WHEREAS:

Hess Corporation is a publicly owned energy company engaged in the exploration and production of crude oil and natural gas.

In recognition of the need to address climate change and minimize global temperature rise, nearly every national government has agreed that “deep cuts in greenhouse gas emissions are required;” and that “the increase in global temperature should be below 2 degrees Celsius.”

The International Energy Agency (IEA) states that “No more than one-third of proven reserves of fossil fuels can be consumed prior to 2050 if the world is to achieve the 2° C goal, unless carbon capture and storage technology is widely deployed.”

To achieve a 66 percent probability of not exceeding a global temperature rise above 2° C, the Intergovernmental Panel on Climate Change estimates that approximately 987 gigatons of carbon dioxide can be emitted through 2100. The IEA states that total proven reserves of coal, oil, and natural gas, represent approximately 2,860 gigatons of potential CO_2 emissions.

Several analysts indicate that companies may not be adequately accounting for or disclosing the downside risks that could result from lower-than-expected demand or prices for oil.

- A March 2013 research paper by Citi stated that market forces could “put in a plateau for global oil demand by the end of this decade.”
- HSBC reports that the equity valuation of oil producers could drop by 40 to 60 percent under a low emissions scenario.

Given the growing public concern about climate change, investors are concerned that actions to significantly reduce greenhouse gas emissions could reduce the value of Hess’ oil and gas reserves and/or related infrastructure before the end of their expected useful life.

Investors require additional information on how Hess is preparing for potential scenarios in which demand for oil and gas is greatly reduced due to regulation or other climate-associated drivers. Without additional disclosure, shareholders are unable to determine whether Hess is adequately managing these risks or seizing related opportunities.

THEREFORE BE IT RESOLVED:

Shareholders request Hess to prepare a report by September 2014, omitting proprietary information and prepared at reasonable cost, on the company’s goals and plans to address global concerns regarding fossil fuels and their contribution to climate change, including analysis of long and short term financial and operational risks to the company.

SUPPORTING STATEMENT:

We recommend the report include:

- The risks and opportunities associated with various low-carbon scenarios, including reducing GHG emissions by 80 percent by 2050, as well as a scenario in which global oil demand declines due to evolving policy, technology, or consumer responses to address climate change;
- Whether and how the company's capital allocation plans account for the risks and opportunities in these scenarios;
- How the company will manage these risks, such as reducing the carbon intensity of its assets, diversifying its business by investing in lower-carbon energy sources, or returning capital to shareholders;
- The Board of Directors' role in overseeing capital allocation and climate risk reduction strategies.