1,905	476	25%

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

professional growth in all areas of the company. Hess' Women Inspiring Success and Excellence (WISE) – an internal networking group formed in 2015 at our operational headquarters in Houston – has a vision “to help promote and cultivate leadership skills, business practices, career opportunities and personal contacts for women.” The group grew to over 200 members in 2016 and held monthly lunch meetings and other events throughout the year.

In keeping with our aim to foster diversity and cultivate leadership, we employ a high number of local nationals in our international operations and report publicly where the number of employees is 100 or more. Overall the percentage of

local nationals, as well as the proportion of nationals holding managerial or professional positions, increased between 2014 and 2016.

TALENT MANAGEMENT

Hess' comprehensive talent management process helps us to understand and assess our leadership and technical capabilities, which in turn aids in developing succession and hiring plans. Identifying employees with leadership potential early in their careers enables us to develop talent in support of Hess' strategic goals.

CareerManager, our integrated human resources system, provides a common platform for Individual

Development Plans (IDPs), objective setting and performance evaluations. We leverage the system to encourage every employee to prepare an IDP as a roadmap for setting and achieving career goals, developing capabilities and maximizing career opportunities. In 2016 we began implementing additional succession-planning functionality to the system to further enhance the availability of talent data, assessments and career-planning tools. This gives us the ability to analyze critical information about our organizational capabilities and bench strength.

We regularly seek out opportunities for continuous improvement in our talent management practices. In 2016, for example, a small group of key senior leaders identified options and offered recommendations for increased effectiveness and efficiency. The group's recommendations have been accepted, and we expect to see positive impacts from their implementation over the long term.

Learning and Development

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

In 2016 we continued our practice of developing employees who are new to supervisory management through focused training for first-time leaders. Employees who participated in our training program built skills that they can leverage to execute day-to-day responsibilities and enhance the performance of their team members. Program topic areas included setting

performance expectations, motivating team members, providing effective feedback, coaching for success and improvement, accomplishing work efficiently through team members and managing change.

Throughout the year, internal operating functions such as Exploration, Developments, and Drilling and Completions, as well as support functions such as Human Resources, Environment, Health and Safety, Information Technology and Legal, encouraged knowledge-sharing through “lunch and learns” and other informal gatherings. Employees were also active in a variety of professional development opportunities, including engagement with trade associations, attendance at conferences and enrollment in external courses.

New Hires and Early-Career Programs

Employees new to Hess benefit from our onboarding and orientation program, Passport to Hess. This year-long program is designed to facilitate a smooth assimilation into the company through close interaction between supervisors and new employees. Through the Leadership Engagement Series, new employees are invited to quarterly meetings led by senior vice presidents to discuss business unit and functional strategies and objectives. We also utilize an onboarding portal that enables new hires to learn about their work location prior to their first day on the job.

In 2016 we created a new early-career development program for engineers in our Drilling and Completions function. The program, which launched in early 2017, is designed to help new engineers develop the skills and proficiencies they need to succeed in their jobs.

Hess remains committed to our Foundation Program, which prepares early-career engineers, geoscientists and supply chain professionals for challenging assignments through focused training, mentoring and on-the-job assignments. The program maintains relationships with key universities that align with our values, standards and business operations.

EMPLOYEE ENGAGEMENT

Our employee engagement activities in 2016 focused on business strategy, performance and culture. In 2015, we conducted a mid-decade review of our progress toward achieving our long-term strategic vision and adjusted the roadmap accordingly. As a follow-up to this review, in 2016 we advanced our goal of establishing a distinctive Lean culture across the company through a number of initiatives. For example, we began training 78 employees to teach Lean and apply those concepts and tools to specific improvement projects in their work areas, with their training to be completed later in 2017. We also assigned our most experienced Lean practitioners to facilitate a number of high-value enterprise projects, and have integrated Lean into the behavioral model we will use to assess annual performance for every employee beginning in 2017. Hess will continue to build on these efforts as part of a multi-year change management plan.

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

locations and feedback surveys to share information and connect with employees in a timely and meaningful manner.

As an example, our Chief Executive Officer and Chief Operating Officer continue to host small-group sessions, called Leadership Dialogues, to discuss enterprise opportunities and challenges to achieving our strategic vision. In 2016 Hess convened 37 Leadership Dialogue sessions, reaching more than 1,200 employees, which represents a 71 percent increase from 2015. Themes from these sessions were presented to the Executive Committee and turned into actions.

We also held four global town hall meetings, which were webcast to all company locations, and multiple local workforce gatherings to communicate business updates, reinforce strategy and values and answer questions. Each meeting was followed by a pulse survey to solicit feedback on key company issues and measure the meeting’s effectiveness.

Our employees continue to participate in activities at various locations that demonstrate the Hess Value of Social Responsibility. The data we gathered for 2016 show that our employees volunteered nearly 4,000 hours during the year. Among their volunteer efforts in 2016, employees donated toys for foster children, sent care packages to members of the U.S. military and participated in the MS 150 bicycle ride for multiple sclerosis. In addition to volunteering their time, Hess employees also raised funds for nonprofit organizations and made in-kind donations in areas such as education, health and social services.



Drilling Operations, North Dakota

CLIMATE CHANGE AND ENERGY

Climate change is a global challenge that requires government, business leaders and civil society to work together on cost-effective policy responses that recognize the vital role safe, affordable and reliable energy plays in ensuring human welfare, economic growth and security. Our clean water and sanitation; food production and storage; lighting, heating and cooling; transportation and defense systems depend predominantly on abundant, affordable and secure supplies of oil and natural gas. Oil and natural gas also serve as feedstock for thousands of products on which modern society relies – products such as medical devices, pharmaceuticals, clothing and building materials – and provide jobs and revenues critical to supporting economies around the world.

At Hess, we understand that oil and natural gas are essential to meet the world's growing energy demand, and we are committed to developing these resources in an environmentally responsible and sustainable manner. Our environment, health, safety and social responsibility (EHS & SR) strategy addresses climate change and the

actions we can undertake to control and reduce our carbon footprint. We have established targets to reduce greenhouse gas (GHG) emissions intensity by 25 percent and flaring intensity by 50 percent, for the current portfolio of assets we operate, by 2020 (versus a 2014 emissions baseline). Sustainability risks, including climate change, are examined by our Board of Directors and taken into account in formulating our company strategy.

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

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

We also engage with key stakeholders – including government agencies, private landowners and communities – on a number of issues, including those

related to climate change and energy, and we will continue to communicate our performance on these issues in our annual sustainability report and the sustainability section of our company website (hess.com/sustainability). Our CDP Climate Change responses, which are available on our website, contain more detailed information on the company's climate change-related risks and opportunities.

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

GLOBAL ENERGY OUTLOOK

According to the 2016 World Energy Outlook New Policy Scenario developed by the International Energy Agency (IEA), worldwide energy use will grow by approximately 30 percent between 2014 and 2040. Through this scenario, which incorporates all announced GHG emission and energy policy commitments, including the Paris climate agreement pledges signed by 194 countries, the IEA sees a solid place for oil and natural gas in the world energy supply for many years to come. Furthermore, energy demand for oil and natural gas is projected by the IEA to grow 27 percent between 2014 and 2040, with these resources collectively accounting for 50 percent of the energy mix – down from 52 percent today. In the IEA's alternative 450 Scenario, which is consistent with a 50 percent chance of limiting the concentration of carbon dioxide in the atmosphere to around 450 parts per million, energy demand will increase by 9 percent by 2040, with oil and natural gas accounting for approximately 45 percent of the energy mix. The IEA has stated that the challenges of achieving the 450 Scenario “are immense, requiring a major reallocation of energy-sector investment capital.” Even in the 450 Scenario, the IEA finds “no reason to assume widespread stranding of upstream oil assets,” stressing that “the decline in oil production from currently producing fields far exceeds the decline in the demand” for oil. The concept of stranded assets is discussed further in the Carbon Asset Risk Report on the following page.

2016 KEY DEVELOPMENTS

- ▶ Created a working team with senior leader representation to review strategic actions with regard to climate change
- ▶ Progressed planning for a capital project in Equatorial Guinea to pipe gas that had traditionally been flared in our Okume operation to the Ceiba Field to help power that operation
- ▶ Through 2016, reduced flaring and greenhouse gas (GHG) emissions intensities by 29 percent and 20 percent, respectively, against our 2020 targets
- ▶ Reduced equity GHG emissions by more than 6 million tonnes between 2008 and 2016

2017 GOALS

- ▶ Begin to assess our value assurance process for new projects to identify opportunities to fully integrate environment, health and safety deliverables that include climate-related actions
- ▶ Complete the capital phase of the project in Equatorial Guinea to pipe gas from our Okume operation to the Ceiba Field
- ▶ Continue to make progress against our 2020 reduction targets for flaring and GHG emissions intensities
- ▶ Continue to improve performance related to reducing methane emissions, through ONE Future sector-based targets

CARBON ASSET RISK REPORT

Our stakeholders have expressed an interest in understanding the potential impact that future climate change regulation may have on Hess' market valuation. Through our enterprise risk management (ERM) process we have developed risk profiles for each of our assets to identify key risks – including carbon – and estimate the likelihood and potential impact that these risks could have on our business. We compile all risks we identify as critical on an integrated risk register that catalogs actions for managing or mitigating each risk. All new significant projects are rigorously screened to verify they meet or exceed established threshold return-on-investment criteria to balance risk and return and meet Hess' capital discipline philosophy.

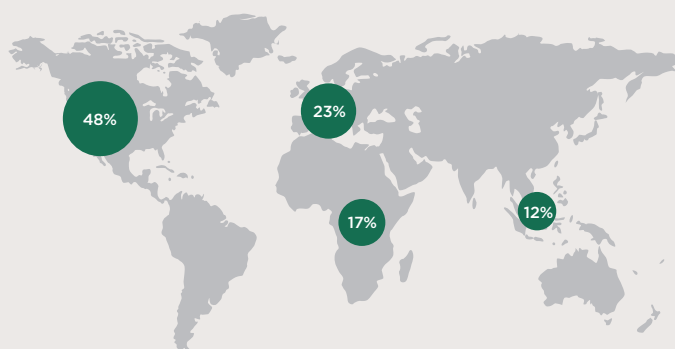
In addition, we actively evaluate viability for significant projects based on potential future carbon constraints. In 2016 we updated the theoretical carbon price we use in economic evaluations for significant new projects to \$40 per tonne of carbon dioxide – equivalent to the current estimate by the U.S. Environmental Protection Agency (U.S. EPA) of the social cost of carbon. Factoring carbon dioxide prices into our valuation process enables us to evaluate project viability based on differing ranges of potential future carbon constraints.

A select group of stakeholders and investors has raised concerns that energy companies may be overvalued in a future carbon-constrained world because these companies may not be able to produce a portion of their reserves and, hence, these reserves will be “stranded.” As discussed in the Global Energy Outlook section on the previous page, the IEA has stated that even in their 450 Scenario (2 degree case), failing to invest in upstream assets through 2040 could lead to major supply problems because the decline in oil production from currently producing fields far exceeds the decline in demand for oil. In addition, according to IHS Energy's September 2014 report *Deflating the Carbon Bubble*, the intrinsic value of an oil and gas company is based primarily on its proved reserves, 90 percent of which are expected to be monetized during the next 10 to 15 years. Based on the IHS study and the IEA positions cited on the previous page, Hess believes there is a high likelihood our reserves will be monetized and that markets are currently valuing our carbon assets rationally.



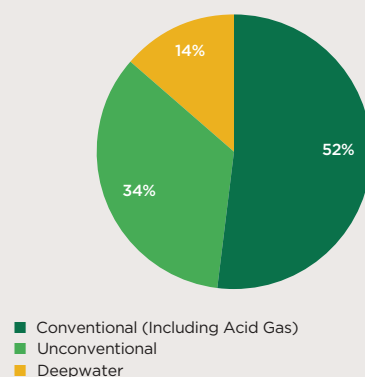
For more information on how we are assessing carbon asset risk, see hess.com/sustainability/climate-change-energy

2016 Hess Proved Reserves by Region*
1,109 Million Barrels of Oil Equivalent



*Hess' proved reserves consist of 74 percent liquids (i.e., light and medium crude oils, condensate and natural gas liquids) and 26 percent natural gas.

2016 Hess Proved Reserves by Resource Type*



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

members by engaging with stakeholders and governments on climate change-related issues and helping to develop and provide credible future energy solutions. They enable this collaborative work by promoting an understanding of the key role the oil and gas industry should play in terms of innovation, global reach, knowledge and technical expertise to help develop and provide 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 G4 Core reporting level, we participate in a number of voluntary initiatives related to climate change

disclosure. In 2016 we were recognized on the prestigious CDP Global Climate List as a leader in addressing climate change-related risks and opportunities. Hess earned leadership status, the highest category, and was among the top-ranking energy producers on the list. Also, for the seventh 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.

See our CDP Climate Change response at hess.com/s/cdpclimatechange

GREENHOUSE GAS PERFORMANCE

We report GHG emissions from our oil and gas assets on an operated and equity basis. Our emissions estimates include carbon dioxide, methane and nitrous oxide – reported in units of carbon dioxide equivalent (CO₂e). In 2014 Hess began using global warming potentials based on the values in the *Fourth Assessment Report: Climate Change 2007* (AR-4), prepared by the Intergovernmental Panel on Climate Change, to estimate CO₂e totals. GHG data from 2013 and prior have not been restated, because the impact on historical values was not material (about 1 percent).

Approximately 95 percent of Hess' direct (Scope 1) operated GHG emissions are from stationary combustion sources such as flaring, heaters, turbines and engines. The factors used to estimate emissions for these sources enterprisewide are those prescribed by the U.S. EPA in its GHG Mandatory Reporting Rule (40 CFR Part 98, Subpart C). The remaining 5 percent of our operated GHG emissions are from a variety of noncombustion and fugitive emission sources such as storage tanks, compressor seals, pneumatic pumps and valves. For such sources at onshore facilities, we use the emission factors prescribed by the U.S. EPA in its GHG Mandatory Reporting Rule (40 CFR Part 98, Subpart W). Hess uses other appropriate regulatory or industry-specific factors to estimate fugitive emissions for those facilities.

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

Operated Emissions (Scopes 1 and 2)

As we continue to expand our business, we aim to operate more efficiently by reducing GHG emissions per unit of production. Our EHS & SR strategy outlines a target to reduce GHG emissions intensity by 25 percent, for the current portfolio of assets we operate, by 2020 versus a 2014 emissions baseline.

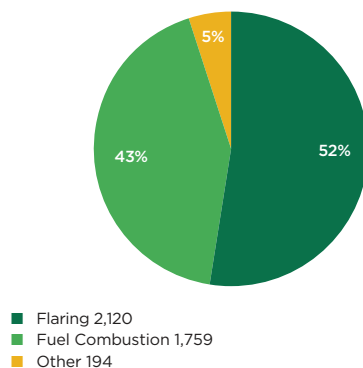
In 2016, of the estimated 4.6 million tonnes of gross GHG emissions from our operated oil and gas assets, 4.1 million tonnes were Scope 1 emissions, primarily from flaring and fuel combustion, and approximately 0.5 million tonnes were Scope 2 emissions, from purchased electricity. Process operations (primarily fuel combustion) and flaring accounted for 43 percent and 52 percent of our Scope 1 GHG emissions, respectively.

In 2016 our absolute GHG emissions decreased by 1.0 million tonnes compared to 2015, due primarily to reduced flaring in North Dakota related to gas capture enabled by infrastructure enhancements and reduced production in that region due to weak oil prices, as well as reduced flaring in Equatorial Guinea related to a decline in production.

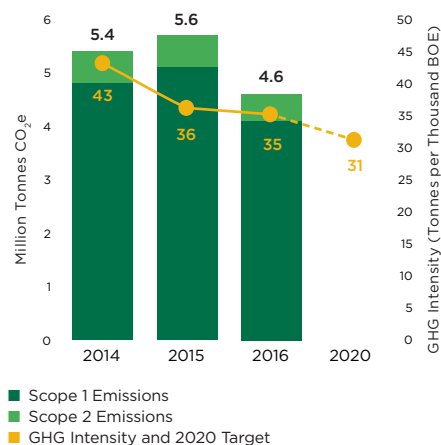
Our GHG emissions intensity (i.e., tonnes of emissions per thousand barrels of oil equivalent (BOE)) decreased by 20 percent in 2016 versus our 2014 baseline. This cumulative improvement brings us close to achieving our 25 percent emissions intensity reduction target for 2020. It is worth noting that weak oil market conditions in 2016 tempered oil demand, which resulted in

2016 Operated Scope 1 Greenhouse Gas Emissions by Source

Thousand Tonnes CO₂e

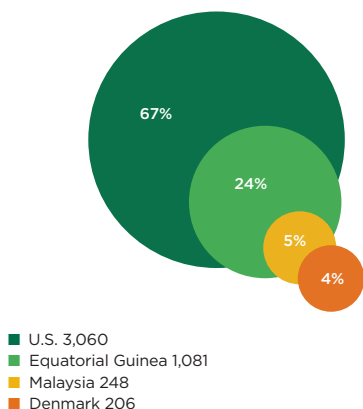


Operated Greenhouse Gas Emissions (Scope 1 and Scope 2)

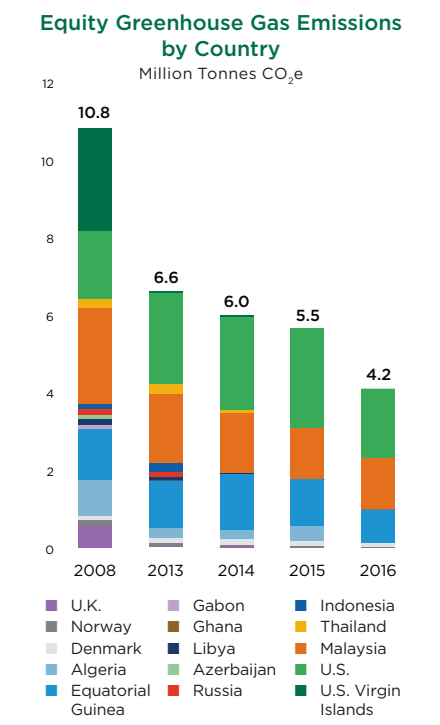


2016 Operated Greenhouse Gas Emissions by Country

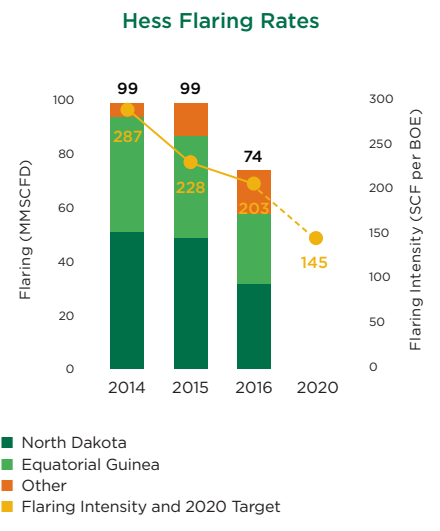
Thousand Tonnes CO₂e



CLIMATE CHANGE AND ENERGY



2016 SCOPE 3 EMISSIONS MILLION TONNES CO ₂ e	
Use of Sold Products	9.1
Processing of Sold Products	3.5
Total	12.6



lower-than-anticipated production and associated GHG emissions.

Equity Emissions (Scopes 1 and 2)

Since 2007 Hess has tracked GHG emissions from our operated and nonoperated oil and gas assets based on our equity interest. Between 2008 and 2016, we reduced our absolute equity GHG emissions by more than an estimated 6 million tonnes, achieving a GHG emissions intensity of 35 tonnes per thousand BOE, primarily through a combination of improving operating practices, selling assets and shutting down refinery operations. The use of innovative technology is also helping to minimize our carbon footprint. Our nonoperated Valhall facility in Norway, which employs hydroelectric power from shore to power all process equipment other than emergency backup systems, averaged a GHG emissions intensity of 2 tonnes per thousand BOE in 2016.

Our major source of emissions from nonoperated oil and gas assets in 2016 was the Malaysia/Thailand Joint Development Area. Our equity emissions from this asset were approximately 1.2 million tonnes. Major sources of emissions from operated assets in 2016 included those from our Equatorial Guinea and North Dakota assets and the Seminole and Tioga gas processing plants, which together accounted for an estimated 2.4 million tonnes of equity emissions. All of our other operated and nonoperated assets made up the balance of equity emissions at an estimated 0.6 million tonnes.

Scope 3 Emissions

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

Guidance for Corporate Value Chain Accounting methodology.

The Petroleum Industry Guidance is based on the World Resources Institute's and the World Business Council for Sustainable Development's GHG Protocol Scope 3 standard, which includes 15 categories of Scope 3 emissions. Historically, only three of the Scope 3 emissions categories – Purchased Goods and Services (emissions generated from refined petroleum products sold), Use of Products (emissions generated from our natural gas sales) and Processing of Sold Products (emissions generated from energy used to refine petroleum products) – were material to Hess. With our transformation to an exploration and production company, the Purchased Goods and Services category is no longer applicable.

The table at left details our Scope 3 emissions. In 2016 we sold 458 million standard cubic feet per day (MMSCFD) of natural gas which, when burned by customers, accounted for an estimated 9.1 million tonnes of GHG emissions. We sold 201 thousand barrels per day (MBPD) of crude oil, which, when processed by refiners, accounted for another 3.5 million tonnes of GHG emissions, for an estimated total of 12.6 million tonnes of Scope 3 emissions.

Although not material, we also track and report emissions associated with employee business travel. Combined emissions from employee business travel via commercial air carrier and rail in 2016 were about 5,000 tonnes of CO₂e, down 47 percent from last year due to management efforts to reduce employee travel. As an element of our EHS & SR strategy, we have purchased carbon credits annually since 2010 to offset at least 100 percent of business travel emissions. In 2016 we purchased

10,000 tonnes of carbon credits from The Climate Trust, for the retirement of offsets related to wastewater treatment facilities in Texas. This contribution more than offset the GHG emissions we estimate were generated from employee business travel.

EMISSION REDUCTION INITIATIVES

In support of our GHG emission and flaring intensity reduction targets, we track and monitor air emissions at each of our assets and undertake a variety of emission reduction initiatives. Our efforts focus on our largest emitting facilities and on opportunities that are technically and economically feasible and where we are able to achieve stakeholder approval. In 2016 reduced oil and natural gas production related to weaker-than-anticipated energy demand, as well as the continued low price of oil, reduced the pool of emission reduction opportunities.

Flaring

In 2016 flaring from Hess-operated assets – which totaled 74 MMSCFD – was down 25 percent compared to 2015. On an intensity basis, we have made substantial progress toward our 50 percent reduction target by reducing our cumulative flaring intensity by 29 percent through 2016, compared to 2014. We expect to continue to make progress as a result of major stakeholder-approved initiatives in Equatorial Guinea and our Bakken asset in North Dakota.

At our Equatorial Guinea asset, we will spend more than \$30 million on a project to pipe gas that is being flared at our Okume operation to the nearby Ceiba Field so that it can be used instead as fuel gas to run our operations. This project is a win-win, as it is expected to substantially reduce both flaring and the costs associated with fuel purchases.

In North Dakota, we have invested nearly \$2.2 billion in midstream infrastructure between 2012 and 2016 to capture and monetize natural gas from our wells and minimize flaring. As part of this investment, we expanded the Tioga Gas Plant to increase processing capacity and thereby reduce the need for flaring. We more than doubled the plant's capacity from 100 to 250 MMSCFD and increased the liquids processing capacity almost tenfold, from 260,000 to 2.5 million gallons per day.

We anticipate that expansion of the midstream gas gathering infrastructure, including additional gas compression facilities and natural gas liquids and gas gathering lines, will continue into 2017. These midstream infrastructure projects will leave Hess well positioned to significantly reduce flaring over the next several years.

Transportation

In 2016 we opened a compressed natural gas (CNG) fuel facility near the Tioga Gas Plant in North Dakota. The facility, which includes one CNG compressor, four light-duty filling stations and two heavy-duty filling stations, is currently using captured gas that had been previously flared. This captured gas is partially displacing

diesel in high-horsepower engines for drilling and well completion operations in the Tioga area and to fuel Hess' fleet of 25 CNG/gasoline, bi-fuel light-duty trucks. This use of CNG is helping us meet our GHG goals by reducing flaring and providing a lower-emission fuel for our vehicles and operations. It also reduces costs by displacing the need for more expensive diesel or gasoline fuel. Since April 2016, our use of CNG from this fueling station has reduced CO₂e emissions by approximately 1,800 tonnes and eliminated the use of nearly 630,000 gallons of diesel and gasoline. We expect our 2017 GHG emission reductions from this facility to be even more significant.

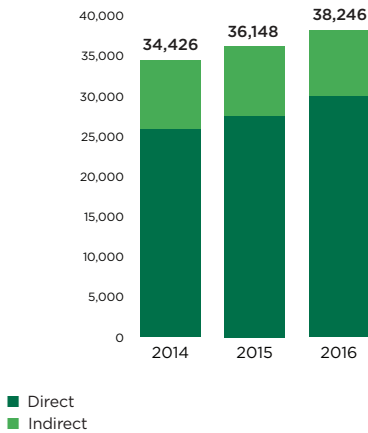
Also in North Dakota, we use flexible hose to transport fresh water directly from the water source to our wells, instead of using trucks. Over the past three years, we have steadily increased the percentage of water we supply to our fracturing operations by hose rather than by truck, which reduces noise, GHG emissions and the potential for accidents associated with truck traffic. In 2016, 100 percent of the water used for hydraulic fracturing in North Dakota (approximately 5.2 million barrels) was transported using flexible hoses, eliminating 50,400 truck deliveries



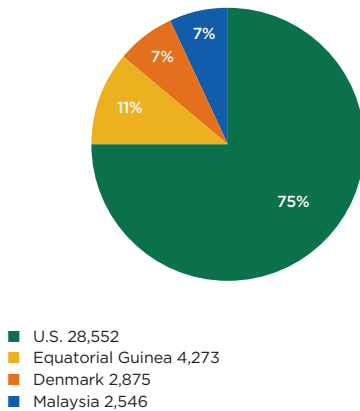
Compressed Natural Gas Facility, North Dakota

CLIMATE CHANGE AND ENERGY

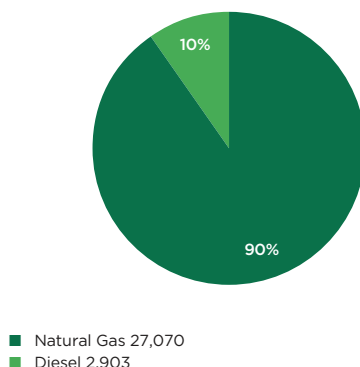
Energy Use
Thousand Gigajoules



2016 Energy Use by Country
Thousand Gigajoules



2016 Direct Energy Use by Fuel Source
Thousand Gigajoules



and 2 million miles driven, and cutting 4,300 tonnes of transportation-related GHG emissions. As an additional benefit, in winter months we use line heaters along with the hoses to deliver 75 degree Fahrenheit water into insulated tanks, eliminating the need to heat water on location.

Natural Gas Capture

In North Dakota, based on 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 – we have adopted an innovative new approach to recover high-BTU (British thermal unit) gas from locations that were producing NGLs and flaring. The new equipment successfully addresses some of the technical challenges associated with capturing this 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 2015 we installed 15 of these mobile units with a capacity of 10 MMSCFD. We operated all 15 units until October 2016, when we dropped down to 14 units with a total capacity of 9.5 MMSCFD. Throughout 2016, we captured an estimated 7.9 million gallons of NGLs, avoiding more than 510 MMSCF of gas flaring, reducing GHG emissions by an estimated 49,000 tonnes and saving about 15,700 tonnes of volatile organic compounds (VOCs) from entering the atmosphere. This project provides dual economic and environmental benefits by converting gas into marketable products as well as reducing the amount of gas flared and the associated air emissions.



See additional examples of emission reduction initiatives at hess.com/sustainability/climate-change-energy

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 2016 energy consumption from Hess-operated assets was approximately 38 million gigajoules (GJ), 6 percent higher than in 2015. Seventy-eight percent of Hess' energy use was directly generated from our operations, primarily at the Seminole and Tioga gas processing plants and at our production facilities in North Dakota, Denmark and Equatorial Guinea. The remaining 22 percent was indirect energy (energy used by utilities to provide net purchased electricity) purchased for the West Texas and North Dakota production operations and the Seminole and Tioga gas processing plants.

In 2016 our U.S. operations accounted for all of our purchased electricity – approximately 896,000 megawatt hours, or a 4 percent reduction from last year. Based on U.S. electricity generation profiles, we estimate that approximately 15 percent of this electricity was generated from renewable sources, primarily wind power. We also support renewable energy through the purchase of renewable energy certificates (RECs) equivalent to at least 10 percent of the net electricity used in our operations. In 2016 we purchased 100,000 Green-e Energy certified RECs for wind power, equivalent to 100,000 megawatt hours or about 11 percent of the electricity purchased for our operated exploration and production assets. In total, including the RECs, approximately 26 percent of our indirect energy use came from renewable sources.

MANAGING METHANE EMISSIONS

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

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

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

To achieve this goal, ONE Future has established methane emission rate targets for each sector of the natural gas value chain: production (0.36 percent), processing (0.11 percent), transmission and storage (0.30 percent) and distribution (0.22 percent), which cumulatively total to the 1 percent target. Hess has activities in two sectors, production and processing. In 2016, our methane emissions rate for production was 0.06 percent, and our emissions rate from processing was 0.19 percent, an increase of 0.08 percent from the previous year. However, our combined methane emissions rate from the production and processing sectors was 0.09 percent, which is well below the ONE Future combined target of 0.47 percent for those two sectors. In 2016 the U.S. EPA required reporting of some new fugitive methane emission sources previously not reported, which were associated with the natural gas gathering and processing sector. The U.S. EPA also prescribed the emission factors for these sources. The inclusion of these fugitive emissions resulted in an increase in our reported methane emissions as well as our methane emission rate. Hess will work with ONE Future to understand the changes in U.S. EPA reporting methodology and potential impacts to the sectoral targets.

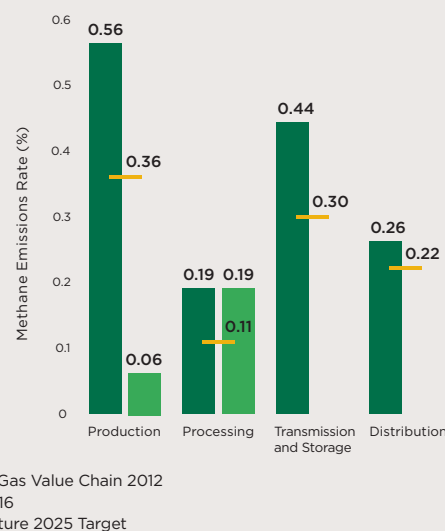
In 2016 ONE Future also commissioned research and analysis to assist members in developing customized abatement strategies to fit their emissions profiles. Most notably, ONE Future contracted ICF, a global consulting and technology services firm, to conduct an analysis of the

marginal abatement cost (MAC) of various methane emission abatement technologies and work practices for the natural gas industry. The MAC analysis – based on up-to-date assumptions regarding emission rates and equipment costs in all industry segments except distribution – identified reductions totaling 88.3 billion cubic feet (BCF) of methane per year at a total annualized cost of \$296 million or \$3.35 per million cubic foot (MCF). An additional 8.9 BCF in reductions were identified separately for the distribution segment, and 12.3 BCF in reductions were projected for the application of reduced-emission completions for hydraulically fractured gas wells.

In addition to the ONE Future sectoral targets, we are committed to continuing to improve our performance. Our principle focus in 2016 was implementation of an extensive leak detection and repair (LDAR) program across all of our production facilities (existing and new) in North Dakota. This supplements our ongoing LDAR programs at the gas plants in Texas and North Dakota and our production operations in Ohio. Further detail on our LDAR program is provided in the Environment section.

From its inception, ONE Future has worked with the U.S. EPA to help ensure that any methane reduction achieved through its performance-based approach is recognized and accounted for in the agency's Natural Gas Star Methane Challenge Program. In October 2016 both parties reached agreement on the ONE Future Emissions Intensity Commitment Option under the Methane Challenge Program. This allowed companies interested in joining the Methane Challenge Program to have the opportunity to choose from two options to reduce methane emissions: the Best Management Practice Commitment or the ONE Future Commitment, which gives credit for performance-based, voluntary reduction efforts. Hess has chosen a commitment through ONE Future and has not joined the Methane Challenge Program, as further discussed in the Environment section.

Methane Emission Rate (ONE Future Protocol)*



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



Drilling Operations, Gulf of Mexico

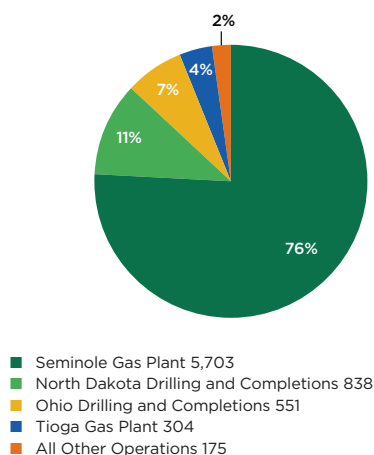
ENVIRONMENT

Safeguarding the environment is a key aspect of the Hess Value of Social Responsibility. Responsible management of environmental impacts – including water use, air emissions, waste and spills – is an essential component of our drive for operational excellence and an important part of how we do business every day. We also dedicate significant staff and resources to help ensure compliance with environmental laws and regulations, international standards and voluntary commitments.

Hess has been a sponsor and active participant in the Bakken Production Optimization Program (BPOP) – a research program led by the Energy and Environmental Research Center and funded by the North Dakota Industrial Commission – since 2015. BPOP aims to improve Bakken system oil recovery and reduce the environmental footprint of Bakken oil and gas operations. In the first years of the program, Hess has supported research on issues such as TENORM (technologically enhanced naturally occurring radioactive material) disposal, flaring reduction and spills remediation. Moving forward, BPOP research activities are focused on decreasing the environmental impacts of wellsite operations and reducing the demand for infrastructure construction and maintenance, all while increasing well productivity and the economic output of North Dakota's oil and gas resources.

We also voluntarily sponsor and participate in the Environmentally Friendly Drilling (EFD) program, a partnership among oil and gas companies, academia and environmental organizations coordinated by the Houston Advanced Research Center. The program aims to develop science-based solutions to environmental issues associated with oil and gas

2016 Freshwater Use by Facility/Business Function
Thousand Cubic Meters



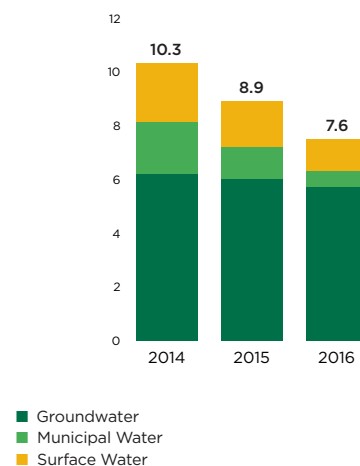
development. We continually evaluate initiatives proposed by EFD to determine their relevance and importance to Hess. Although we did not engage in any specific EFD projects last year, we will continue to sponsor the program in 2017 and will monitor proposed initiatives on an ongoing basis.

To track our environmental performance and drive improvement over time, we use key performance metrics – including several factored into our annual incentive plan – at the asset and enterprise level. Through these efforts, we continuously strive to reduce the amount of water and energy we use, limit our emissions to air and prevent spills and other unplanned releases.

WATER MANAGEMENT

Water management is one of our material issues and a key element of our environment, health, safety and social responsibility (EHS & SR) strategy. Water is a critical resource for our onshore exploration and production operations, where it is used primarily for cooling purposes in both our upstream and midstream operations, as well as drilling and completions, including hydraulic

Freshwater Use
Million Cubic Meters



fracturing. We know water is also an important resource for the communities and ecosystems in which we operate. In some areas, our water use may be restricted by local limitations on water supply and disposal.

2016 KEY DEVELOPMENTS

- ▶ Continued initiatives to reduce the environmental impacts of shale energy development
- ▶ Enhanced our water data collection methodology
- ▶ Observed a five-year low in losses of primary containment
- ▶ Expanded use of our regulatory compliance tracking tool

2017 GOALS

- ▶ Continue to improve water data quality through enhancements in the data collection process
- ▶ Continue to advance efforts to incorporate water management in the risk assessment process
- ▶ Evaluate water reduction strategies
- ▶ Achieve a severe environmental incident rate target of 0.027 (i.e., a 10 percent reduction compared to 2016)

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We understand public concern about our industry's use of water, and we are committed, throughout our operations, to evaluating and reducing our water footprint. We are developing a risk-based, lifecycle approach to managing water, from sourcing through disposal. We are also working to improve our water data collection process, water risk assessment and risk-based evaluation of asset-level water management opportunities. Additional examples of our approach to reducing our water footprint are discussed in the Environment section of our website (hess.com/sustainability/environment).

Our total freshwater use for exploration and production decreased by approximately 16 percent from 2015 to 2016, primarily due to reduced drilling and completions activity in North Dakota.

The Seminole Gas Plant in West Texas, which uses water primarily for process

cooling, remained our largest single freshwater user in 2016, accounting for 76 percent of our companywide freshwater usage. The plant sources its water from a network of Hess-owned and operated groundwater wells that withdraw from the Ogallala Aquifer.

Although the primary driver for water demand in the region is agricultural activities (Hess' withdrawals from the aquifer represent only 0.1 percent of estimated annual water demand), the baseline water stress in the region is categorized as "high risk." Recognizing the need to address water stress in this region, we conducted a multi-year hydrogeological study to assess the capacity of the Ogallala Aquifer as well as long-term water availability and yield. After concluding the study in 2016, we are in the process of evaluating the results and options for reducing our water use.

For example, water reuse continues to be a focus for Hess at the Seminole Gas Plant, and we are researching options for reusing produced water to supplement or replace the water used from the aquifer. In 2016 we reused more than 1 million cubic meters of fresh water at the plant, representing 19 percent of the plant's total usage for the year. The facility recirculates water in its cooling towers between three to five cycles, and to prevent the buildup of solids in the circulating water, a portion is removed as "blowdown." This blowdown water was reused in our Permian production operations to maintain reservoir pressure.

Drilling and completion activities in North Dakota and Ohio comprise our second-largest water use. Most of this water is used for hydraulic fracturing. We use small quantities of brackish groundwater for reservoir management purposes in North Dakota.

We also reduced water use at the Tioga Gas Plant in 2016 by implementing a new chemical treatment process, improved water usage analyses, and improved water monitoring and chemical injection systems in the boilers, cooling towers and other equipment. Due in part to these efforts, we reduced water use by approximately 18,000 cubic meters, or by 5 percent compared to 2015. The new systems are also helping us to reduce wastewater, chemical usage and potential equipment corrosion.

Hess participates in two industry forums focused on water management, both to advance our own performance and to contribute to industrywide knowledge-sharing and progress. First, we are active participants in the IPIECA Water Working Group, which aims to help companies improve their water use performance

SHALE ENERGY

Advances in horizontal drilling and hydraulic fracturing have resulted in a rapid increase in shale oil and gas development in the U.S. – although activity has slowed in the past two years due to low commodity prices. Hess has made significant investments in these unconventional oil and gas plays – first in the Bakken Formation in North Dakota, one of the premier U.S. tight oil plays, and more recently in the Utica Formation in Ohio, an emerging shale gas play. Oil and gas from these plays constitute about 45 percent of Hess' total operated production.

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

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

Well Integrity

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

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

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

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

- ▶ A surface casing is installed from the surface to below the lowest known freshwater zone and then cemented in that interval to isolate the freshwater

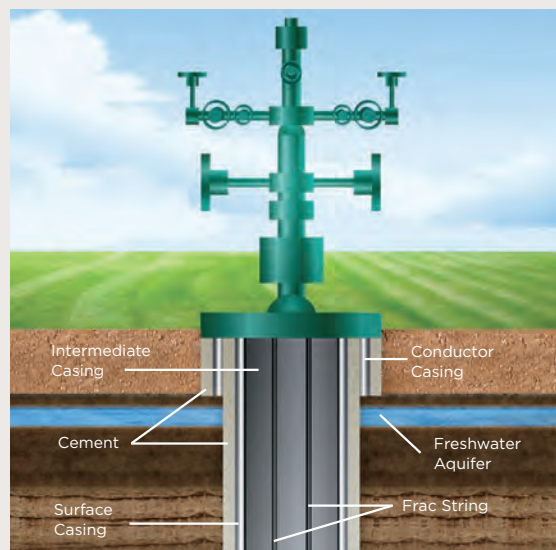
zone, thereby creating a physical barrier between the materials in the well and the strata containing the groundwater being protected.

- ▶ Inside the surface casing, another casing is installed and cemented in place, and an acoustic cement bond log is employed to confirm that the cement barrier meets regulatory requirements.
- ▶ The well completion is performed through a final casing (Ohio) or liner (North Dakota) placed inside the production or intermediate casing to the depth of the lateral. In North Dakota, a "frac string" is then run and connected to the top of the liner. This provides an additional physical barrier to isolate fluids within the well.
- ▶ To prevent potential fracture stimulation interference – that is, stimulating one well and having it result in hydraulic communication in nearby wells – existing offset oil and gas wells are shut-in during fracturing activity, and the wellhead systems in nearby wells are tested prior to being shut-in or additional equipment is installed on wellheads that can safely operate within proper distances.
- ▶ During hydraulic fracturing, procedures are in place to operate surface and downhole equipment within their design ratings.

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

An expanded discussion of our shale oil and gas operations – including protection of water quality, water use, hydraulic fracturing fluid composition, air emissions, land use, transportation and crude-by-rail – can be found on our website.

 See Hess' Expanded Shale Energy section at hess.com/sustainability/environment



Bakken example. Drawing is not to scale.

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and reduce their water footprint by providing sound analysis, assessment tools, good practices, credible data sources and appropriate indicators. We are also members of the Energy Water Initiative, a collaborative effort among 18 oil and natural gas companies to study, describe and improve lifecycle water use and management in upstream unconventional oil and natural gas exploration and production.

BIODIVERSITY

We recognize the potential impacts oil and gas development can have on habitats and biodiversity. We consider the protection of biodiversity in our decision making and management from the earliest stages of exploration and development through production and closure at every Hess location around the globe.

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

In 2016 Hess conducted an updated field survey and habitat analysis of the Lesser Prairie-Chicken, whose potential range overlaps with our Permian asset in

West Texas. Hess has participated in a joint government and industry rangewide conservation program to protect this species and its habitat since 2014.

As part of our goal to mature biodiversity management at Hess’ global assets, we have been developing threatened and endangered species field guides for personnel to use during field activities. We completed guides for our Bakken asset in 2015 and our Permian asset in 2016, with guides for additional assets planned over the next few years.

We monitor the addition of new species to the U.S. Fish and Wildlife Service’s national endangered and threatened species lists. In addition, we are identifying locations where we may need to conduct new biological risk assessments and develop mitigation plans as a result of these listings. Already, we have adjusted drilling site locations to accommodate habitat features and priorities for certain species.

IUCN RED LIST SPECIES	
Category	Number of Species
Critically Endangered	17
Endangered	53
Vulnerable	225
Near Threatened	252

Hess utilizes third-party software programs, such as the Integrated Biodiversity Assessment Tool, to identify protected areas and key biodiversity areas as well as specific species listings. We maintain a list of IUCN Red List species with habitats that overlap with our operations (see table above, which provides a snapshot of relevant species at 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 2016 there were two such areas, both in North Dakota (Lostwood Wilderness Area and Theodore Roosevelt National Park).

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

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, and to protect human health and the environment. These plans align with the Hess Waste Management Standard, which was implemented in 2015 as part of our global standards project. In addition, the plans require application

of our waste minimization principles of “Remove, Reduce, Reuse, Recycle, Recover, Treat and Dispose” – with disposal being the least preferred option.

In 2016 we generated approximately 93,400 tonnes of solid waste, more than 99 percent of which was classified as nonhazardous according to applicable regulations. Our overall waste disposal numbers were significantly lower in 2016 than in 2015 due to large site cleanup activities undertaken in 2015, which caused a one-time increase in waste for that year, as well as decreased field activity in 2016.

We also disposed of approximately 43,300 tonnes of drill cuttings from our North Dakota and Ohio assets at licensed disposal sites in 2016. 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.

In North Dakota, naturally occurring radioactive materials, or NORM, can be naturally dissolved out of subsurface formations into produced water and can then build up in production equipment and piping during drilling and production. NORM that are concentrated in this way are referred to as technologically enhanced, or TENORM. In 2016 Hess was able to avoid disposing of 221 tonnes of nonhazardous piping waste in North Dakota by decontaminating the piping (i.e., removing the TENORM) and recycling it instead. We disposed of the TENORM scale removed from the pipes in approved and audited waste facilities. Even with the necessary disposal of the scale material, we were able to reduce the volume of landfilled waste by a factor of approximately 40.

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 or transported to shore for treatment and disposal or recycling.

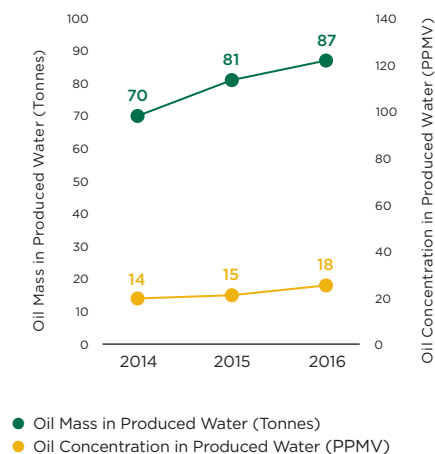
In 2016 our offshore facilities discharged a total of 3,404 tonnes of nonaqueous drilling mud and cuttings, which included 311 tonnes of nonaqueous base fluid.

Offshore produced water discharges totaled an estimated 6.4 million cubic meters in 2016. Produced water discharges had an average oil content of 18 parts per million volume (PPMV), totaling 87 tonnes of oil discharged. This data reflects an increase in average oil content and total oil discharged, compared to 2015.

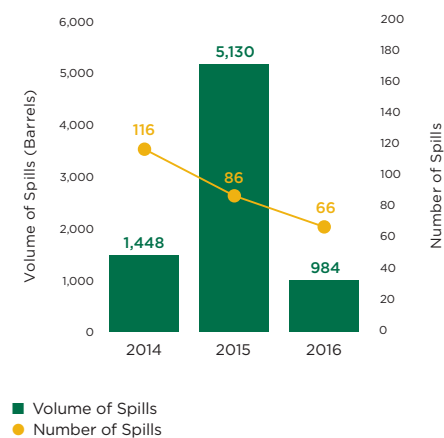
SPILL PREVENTION

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

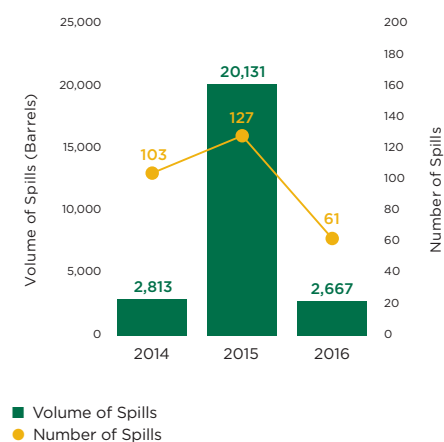
Oil in Produced Water Discharges to Sea



Hydrocarbon Spills



Nonhydrocarbon Spills



ENVIRONMENT

serve on the Board of Directors of the OSRL and on the Executive Committee of Clean Gulf Associates, a not-for-profit oil spill cooperative that supports the Gulf of Mexico.

Our international subsea preparedness and response capabilities are supported by the Subsea Well Intervention Service and Wild Well Control. In the Gulf of Mexico, we are members 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. Hess participates in several of the API's preparedness and response efforts, including the Oil Spill Emergency Preparedness and Response Subcommittee, the Pandemic Planning Working Group and the Oil-Rail Emergency Response Joint Working Group. We also contribute to the IPIECA Oil Spill Working Group in support of our international businesses.

We track LOPC events through our incident reporting system regardless of size and material and report spills following industry and applicable regulatory guidance. By proactively tracking all LOPC events, we are better able to analyze root causes, including those events that may be low in impact but relatively higher in frequency. We also use leading and lagging indicators to monitor LOPC performance, including tying LOPC performance to our cash bonus plan again in 2016.

In 2016 the number and volume of both hydrocarbon and nonhydrocarbon spills significantly decreased compared to 2015, returning Hess to the trend of year-over-year reductions that we observed between 2012 and 2014. The decrease in 2016 can be attributed in part to a reduction in activity during the year. We realize that in order to maintain this positive trend, Hess will have to remain diligent in our spill prevention efforts as activity ramps up again in 2017.

Even with the substantial decline in spills last year, we experienced some notable LOPC events. In all cases, we implemented site incident control and spill containment coordination efforts immediately upon detection, and we experienced no injuries. We experienced two mechanical integrity-related LOPC events that can be attributed to corrosion issues in North Dakota. One involved a spill of approximately 770 barrels of produced water and the other resulted in the release of approximately 250 barrels of emulsion fluid. In both events, the spills were contained on site, and the fluid and affected soil were collected and removed for disposal. Also in North Dakota a spill of approximately 200 barrels of oil and 225 barrels of produced water occurred due to equipment failure. Approximately 40 barrels of the oil and water mixture migrated offsite but was contained before reaching surface water systems. Spilled fluid and impacted soils were removed for remediation.

We have been working to implement a range of programs to continue our focus on spill prevention. To address spills that result from corrosion and integrity issues, we have recently enhanced our

inspection and surveillance programs, upgraded external corrosion protection and use of corrosion inhibitors, and replaced or redesigned pipes. We have also expanded spill-related worksite controls, such as fluid transfer checklists, and spill prevention training. In North Dakota, we helped to form a new local chapter of the National Association of Corrosion Engineers to advance pipeline integrity, safety training and information sharing among pipeline and oil and gas companies operating in the region. The process safety assessments and asset integrity assessments we have been pursuing (see the Safety and Health section) should also help to drive improved LOPC performance.

AIR EMISSIONS

The normal operation of fuel combustion and processing equipment as well as flaring activities results in air emissions of nitrogen oxides (NO_x), sulfur dioxide (SO₂) and volatile organic compounds (VOCs). Fugitive emission sources, including those related to product loading and storage, also can contribute to VOC emissions. In 2016 our normalized emissions of VOCs continued to follow a downward trend, while normalized emissions of NO_x and SO₂ increased compared to 2015.

The upward trend in NO_x and SO₂ emissions intensity is attributable in part to an increase in drilling activity – and the associated increase in the use of diesel-powered equipment – at Hess assets in the Gulf of Mexico and the North Malay Basin. This change in drilling activity level, as well as the need to run some equipment regardless of production levels, paired with a decrease in production at those assets,

contributed to the increase in NO_x and SO₂ emissions intensity. Other factors that contributed to the SO₂ emissions increase were operational upset events at the Seminole Gas Plant and production challenges at our Tubular Bells Field, both of which resulted in additional flaring activity.

We have an ongoing reliability program in place for the Seminole Gas Plant, through which we continually seek to enhance facility operations to minimize emission events. We are also enhancing the maintenance program at the Seminole Gas Plant and planning upgrades to plant systems and equipment in 2017 to reduce the plant's emissions and improve its performance going forward.

REGULATORY COMPLIANCE AND LEGAL PROCEEDINGS

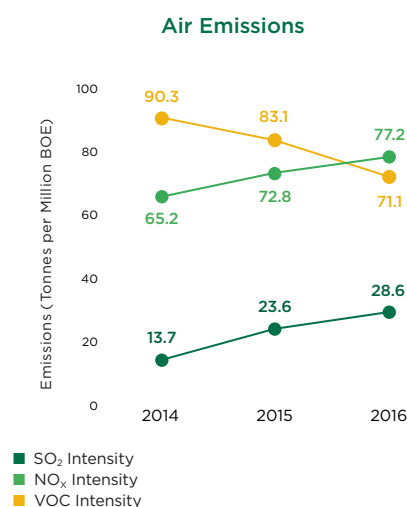
In 2016 we paid \$24,430 in environmental fines and penalties. The majority (\$14,430) of this expenditure was related to waste management in our discontinued operations (i.e., our previous marketing and refining businesses). The remaining \$10,000 included two fines for administrative issues with drilling operations in North Dakota.

As mentioned in the Climate Change and Energy section, in 2015 and through 2016 we had initiated implementation of a leak detection and repair (LDAR) program across all of our Bakken production facilities as a way of achieving voluntary reductions as part of our ONE Future commitment. The intent was to also report reductions achieved through this program under the Methane Challenge Program. However, Hess, as well as a number of other Bakken operators, recently

entered into a Consent Decree with the North Dakota Department of Health resolving alleged noncompliance with state air pollution laws and provisions of the federal Clean Air Act. Pursuant to the Consent Decree, we are required to implement corrective actions, including implementation of an LDAR program at our existing upstream oil and natural gas production facilities in North Dakota. Given this Consent Decree, we did not consider it appropriate to commit to the LDAR program under the Methane Challenge Program.

Strengthening our regulatory assurance program is one of the six components of our EHS & SR strategy. Internal assurance also helps us to ensure the effectiveness of our management systems. As part of our long-term compliance strategy, our regulatory team continued to expand the use of a compliance tracking tool at our U.S. assets in 2016.

We also enhanced our LDAR field assurance team, in part to fulfill the additional monitoring required through the Consent Decree mentioned above. Compliance assurance activities that will be implemented through our field assurance team include monthly audible, visual and olfactory inspections and semiannual optical gas imaging on equipment that has the potential to emit fugitive emissions. Overall, our LDAR program comprises: monthly audible, visual and olfactory inspection of equipment with the potential to leak (North Dakota production operations), as well as quarterly (North Dakota and Texas gas plants) and semiannual (North Dakota production operations) optical gas imaging. At



our Ohio production facilities, we conduct quarterly, semiannual or annual inspections using optical gas imaging. Per the regulations of the Ohio Environmental Protection Agency (EPA), we are able to move to semiannual or annual inspections after a period of demonstrating de minimis leak rates for permitted equipment.

Optical gas imaging is performed by our field assurance personnel in the regulatory group who are certified in the use of infrared thermal cameras and other monitoring techniques (such as U.S. EPA Method 21) to detect fugitive emissions. These measures, together with the steps we are taking to reduce flaring in North Dakota, will help to further reduce our fugitive methane emissions.

In addition, we are working through the API to implement its Recommended Practice 1173 related to pipeline safety management systems. As part of our commitment to this initiative, we are evaluating and enhancing our management system and integrity management programs pertaining to pipelines.

PERFORMANCE DATA

	Units	2016	2015	2014	2013	2012
BUSINESS PERFORMANCE						
Sales and other operating revenue	\$ Million	4,762	6,636	10,737	11,905	12,245
Net income (loss) attributable to Hess Corporation	\$ Million	(6,132)	(3,056)	2,317	5,052	2,025
Total assets	\$ Million	28,621	34,157	38,372	42,482	43,187
Total debt	\$ Million	6,806	6,592	5,952	5,765	8,076
Stockholders' equity	\$ Million	15,591	20,401	22,320	24,784	21,203
Debt to capitalization ratio	%	30.4	24.4	21.2	19.0	27.7
EXPLORATION AND PRODUCTION						
Total net hydrocarbons produced	Thousand BOEPD	322	375	329	336	406
Proved reserves (total)	Million BOE	1,109	1,086	1,431	1,437	1,553
Liquids (crude oil (light and medium oils), condensate & natural gas liquids)	%	74	76	78	77	75
Gas	%	26	24	22	23	25
Reserve life	Years	9	8	12	12	10
Replaced production	%	119	NM	158	118	141
ECONOMIC CONTRIBUTIONS						
Capital and exploration expenditures	\$ Million	2,154	4,338	5,606	6,209	8,152
Income tax expense	\$ Million	2,222	(1,299)	744	565	1,529
Royalties and other payments to governments	\$ Million	330	457	707	807	920
Cash dividends paid to shareholders	\$ Million	350	287	303	235	171
Employee wages and benefits (U.S.)	\$ Million	707	791	1,040	1,037	1,045
Interest expense before income taxes	\$ Million	338	341	323	406	419
Operating costs	\$/BOE	16	15	17	17	15
Supplier spend* (approximate)	\$ Billion	6	7	8	8	8
SOCIAL PERFORMANCE						
Total social investment	\$ Million	20	22	42	37	40
Education	%	82	83	80	52	47
Health	%	<1	1	1	2	4
Disaster relief	%	1	<1	2	3	13
Community contributions (not in-kind)	%	15	14	13	25	22
In-kind	%	1	<1	4	12	9
Civic and employee	%	1	0	<1	0	0
Arts and culture	%	<1	1	<1	6	5
Environment	%	1	<1	<1	<1	<1
OUR PEOPLE						
Number of permanent employees	#	2,304	2,770	3,039	12,128	13,277
U.S. employees	%	83	79	78	91	90
International employees	%	17	21	22	9	10
Part-time employees	%	0	0	1	27	23
Full-time employees	%	100	100	99	73	77
Employee turnover – voluntary □	%	6	5	9	13	10
Employee layoffs □	%	20	9	20	15	3
Female employees (U.S. and international)	%	27	27	28	43	40
Minority employees (U.S.)	%	25	24	24	39	38
Employees represented by collective bargaining agreements	%	2	3	1	4	6
SAFETY PERFORMANCE						
Fatalities – workforce (employees + contractors)	#	0	0	0	0	1
Hours worked – workforce	Million hours	21.7	28.6	37.8	47.1	45.3
Employee total recordable incident rate	Per 200,000 hours worked	0.10	0.24	0.20	0.20	0.14
Contractor total recordable incident rate	Per 200,000 hours worked	0.52	0.39	0.45	0.60	0.71
Workforce total recordable incident rate	Per 200,000 hours worked	0.40	0.36	0.40	0.52	0.60
Employee lost time incident rate	Per 200,000 hours worked	0.06	0.03	0.00	0.05	0.05
Contractor lost time incident rate	Per 200,000 hours worked	0.15	0.10	0.14	0.16	0.20
Workforce lost time incident rate	Per 200,000 hours worked	0.13	0.08	0.12	0.14	0.17
Employee occupational illness rate	Per 200,000 hours worked	0.00	0.09	0.00	0.02	0.05
Contractor occupational illness rate	Per 200,000 hours worked	0.14	0.25	0.24	0.13	0.25
Workforce occupational illness rate	Per 200,000 hours worked	0.10	0.21	0.20	0.11	0.21
Products with Safety Data Sheets	%	100	100	100	100	100

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

NM: Not meaningful.

* Supplier spend for 2013 through 2016 is for exploration and production only.

□ Reflects data for exploration and production only.

	Units	2016	2015	2014	2013	2012
GREENHOUSE GAS EMISSIONS						
Volume of flared and vented hydrocarbons	MMSCF	26,991	36,121	35,987	29,356	26,386
Operated direct emissions (Scope 1)	Million tonnes CO ₂ e	4.1	5.1	4.8	4.4	5.0
Carbon dioxide	Million tonnes CO ₂ e	3.7	4.7	4.4	4.2	4.7
Methane	Thousand tonnes CO ₂ e	296.9	403.7	403.1	166.5	207.4
Nitrous oxide	Thousand tonnes CO ₂ e	2.3	2.7	28.4	31.1	24.5
Operated direct emissions (Scope 1) by source						
Flaring/venting	%	52	63	61	54	49
Fuel combustion	%	43	33	35	41	46
Other	%	5	4	3	5	5
Operated indirect emissions (Scope 2)	Million tonnes CO ₂ e	0.5	0.6	0.6	0.8	0.8
Carbon dioxide	Million tonnes CO ₂ e	0.5	0.5	0.6	0.8	0.8
Methane	Thousand tonnes CO ₂ e	0.2	0.2	0.3	nil	0.2
Nitrous oxide	Thousand tonnes CO ₂ e	2.4	2.4	2.7	3.1	7.8
Equity GHG emissions (includes HOVENSA)	Million tonnes CO ₂ e	4.2	5.5	6.0	6.6	8.0
Scope 3 emissions – use of sold products	Million tonnes CO ₂ e	9.1	9.7	11.5	13.9	22.1
ENERGY USE						
Production energy intensity ◊	Gigajoules/BOE	0.29	0.23	0.23	0.25	0.24
Operated direct energy use	Thousand gigajoules	29,973	27,506	25,829	26,421	28,074
Operated indirect energy use (gross)	Thousand gigajoules	8,273	8,642	8,597	7,429	6,913
Net purchased electricity by primary energy source**	Thousand MWh	896	936	865	688	663
Green-e certified renewable energy certificates (wind power)	Thousand MWh	100	135	125	140	140
FRESHWATER USE						
Groundwater	Million cubic meters	5.7	6.0	6.2	6.3	6.5
Municipal water	Million cubic meters	0.6	1.2	1.9	3.8	2.0
Surface water	Million cubic meters	1.2	1.7	2.2	0.5	0.1
Reused/recycled (estimated)	%	14.5	12.0	9.0	8.0	11.0
SOLID WASTE						
Nonhazardous	Thousand tonnes	92.5	252.5	118.8	144.2	52.8
Hazardous	Thousand tonnes	0.9	0.4	1.1	3.6	3.9
Basel Convention (recovery/reuse/recycle)	Tonnes	0	0	0	22	10
LIQUID WASTE†						
Nonhazardous waste	Thousand cubic meters	73.05	7,275.07	5,295.63	2.22	39.62
Hazardous waste	Thousand cubic meters	10.52	18.44	0.50	0.00	0.00
SPILLS						
Hydrocarbon spills – number	#	66	86	116	110	118
Hydrocarbon spills – volume	Barrels	984	5,130	1,448	1,090	1,018
Nonhydrocarbon spills – number	#	61	127	103	99	120
Nonhydrocarbon spills – volume	Barrels	2,667	20,131	2,813	2,786	3,250
AIR EMISSIONS (EXCLUDES GHGS) ◊						
Sulfur dioxide (SO ₂)	Tonnes	3,804	3,727	2,016	2,888	3,168
SO ₂ intensity	Tonnes/Million BOE	28.6	23.6	13.7	21.7	21.8
Nitrogen oxides (NO _x)	Tonnes	10,261	11,515	9,595	10,270	10,600
NO _x intensity	Tonnes/Million BOE	77.2	72.8	65.2	77.2	72.9
Volatile organic compounds (VOC)	Tonnes	9,441	13,133	13,288	12,279	12,175
VOC intensity	Tonnes/Million BOE	71.1	83.1	90.3	92.3	83.7
EXPLORATION AND PRODUCTION DISCHARGES						
Oil in produced water to sea	Tonnes	87	81	70	136	119
Oil in produced water to sea	PPMV	18	15	14	10	9
Produced water to sea	Million cubic meters	6.4	6.5	6.0	16.7	16.5
OTHER ENVIRONMENTAL INDICATORS						
ISO 14001-certified operations	% of production	6	5	7	2	8
ISO 14001-certified operations	#	1	1	2	2	3
Environmental fines and penalties – operated	\$ Thousand	24	25	84	509	105
Environmental expenditures – remediation	\$ Million	10	13	12	16	19
Environmental reserve	\$ Million	80	80	80	65	55

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

◊ The annual gross operated hydrocarbon production (normalization factor) for 2016 was 131,827,232 BOE.

** Third-party power generation.

† Historical waste data have been restated to separately report solid and liquid waste where possible. Liquid waste totals include wastewater treatment. Liquid waste totals for 2014–2016 include deep well disposal. Deep well disposal (2012–2013) is included in the landfill category and cannot be separated out.

GRI CONTENT INDEX

This index refers to the Global Reporting Initiative (GRI) G4 indicators, with cross reference to the 10 Principles in the United Nations Global Compact (UNGC) and IPECA sector-specific guidelines. The index includes all indicators required for a G4 Core report, as well as a number of additional indicators for which we are able to provide adequate information to fulfill the disclosure. Detailed information on GRI indicators related to Board-level governance (G4-34–G4-55) and defined benefit plan obligations (G4-EC3) can be found at hess.com/investors and in our Securities and Exchange Commission (SEC) forms 10-K and DEF 14A. An expanded GRI Content Index is available at hess.com/gri-index.

GRI G4 Indicator		GRI G4 OGSS Indicator		● Reported	○ Omitted
GRI Indicator	General Description	Page(s)	GRI Status	UNGC Principle(s)	IPECA Indicator(s)
STRATEGY AND ANALYSIS					
G4-1	Statement from the most senior decision maker of the organization	2-3	●		
G4-2	Key impacts, risks and opportunities (a)	2-3, 6-9	●		
ORGANIZATIONAL PROFILE					
G4-3-G4-9	Organizational profile (a, c)	4, 61	●		
G4-10-G4-11	Employees covered by collective bargaining agreements, and by contract type, gender and region (c)	35-36, 54	●	3, 10	
G4-12	Organization's supply chain (d)	16-17	●		
G4-13	Significant changes during the reporting period (a, d)	OCI	●		
G4-14	The precautionary approach (c)	OCI	●		
G4-15	Externally subscribed or endorsed voluntary initiatives (c)	19	●		
G4-16	Memberships in associations (c)	51-52, 60	●		
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES					
G4-17	Operational structure of the organization (a)	4, 5	●		
G4-18-G4-23	Determination of report content, explanation of restatements and significant changes (d)	5	●		
STAKEHOLDER ENGAGEMENT					
G4-24-G4-27	Stakeholders, types of engagement, key topics and concerns (c, d)	5, 20-22	●		
REPORT PROFILE					
G4-28-G4-30	Reporting period and frequency (c)	5	●		
G4-31	Contact point for questions	61	●		
G4-32	Indication of "in accordance" option, GRI content index (c)	Inside front cover, 56-58	●		
G4-33	External assurance	9, 59	●		
GOVERNANCE					
G4-34	Governance structure of the organization (a, b, c)	11	●		
G4-35-G4-53	Information on the highest governance body (a, b, c)	11	●		
ETHICS AND INTEGRITY					
G4-56	Internal values, code of conduct and principles (b, c)	15, 23	●	10	
G4-57-G4-58	Mechanisms for seeking advice or reporting concerns related to ethics and integrity (b, c)	OCI	●	10	
ECONOMIC					
EC DMA	Management approach to economic performance and market presence (a, b)	2-4, 11-17	●		
G4-EC1	Direct economic value generated and distributed (a, b, c)	4, 54	●		SE4, SE13
G4-EC2	Financial implications and other risks and opportunities due to climate change (c, d)	9, 39-40	●		
G4-EC3	Defined benefit plan obligations (a, b, c)	OCI	●	7	
G4-EC5	Comparison of standard entry-level wage with local minimum wage (c)	OCI	●		SE15
G4-EC6	Local hiring at significant locations of operation (c)	36	●	6	SE6
EC DMA	Management approach to indirect economic impacts	23-25, 54	●	6	
G4-EC7	Development and impact of infrastructure investments and services	23-25, 54	●		SE4
EC DMA	Management approach to procurement practices (d)	16-17	●		
G4-EC9	Local supplier practices and spend at significant locations of operation (c)	17	●		SE5, SE7
EC DMA	Management approach to oil and gas reserves (d)	40	●		
OG1	Volume and type of estimated proved reserves and production (a, d)	4, 40, 54	●		

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NM: Not Material

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b - See also hess.com/investors

c - See also Hess Online GRI Content Index (hess.com/gri-index)

d - See also expanded content at hess.com/sustainability

GRI Indicator	General Description	Page(s)	GRI Status	UNGC Principle(s)	IPIECA Indicator(s)
ENVIRONMENT					
EN DMA, G4-EN1-G4-EN2	Materials used, including management approach (c)	OCI	●	7, 8	E10
EN DMA	Management approach to energy consumption (c)	44	●		
G4-EN3	Energy consumption within the organization (c, d)	44, 55	●		E2
G4-EN4	Energy consumption outside of the organization	42, 55	●	7	
G4-EN5	Energy intensity	44, 55	●	8	E2
G4-EN7, OG2-OG3	Energy efficient or renewable energy-based products and services, including amount invested in renewable energy and total amount generated by source (c)	OCI	●	8, 9	E3
EN DMA, G4-EN8-G4-EN10	Water use, recycling and reuse, and significantly affected water sources (c)	47-48, 55	●	8	E6
EN DMA, G4-EN11-G4-EN14, OG4	Biodiversity, including management approach	50	●	8	E5
EN DMA	Management approach to air emissions (c, d)	39-45, 52-53	●	8	
G4-EN15-G4-EN18	Greenhouse gas emissions by weight, greenhouse gas emissions intensity (c)	41-42, 45, 55	●	8	E1
G4-EN19	Initiatives to reduce greenhouse gas emissions and reductions achieved (c, d)	9, 39-45	●	8	E1
G4-EN20	Emissions of ozone-depleting substances by weight (c)	OCI	NM	8, 9	E8
G4-EN21	NO _x , SO _x and other significant air emissions by type and weight (c)	53, 55	●	8	E8
EN DMA, G4-EN22-G4-EN25, OG5	Effluents, spills and waste – including Basel Convention Annex waste management summary (c)	50-52, 55	●	8	E7, E9, E10
G4-EN26	Biodiversity value of receiving water bodies for water discharges and runoff	50	●	8	E5, E7
OG6	Volume of flared and vented hydrocarbon (c)	42-43, 55	●		E4
OG7	Amount of drilling waste and strategies for treatment and disposal (c)	51	●		E10
EN DMA	Management approach to environmental impacts of products and services	39-40, 42-45	●		
G4-EN27	Mitigation of environmental impacts of products and services	39-53	●		HS4
G4-EN28	Products sold and packaging reclaimed (c)	OCI	●	8, 9	
OG8	Benzene, lead and sulfur content in fuels (c)	OCI	NM	8	
EN DMA, G4-EN29	Environmental compliance, including management approach and instances of noncompliance (c)	53	●		
EN DMA, G4-EN30	Environmental impacts of transportation, including management approach (d)	42-43	●	8	E1, E9
EN DMA, G4-EN31	Environmental expenditures and investments, including management approach (c)	OCI	●	8	
EN DMA, G4-EN32-G4-EN33	Environmental assessment of suppliers, including management approach (c, d)	16-17	●	8, 9	
EN DMA, G4-EN34	Environmental grievance mechanisms, including management approach and number of environmental grievances (c)	20-21	●		
LABOR PRACTICES AND DECENT WORK					
LA DMA	Management approach to employment (c)	35-37	●		
G4-LA1	Total number and rate of employee turnover by age group, gender and region	35, 54	●		SE15
G4-LA2	Benefits provided to full-time employees by major operations (c)	OCI	●	6	
G4-LA3	Return to work and retention rates after parental leave by gender (c)	OCI	NM		
LA DMA	Management approach to labor/management relations	35-37	●	6	
G4-LA4	Minimum notice period(s) regarding significant operational changes (c)	OCI	●		SE16
LA DMA	Management approach to occupational health and safety	27-33	●	3	
G4-LA5	Total workforce represented in formal joint health and safety committees (c)	OCI	●		HS1
G4-LA6	Injury, occupational diseases, lost days, absenteeism and fatalities (c)	27-28, 54	●		HS3
G4-LA7	Workers with high incidence or risk of disease related to their occupation (c)	OCI	●		HS2
G4-LA8	Health and safety topics covered in formal agreements with trade unions (c)	OCI	NM		HS1, SE16
LA DMA, G4-LA9	Training and education, including management approach (c)	6-8, 15, 19, 23, 33, 35-37	●		SE17
G4-LA10-G4-LA11	Lifelong learning, managing career endings, performance and career development reviews (c)	35-37	●	6	SE17

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GRI CONTENT INDEX

GRI Indicator	General Description	Page(s)	GRI Status	UNGC Principle(s)	IPECA Indicator(s)
LABOR PRACTICES AND DECENT WORK <i>(Continued)</i>					
LA DMA	Disclosure on management approach to diversity and equal opportunity	35–36	●	6	
G4-LA12	Governing bodies and employees by category according to diversity indicators (c)	36	●		SE15
LA DMA	Management approach to equality of remuneration by gender (c)	OCI	●	6	
G4-LA13	Ratio of basic salary of men to women by employee category (c)	OCI	○		SE15
LA DMA, G4-LA14–G4-LA15	Assessment of supplier labor practices, including management approach (c, d)	16–17	●	6	
LA DMA, G4-LA16	Labor practice grievance mechanisms, including management approach and number of grievances (c)	20–21	●		SE18
HUMAN RIGHTS					
HR DMA, G4-HR1	Human rights and significant investment agreements, including management approach (c, d)	17, 23	●		SE8
G4-HR2	Employee training on policies and procedures concerning human rights (c)	15	●		SE8
HR DMA, G4-HR3	Management approach to nondiscrimination, incidents of discrimination and corrective actions taken (c)	35–36	●	1, 2	SE8, SE18
HR DMA, G4-HR4–G4-HR6	Freedom of association and collective bargaining, child labor and forced or compulsory labor, including management approach (c)	OCI	●	3, 5, 6	SE8, SE9
HR DMA, G4-HR7	Management approach to security practices, including training of security personnel (d)	23	●	6	SE10
HR DMA, G4-HR8, OG9	Management approach to indigenous rights – including engagement strategies, and violations involving rights of indigenous people (c)	20–22	●	1	SE2, SE10
HR DMA, G4-HR9	Human rights assessments, including management approach (c)	7, 23	●		SE8
HR DMA, G4-HR10–G4-HR11	Supplier human rights assessments, including management approach (c, d)	7, 23	●	1, 2	SE9
HR DMA, G4-HR12	Human rights grievance mechanisms, including management approach and number of grievances (c)	20–21	●	2	SE9, SE18
SOCIETY					
SO DMA, G4-SO1–G4-SO2	Management approach to local communities, including description of operations with programs and actual or potential negative impacts	19–25	●	1	SE1
OG10	Significant disputes with local communities and indigenous peoples (c)	OCI	●	1	SE1, SE3
OG11	Sites that have been or are in the process of being decommissioned (c)	OCI	●		E11
OG12	Extent and impact of involuntary resettlement (c)	OCI	●		SE3
OG13	Number of process safety events, by business activity	31	●		HS5
SO DMA, G4-SO3–G4-SO4	Management approach to anti-corruption, including business units analyzed and employee training (c)	15	●	10	SE11, SE12
G4-SO5	Actions taken in response to incidents of corruption (c)	OCI	●	10	SE11
SO DMA, G4-SO6	Management approach to public policy, including political contributions (c)	15–16	●	10	SE13, SE14
SO DMA, G4-SO7–G4-SO8	Anti-competitive behavior and legal compliance, including number of legal actions and number and monetary value of any instances of noncompliance (c)	OCI	●	10	
SO DMA	Assessment of suppliers for impacts on society, including management approach (d)	16–17	○		SE12
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken (c)	OCI	●		SE12
SO DMA, G4-SO11	Grievance mechanisms for impacts on society, including management approach and number of grievances (c)	20–21	●		
PRODUCT RESPONSIBILITY					
DMA PR	Management approach to product responsibility (c)	OCI	●		
G4-PR1–G4-PR9, OG14	<i>Note: These indicators are largely immaterial to Hess' current portfolio of operations. See the Hess Online GRI Content Index for more information (c).</i>	OCI	●		HS4

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INDEPENDENT ASSURANCE STATEMENT

ERM Certification and Verification Services (ERM CVS) was engaged by Hess Corporation (Hess) to provide assurance on the 2016 Sustainability Report (the Report).

ENGAGEMENT SUMMARY

Scope:	Whether the Report is fairly presented, in all material respects, with the reporting criteria.
Reporting Criteria:	The Global Reporting Initiative (GRI) <i>G4 Sustainability Reporting Guidelines</i> 'Core option' (including the <i>Oil and Gas Sector Supplement</i>); and The IPIECA – <i>Oil & Gas Industry Guidance on Voluntary Sustainability Reporting</i> , 3rd Edition, 2015.
Assurance Standard:	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
Assurance Level:	Limited assurance.
Respective Responsibilities:	<ul style="list-style-type: none">▶ Hess is responsible for preparing the Report and for its correct presentation in reporting to third parties, including disclosure of the reporting criteria and boundary.▶ ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgment.

OUR CONCLUSIONS

Based on our activities, as described below, nothing has come to our attention to indicate that the following conclusions are not correct:

- ▶ The Report is fairly presented, in all material respects, with the reporting criteria.
- ▶ The Report meets the GRI G4 Guidelines 'in accordance' Core option.
- ▶ The Report meets the common reporting elements of the IPIECA reporting guidance.

OUR ASSURANCE ACTIVITIES

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.
- ▶ Visits to Hess-operated production sites in Denmark and Texas, USA, to verify the source data and review sustainability management implementation at the site level.
- ▶ An analytical review of the year-end data submitted by all sites included in the consolidated 2016 group data.
- ▶ A visit to Hess' head office in Houston, Texas to review the data from all operations, the consolidation process and the results of the internal data validation process.
- ▶ Reviewing selected evidence related to the design, information collection, and production of the Report in accordance with GRI requirements.
- ▶ Reviewing 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 Iansen-Rogers
Head of Corporate Assurance
26 June 2017

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

AWARDS AND RECOGNITION

SUSTAINABILITY

- ▶ CDP leadership status for eighth consecutive year
- ▶ Dow Jones Sustainability Index North America for seventh consecutive year
- ▶ *Corporate Responsibility Magazine's* 100 Best Corporate Citizens for ninth consecutive year
 - #1 oil and gas company for third consecutive year
- ▶ *Newsweek* Green Rankings for sixth consecutive year
- ▶ STOXX Global ESG Leaders Index for fourth consecutive year
- ▶ MSCI ESG Indexes for fifth consecutive year
 - MSCI Global Sustainability Indexes
 - MSCI Global SRI Indexes
 - MSCI KLD 400 Social Index
- ▶ CECF Giving in Numbers, Top 25 percent for Total Giving
- ▶ The Rocky Mountain Oil and Gas Award for Excellence in Corporate Social Responsibility
- ▶ Nasdaq and Everfi STEM (Science, Technology, Engineering and Math) Education Leadership Award

WORKFORCE

- ▶ *Equal Opportunity Magazine's* Top 50 Employers
- ▶ *Workforce Diversity Magazine's* Top 50 Employers
- ▶ *Hispanic Network Magazine's* Best of the Best Employers
- ▶ *Black EOE Journal's* Best of the Best Employers
- ▶ Rigzone's Global Top 30 Ideal Employers
- ▶ Gaines County Ag and Oil Day Awards, Permian Basin
 - Oilman of the Year
 - Production Person of the Year
 - Support Person of the Year
 - Retiree of the Year

MEMBERSHIPS AND ASSOCIATIONS

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

REQUESTS FOR INFORMATION

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

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

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







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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS


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

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


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

-  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

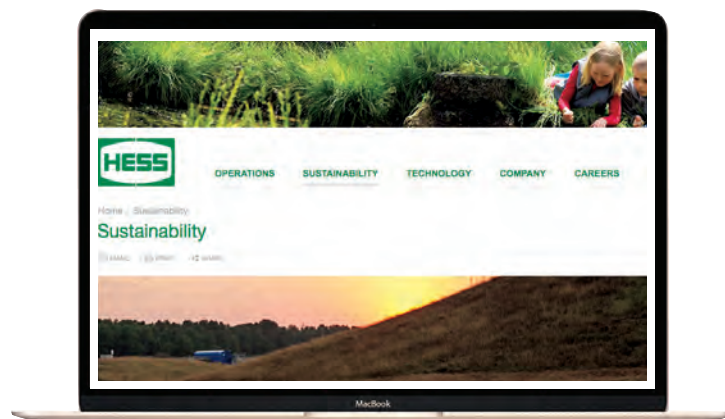
Displaces this amount of hydrocarbons:

-  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

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