March 23, 2020

VIA E-MAIL (shareholderproposals@sec.gov)

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: Hess Corporation
Shareholder Proposal Submitted by As You Sow
Securities Exchange Act of 1934 – Rule 14a-8

This letter is submitted on behalf of our client, Hess Corporation (the “Company”), in response to the letter dated March 5, 2020, received from Sanford J. Lewis (the “Response Letter”), a copy of which is attached as Exhibit A hereto, with respect to a shareholder proposal and related supporting statement (together, the “Proposal”) sponsored by As You Sow on behalf of Park Foundation, Inc. and Brian Patrick Kariger Revocable Trust, as proponents (the “Proponents”). This letter supplements our letter dated February 4, 2020 (the “No-Action Request”), requesting that the Staff of the Division of Corporation Finance (the “Staff”) concur with our view that the Company may exclude the Proposal from its proxy statement and form of proxy for its 2020 Annual Meeting of Shareholders (collectively, the “2020 Proxy Materials”).

The No-Action Request sets forth the bases for our view that the Proposal may be excluded from the 2020 Proxy Materials pursuant to: (i) Rule 14a-8(i)(10) because the Company has substantially implemented the Proposal and (ii) Rule 14a-8(i)(7) because the Proposal relates to the Company’s ordinary business operations. The Response Letter does not change the correct analysis that the Proposal is excludable pursuant to Rule 14a-8 and the Staff recently permitted exclusion of the exact same proposal on the grounds set forth in the No-Action Request. See Chevron Corp. (Mar. 20, 2020) (concurring on the exclusion of a proposal that requested a report describing if, and how, the company plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement’s goal of maintaining global temperature rise well below 2 degrees Celsius); and Exxon Mobil Corp. (Mar. 20, 2020) (same). Nevertheless, this letter addresses certain of the arguments raised in the Response Letter.

Pursuant to Staff Legal Bulletin No. 14D (November 7, 2008) (“SLB 14D”), we are submitting this letter to the Staff via e-mail at shareholderproposals@sec.gov. In accordance with Rule 14a-8(j) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), copies of this letter are concurrently being sent to the Proponents. We take this opportunity to inform the Proponents that if it elects to submit additional correspondence to the Staff or the Securities and Exchange Commission with respect to the Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company in accordance with Rule 14a-8(k) of the Exchange Act and SLB 14D.

ANALYSIS

As explained in the No-Action Request and below, we continue to believe that the Proposal, as drafted, has been substantially implemented by the Company with its existing public disclosures and is therefore excludable under Rule 14a-8(i)(10). Further, the Proposal may be excluded pursuant to Rule 14a-8(i)(7) because issuing a report...
including specific actions required by the Proponents in the Proposal would not materially add to the Company’s existing climate change initiatives and disclosures thereof and thus does not address a sufficiently significant policy issue that transcends the ordinary business of the Company, and impermissibly seeks to micromanage the Company by probing into matters of a complex nature upon which shareholders as a group, would not be in a position to make an informed decision.

I. The Proposal May Be Excluded Under Rule 14a-8(i)(10) Because the Company Has Substantially Implemented the Proposal

The Company’s No-Action Request clearly outlines the comprehensive and extensive disclosures by the Company that fulfill the essential objective of the Proposal and demonstrate that the Proposal has been substantially implemented. The Proposal is therefore excludable under Rule 14a-8(i)(10).

A. The Company’s Public Disclosures Have Substantially Implemented the Essential Objective of the Proposal by Affirmatively Answering that the Company Plans to Reduce Its Contribution to Climate Change in Alignment with the Paris Agreement

The Company’s comprehensive Public Disclosures (as defined in the No-Action Request) describe the Company’s plans to reduce its contribution to climate change in alignment with the Paris Agreement, as articulated in the No-Action Request and therefore have substantially implemented the essential objective of the Proposal.

On the very first page of the “Climate Change and Energy” section in the 2018 Sustainability Report (as defined in the No-Action Request) and as described in the No-Action Request, the Company unambiguously states that it “supports the aim of the Paris Agreement to limit global average temperature rise to well below 2°C (the “well below 2° C Goal”)” and as such, the Company has developed comprehensive business plans contemplating “actions it will undertake to continue reducing [its] carbon footprint consistent with the findings of the U.N. Intergovernmental Panel on Climate Change and the aim of the Paris Agreement (emphasis added)”, including “(i) setting and disclosing targets to reduce the carbon intensity of the Company’s operations, (ii) applying technological innovation and efficiency to decrease energy use and GHG emissions across the Company’s operations, (iii) accounting for the cost of carbon in significant new investments, (iv) incorporating carbon risk scenario analysis into [the Company’s] business planning cycle, and (v) working with government and industry partners to advance the development of a range of low-GHG emissions pathways, including technological advancements.” Elsewhere in the 2018 Sustainability Report, the Company reiterates that its “business planning includes actions…to continue reducing [its] carbon footprint in keeping with …the aim of the Paris Agreement.” As noted and referred to in the No-Action Request, the Company’s climate change initiatives are widely available on the sustainability page of its website and in its Reports (as defined in the No-Action Request). The 2018 Sustainability Report also discloses that the Company incorporates the International Energy Agency’s (“IEA”) Sustainable Development (“SD”) scenario, which is consistent with the aim of the Paris Agreement, into its climate change strategy and its long-term business strategy.

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1 See No-Action Request, pages 5-6.
2 See 2018 Sustainability Report, page 2.
3 See No-Action Request, page 4.
4 See No-Action Request, pages 6-7.
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The Proponents argue in the Response Letter that the Proposal “requires a statement of intent to align, or not, with the [well below 2°C Goal]”\(^5\) and that the Company has not substantially implemented the proposal because the Company does not answer with a “simple yes or no” whether it plans to align with the Paris Agreement’s central aim.\(^6\) However, it is well settled that the Company’s Public Disclosures do not need to use the Proposal’s exact language to address the Proposal’s essential objective. Existing disclosures that capture the essential objectives of a proposal without mirroring its exact language or scope may nevertheless establish that a company has substantially implemented the proposal. See Chevron Corp. (Mar. 20, 2020); Exxon Mobil Corp. (Mar. 20, 2020); Sempra Energy (Mar. 6, 2020) (concurring in the exclusion of a proposal that requested a report describing how the company is responding to the risk of stranded assets of current and planned natural gas-based infrastructure and assets, where the company’s sustainability disclosures had addressed the proposal’s essential objective, even if the company’s sustainability disclosures do not use the phrase “stranded assets” contemplated in the proposal); Hess Corp. (Apr. 11, 2019) (concurring in the exclusion of a proposal that requested the board adopt a “proxy access” bylaw with the procedures and criteria set forth where the board had adopted a proxy access bylaw that addressed the proposal’s essential objective, because the company’s existing and proposed policies have captured the essential objectives of a proposal even without mirroring its exact language or scope).

As described above and in the No-Action Request, the Company’s Public Disclosures substantially implement this aspect of the Proposal.

**B. The Company’s Public Disclosures Have Substantially Implemented the Essential Objective of the Proposal by Disclosing How the Company Plans to Reduce Its Contribution to Climate Change in Alignment with the Paris Agreement**

The Company’s Public Disclosures also describe its extensive and detailed business plans, strategies, targets and actions to reduce its contribution to climate change, consistent with the central aim of the Paris Agreement as articulated in the No-action Request.

Specifically, the Reports describe the Company’s climate change strategy that would prepare the Company to operate in a lower carbon environment.\(^7\) Pursuant to this strategy, the Company has adopted a GHG emissions intensity reduction target of 25% through 2020, which is aligned with the IEA’s SD scenario, which suggests that an overall emissions intensity reduction trajectory of approximately 21% would be required by 2030 to meet the central aim of the Paris Agreement.\(^8\) The Reports also disclose various initiatives to assess the resiliency of the Company’s operations and investments in a low carbon environment, including through a carbon asset scenario analysis that takes into account the IEA’s SD scenario and by accounting for carbon costs for significant new investments.\(^9\) The No-Action Request describes at length how the Company has reduced capital investments in high-cost assets and increased capital expenditures for, and investments in, sustainable technologies, initiatives and partnerships to develop its lower-cost assets which will prepare the Company to

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\(^6\) See Response Letter, page 2.  
\(^7\) See No-Action Request, pages 5-7.  
\(^8\) See No-Action Request, pages 10-11.  
\(^9\) See No-Action Request, pages 6-7.
operate in a low carbon environment, consistent with the Paris Agreement.10 The Company also supports scientific solutions to mitigate climate change, which could have impacts well beyond its own carbon footprint. In early 2020, the Company announced a gift to the Salk Institute’s Harnessing Plants Initiative, a research project to develop plant-based carbon capture and storage solutions using the global and vast scale of agriculture to absorb from the atmosphere and store potentially billions of tons of carbon per year in the ground.11 All of these actions, as described in the Reports and the No-Action Request, were undertaken by the Company to reduce its contribution to climate change and in support of the central aim of the Paris Agreement.12

The Proponents argue that the Company must address whether the measures undertaken “would be capable of achieving a scale, pace, and level of ambition that will reduce the Company’s full carbon footprint in alignment with [the well below 2°C Goal] (emphasis added)”13 and the Company needs to “plot a trajectory to achieving the Paris [goal] alignment”14 or to include disclosures to allow investors to determine if the Company “is capable of achieving (emphasis added)”15 alignment with the well below 2°C Goal. However, this is not consistent with a plain reading of the Proposal, and in fact, the Proponents readily admit in the Response Letter that “no Company knows exactly how it will align in the long term (emphasis added)”16.

As set forth in the No-Action Request, the Company can substantially implement the Proposal without taking the exact action requested by the Proponents. The Staff has provided no-action relief under Rule 14a-8(i)(10) when an issuer has substantially implemented a proposal even if the issuer did not take the exact actions requested by the proponent, did not implement the proposal in every detail or exercised discretion in determining how to implement the proposal. As described above and at length in the No-Action Request, the Reports not only provide the Company’s plans and efforts in reducing its carbon footprint in line with the emissions reductions necessary to meet the central aim of the Paris Agreement along with measures to accomplish those plans, but also quantitatively discloses its progress and achievements, thereby substantially implementing the Proposal. Proponents may disagree with the Company’s strategy or plans, or view those plans as inadequate, but that does not preclude a finding that the essential objective of the Proposal, that the Company disclose its plans to reduce its contribution to climate change consistent with the central aim of the Paris Agreement, has been substantially implemented.

As described above, the Company does not believe that the report requested by the Proponents would add meaningful information to the total mix of information already publicly available regarding the Company’s efforts to reduce its contribution to climate change in support of the central aim of the Paris Agreement. The essential objective of the Proposal, as drafted, is substantially met by the Company’s existing reporting. As a result, the Company has substantially implemented the Proposal. We respectfully request that the Staff concur with our view that the Proposal may be excluded pursuant to Rule 14a-8(i)(10).

10 See No-Action Request, pages 8-10.
12 See No-Action Request, pages 8-10.
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II. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Deals With Matters Related To The Company’s Ordinary Business Operations

A. Introduction

The Proponents’ attempts to recast the Proposal to require the Company to plot a trajectory to achieving alignment with the Paris Agreement, and specifically the IPCC’s recommendation of net zero by 2050, further support our analysis in the No-Action Request that the Proposal is excludable under Rule 14a-8(i)(7) because it micromanages the Company’s ordinary business operations. We continue to believe, and the Staff has consistently held, that a proposal micromanages the company by probing too deeply into matters of a complex nature when it prescribes the method and target for addressing emissions reductions and requests that the company change the manner it chooses assets to explore and develop and where to invest in product development, which is further addressed below.

B. The Fact that a Proposal Relates to Climate Change Does Not Preclude Exclusion on Ordinary Business Grounds

Staff Legal Bulletin No. 14k (Oct. 16, 2019) (”SLB 14K”) emphasizes that “the staff takes a company-specific approach in evaluating significance, rather than recognizing particular issues or categories of issues as universally significant (emphasis added)”. Accordingly, “a policy issue that is significant to one company may not be significant to another.” The Proponents argue that “it is well settled in Staff determinations that proposals addressing the subject matter of climate change fall within a significant policy issue that transcends ordinary business”17. However, as referenced in the No-Action Request, the Staff frequently allowed exclusion of proposals that concern the issue of climate change.18 See e.g., Exxon Mobil Corporation (Apr. 2, 2019) (allowing exclusion of a proposal requesting disclosure of greenhouse gas emissions targets in line with Paris Agreement goals); The Goldman Sachs Group, Inc. (Mar. 12, 2019) (allowing exclusion of a proposal requesting the company adopt a policy to reduce the carbon footprint of its loan and investment portfolios in alignment with the Paris Agreement, where the proposal was viewed to be imposing an “overarching requirement”); J.B. Hunt Transport Services, Inc. (Feb. 14, 2019) (allowing the exclusion of a proposal that requested a report on the company’s plan/progress in achieving company-wide, quantitative targets for lower GHG emissions); PayPal Holdings, Inc. (Mar. 6, 2018) (allowing the exclusion of a proposal requesting that the company prepare a report to shareholders that evaluates the feasibility of the company achieving by 2030 “net-zero” GHG emissions from parts of the business directly owned and operated by the company); EOG Resources, Inc. (Feb. 26, 2018) (allowing the exclusion of a proposal requesting that the company adopt company-wide, quantitative, time-bound targets for reducing GHG emissions and issue a report discussing its plans and progress towards achieving these targets); and Deere & Company (Dec. 27, 2017) (allowing the exclusion of a proposal requesting that the company prepare a report that evaluates the potential for the company to achieve “net zero” emissions of greenhouse gases by fixed future target date).

As the Staff has demonstrated, even if a proposal involves a significant policy issue, the proposal may nevertheless be excluded under Rule 14a-8(i)(7). The crucial component in determining whether the Proposal micromanages the Company is not the subject matter itself, but rather an evaluation of the manner in which the Proposal seeks to address the subject matter of climate change or whether the subject matter of climate change transcends the Company’s ordinary business. In SLB 14K, the Staff explains how “proponents and climate change have often focused on the overall significance of the policy issue raised by the proposal, instead of whether the

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... proposal raises a policy issue that transcends the particular company’s ordinary business operations.” The Proponents’ argue, incorrectly, that “the Proposal is not excludable…because it directly and solely focuses on a significant policy issue facing the Company and the economy: climate change.” However, the Proponents failed to show that the resolution at hand transcends ordinary business and we submit that it does not, and it is therefore excludable under Rule 14a-8(i)(7).

C. The Board and the Corporate Governance and Nominating Committee Are Well Situated to Determine Whether the Proposal Would Be Appropriate for a Shareholder Vote as Described in the No-Action Request

In SLB Nos. 14I (November 1, 2017) (“SLB 14I”) and 14J (October 23, 2018) (“SLB 14J”), the Staff noted that “evaluating whether a proposal transcends ordinary business matters often raises difficult judgment calls that are matters that the board of directors generally is well-situated to analyze (emphasis added)”. In this regard, “a well-developed discussion of the board’s analysis of whether the particular policy issue raised by the proposal is sufficiently significant in relation to the company can assist the staff in evaluating a company’s no-action request and, in turn, assist the company in demonstrating that it may exclude the proposal.”

The Company is mindful that the input of the Company’s board of directors (the “Board”) can assist the Staff and is significant to a company’s reliance on 14a-8(a)(7). As such, the Company would like to highlight the following information in the No-Action Request and the Public Disclosures that the Board and the Corporate Governance and Nominating Committee (the “Committee”) have determined:

- The Company’s existing climate change initiatives and energy policies are specifically tailored to its exploration and production business, which the Board and the Committee are in the best position to understand;
- The Proposal seeks to override the senior management’s judgment and considerations about the Company’s commitment to developing oil and gas resources in an environmentally responsible and sustainable manner;
- The Proposal essentially compels the Company to adopt targets that are not suitable for the Company’s core business, and therefore would probe into matters of a complex nature for which shareholders would not be in a position to make a well-informed decision; and
- The Company has substantially implemented comprehensive climate change strategy actions based on the Board’s knowledge and understanding of the various factors that affect the management of the Company’s operations.

The Board and the Committee believe that the Company has adopted a comprehensive climate change strategy and targets cost-effective GHG emissions reductions consistent with the central aim of the Paris Agreement and has disclosed key aspects of this strategy, and the level of attainment of targets included therein, in the Public Disclosures as described in the No-Action Request. As a result, adopting the Proposal’s request to issue a report including specific actions required by the Proponents in the Proposal would not materially add to the Company’s existing climate change initiatives and thus does not present a sufficiently significant policy issue that transcends the ordinary business of the Company.

D. The Proposal in Its Entirety Seeks to Micromanage the Company

In SLB 14K, the Staff noted that, in evaluating arguments under the micromanagement prong of Rule 14a-8(i)(7), it conducts an assessment of the level of “prescriptiveness” of the proposal. The Staff stated,
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“[n]otwithstanding the precatory nature of a proposal, if the method or strategy for implementing the action requested by the proposal is overly prescriptive, thereby potentially limiting the judgment and discretion of the board and management, the proposal may be viewed as micromanaging the company.” Therefore, an evaluation of the manner in which the Proposal seeks to address the subject matter of climate change, rather than the subject matter of climate change itself, is critical to the analysis of whether the Proposal micromanages the Company. The Proponents maintain that the Proposal’s request contains “discretionary provisions” and therefore does not constitute micromanagement. However, when assessing the level of “prescriptiveness” of the Proposal, the Proposal cannot be read as deferring to management’s discretion.

This is on display in the Response Letter, where the Proponents state that “[a]s noted in the Proposal, the IPCC has instructed that global emissions of carbon dioxide must reach net zero by 2050 to align with the Paris Agreement’s goal (emphasis added)” and that the Company has not substantially implemented the Proposal because its disclosures are “insufficient to plot a trajectory to achieving Paris Alignment.”19 This type of time-bound target is exactly what the Staff indicates as micromanagement in SLB 14K. The Proponents also emphasize “the Proposal’s objective of alignment with the Paris goal is particularly important (emphasis added)”20. The Proponents are unambiguous when it comes to what they seek from the Company’s disclosures when they state, “there is no indication in any of the disclosures that the company has an actual plan in place to undertake activities at the scale and pace needed to align with the Paris goal (emphasis added)”.21 Additionally, the Proponents submit that, “in ordinary life, being ‘committed to’ an outcome is not equivalent to having a plan to fully accomplish it (emphasis added)”,22 essentially suggesting that only if the Company adopts the specific actions that the Proponents state in the Proposal, the Company would have an actual plan to accomplish complete alignment with the Paris Agreement.

The Proponents’ arguments in the Response Letter indicate that the Proposal is prescriptive and is akin to the proposals, such as Devon, where the Staff permitted exclusion on the basis that the proposal would require the Company to adopt targets aligned with the goals established by the Paris Agreement. See Devon Energy Corp. (Mar. 4, 2019, recon. denied Apr. 1, 2019) (allowing the exclusion of a proposal that “requests an intricately detailed and complex report on emission targets” and “the report would require [company] management to subject its daily operational strategies and business judgments regarding drilling and production levels, among other ordinary business operations, to company-wide, time-bound quantitative targets…,” thereby “replac[ing] the informed balancing of… factors that directs [company] management’s daily decisions”); PayPal Holdings, Inc. (Mar. 6, 2018); and Deere & Company (Dec. 27, 2017).

As discussed in the No-Action Request, the Company has taken actions on three out of the four criteria described in the Proposal for alignment with the Paris Agreement, including disclosing reduction of emissions, setting aggressive targets to reduce GHG emissions, methane and flaring, developing business plans and strategy consistent with the well below 2° C Goal, and reducing its carbon footprint.23 The actions and outcomes that the Proponents specify in the Proposal are not the only ways that the Company can address how to reduce its contribution to climate change to align with the Paris Agreement. In arguing that the Company must implement specific actions in order to be considered “aligned” with the Paris Agreement, the Proponents do not defer to the management’s discretion. Since the Proposal prescribes these specific actions that the Company’s

19 See Response Letter, pages 8 and 12.
23 See No-Action Request, page 14.
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management or the Board must undertake without affording sufficient flexibility or discretion, the Proposal micromanages the Company to such a degree that exclusion of the Proposal should be warranted.

We respectfully request that the Staff concur with our view that the Proposal may be excluded pursuant to Rule 14a-8(i)(7).

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CONCLUSION

Based upon the analysis set forth in the No-Action Request, as supplemented hereto, we respectfully request that the Staff concur with our view that the Company may properly omit the Proposal from its 2020 Proxy Materials in reliance on Rule 14a-8. Should the Staff disagree with this conclusion, we would appreciate the opportunity to confer with the Staff prior to the issuance of the Staff's response.

Please do not hesitate to contact me at (212) 819-8509 or djohansen@whitecase.com if you have any questions or require any additional information.

Very truly yours,


Attachments

cc: Barry Schachter, Hess Corporation
Danielle Fugere, As You Sow
Roberta M. Norman, Interim Co-Director and Finance Director, Park Foundation, Inc. (c/o As You Sow)
Brian Kariger, Trustee, Brian Patrick Kariger Revocable Trust (c/o As You Sow)
Exhibit A

See Attached
Via electronic mail

March 5, 2020

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Hess Corporation
Omission of Shareholder Proposal Submitted by Park Foundation
Securities Exchange Act of 1934 – Rule 14a-8

Ladies and Gentlemen:

Park Foundation, Inc. and Brian Patrick Kariger Revocable Trust (the “Proponents”) are beneficial owners of common stock of Hess Corporation (the “Company”) and have submitted a shareholder proposal (the “Proposal”) to the Company. I have been asked by the Proponents to respond to the letter dated February 4, 2020 ("Letter") sent to the Securities and Exchange Commission by David Johansen, White & Case LLP. In that letter, the Company contends that the Proposal may be excluded from the Company’s 2020 proxy statement.

I have reviewed the Proposal, as well as the letter sent by the Company, and based upon the foregoing, as well as the relevant rules, the Proposal must be included in the Company’s 2020 proxy materials and that it is not excludable under Rule 14a-8. A copy of this letter is being emailed concurrently to David Johansen.

SUMMARY

The Proposal asks the Company to issue a report describing “if and how” it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement’s goal of maintaining global temperatures well below 2 degrees Celsius (Paris goal). The supporting statement seeks information, at board and management discretion, on the relative benefits and drawbacks of adopting greenhouse gas reduction targets for the Company’s full carbon footprint including product-related emissions, reducing capital investments in fossil fuel development that are non-Paris aligned, and investing in renewable energy resources or other carbon reduction measures.

Substantial implementation Rule 14a-8(i)(10) - The essential objective of the Proposal is to understand “if, and how,” Hess plans to align its total carbon emissions with the Paris Agreement’s goal of maintaining global temperatures well below 2 degrees Celsius (Paris
The Company Letter asserts that the Proposal is substantially implemented by the Company’s existing disclosures.

Both the essential purpose and the guidelines of the Proposal are delineated by the Resolved clause of the proposal which asks the Company to report “if and how” the Company plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement’s goal of maintaining global temperature rise well below 2 degrees Celsius. While the Company need not fulfill every detail of the guidelines, the Company has the burden of demonstrating that the Proposal’s essential objective is met and the burden of demonstrating the availability of any exemptions. See 17 C.F.R. § 240.14a-8(g)

In this instance, the Company’s existing reporting neither meets nor approximates the essential purpose or guidelines of the proposal. Its existing disclosures obfuscate rather than answer the core question of the proposal. The question of “if” the Company plans to align with the Paris goal can be answered by a simple “yes” or “no” from the Company. According to the Company Letter, “the Company is committed to reducing its contribution to climate change and aligning its operations and investments with the well below 2° C Goal.” Yet, the Company Letter does not suggest or claim that it discloses “how” it plans to achieve alignment with the Paris goal. In fact, the Company’s existing disclosures involve discussion of a series of measures that will reduce a subset of its emissions, but describes no intent, commitment, documentation, or plan outlining how these measures will reduce its total greenhouse gas emissions at the scale and pace necessitated by the Paris goal. Existing disclosures are unresponsive to the Proposal and do not substantially implement it.

Micromanagement Rule 14a-8(i)(7) - The Company Letter asserts that the Proposal micromanages within the meaning of recent Staff guidance. However, the proposal rigorously seeks disclosures from the Company, not specific action. Requests for disclosure do not micromanage a company and are described as an appropriate approach under Staff Legal Bulletin 14 K. Anadarko Petroleum Corp. (Mar. 4, 2019)

THE PROPOSAL

WHEREAS: The Intergovernmental Panel on Climate Change research instructs that global emissions of carbon dioxide must reach "net zero" by 2050 to avoid catastrophic impacts associated with a warming climate. If warming is kept to 1.5 degrees Celsius versus 2 degrees, studies point to estimated savings of $20 trillion to the global economy by 2100.

The energy industry is one of the largest contributors to climate change, and Hess’s emissions are significant. Hess’s future investment choices matter. Every dollar invested in fossil fuel resources that are not aligned with Paris goals increases risk to the economy and investor portfolios.

1 The resolved clause states: Shareholders request that Hess issue a report (at reasonable cost, omitting proprietary information) describing if, and how, it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement’s goal of maintaining global temperature rise well below 2 degrees Celsius.
Investors recognize this growing risk. Norway’s sovereign wealth fund announced divestment from oil and gas exploration and production companies. The European Investment Bank and the World Bank announced they will cease funding fossil fuel projects. Other investors are seeking Paris Alignment from large emitters. Criteria for alignment include: disclosure of Scope 1 through 3 emissions; adoption of a net zero by 2050 or equivalent target; a business plan for becoming Paris Aligned; and a declining carbon footprint.

A growing number of oil and gas companies are taking steps to align with Paris goals. Shell announced Scope 3 greenhouse gas intensity reduction ambitions and has decreased reserves life below the industry standard of 10 years. Total has invested substantially in renewable energy and storage. Equinor rebranded itself from “StatOil” and is diversifying into renewables. Orsted, previously a Danish oil and gas company, sold its fossil fuel portfolio. Repsol announced a net zero by 2050 target, writing down over $5 billion of unaligned assets.

Hess’ greenhouse gas reduction goals are short term, limited to certain operations, do not address Scope 3 emissions, and are intensity based. Intensity targets, while an important step, increase efficiency, but do not ensure reductions in the company’s total carbon footprint. Hess has no long term business plan to align operations with Paris 1.5 degree goals, and absolute operated greenhouse gas emissions from assets that Hess currently holds increased each year from 2016 to 2018.

Investors seek additional information to address these concerns.

**BE IT RESOLVED:** Shareholders request that Hess Corporation issue a report (at reasonable cost, omitting proprietary information) describing if, and how, it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement’s goal of maintaining global temperature rise well below 2 degrees Celsius.

**SUPPORTING STATEMENT:** Shareholders seek information, at board and management discretion, on the relative benefits and drawbacks of adopting the following actions:

- Adopting greenhouse gas emission reduction targets for the company's full carbon emissions.

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3 https://climateaction100.wordpress.com/faq/
5 https://www.bloomberg.com/opinion/articles/2019-06-05/shell-spending-plans-show-oil-s-end-is-no-longer-talk
footprint, inclusive of product-related emissions;
• Reducing non-Paris aligned capital investments in oil and/or gas resource development;
• Investing at scale in low carbon energy or other greenhouse gas emission reduction
measures.

BACKGROUND

In October 2018, the Intergovernmental Panel on Climate Change (IPCC) released a report
reassessing the trajectory of global warming and instructing that global emissions of carbon
dioxide must reach "net zero" by 2050 to maintain warming at 1.5 degrees. It further
described the large difference in damage to habitability of the earth caused by relative increases
of temperature between 1.5°C and 2°C. Maintaining warming under 1.5°C rather than 2°C is
predicted to avoid an estimated $20 trillion in global damages.8

As a result of rising global temperatures, the world is experiencing unprecedented and extreme
weather events and disruptions. These events are predicted to occur with even greater frequency
and impact as the world warms. Capital markets have begun to register this climate change crisis.
Some of the largest and most influential actors in finance are mobilizing around the need to
better assess the risks that climate change pose to the global economy and investor portfolios.
BlackRock, the world’s largest asset manager, with over $7 trillion in assets under management,
recently issued a report in which CEO Larry Fink stated “the evidence on climate risk is
compelling investors to reassess core assumptions about modern finance.”9 JPMorgan Chase,
one of the largest banks in the world, has warned that extreme risks from climate change could
have adverse effects on the economy and investors as “catastrophic outcomes where human life
as we know it is threatened” cannot be ruled out.10

In early 2020, the Church of England and FSTE Russell created an index that includes
companies working to align greenhouse gas emissions with the Paris Agreement and bars
companies that are not.11 The Net-Zero Asset Owner Alliance, with nearly $4 trillion in assets
under management, aims to align its portfolio with a below 2 degree scenario.12 At the end of
2019, 33 banks with $13 trillion in assets signed the U.N. Principles for Responsible Banking
committing to align business with the Paris Agreement,13 an outcome that will affect oil and gas
companies’ access to capital, while a nearly $40 billion pension fund -- Brunel Pension
Partnership -- stated plans to vote against board members or divest from firms that are not
aligning with the Paris Agreement.14

8 https://www.nature.com/articles/s41586-018-0071-9.epdf?referrer_access_token=5FOtF 6T JgTTW8pInTKO9RgN0jAjWel9jnR3ZoTv0OskypFEzLGii1pAcPpJpRU
12 https://www.unepfi.org/net-zero-alliance/
The Climate Action 100+ initiative, a group made up of investors with more than $41 trillion in assets under management, is asking the 100+ largest greenhouse gas emitting companies to reduce their greenhouse gas emissions in line with the Paris goal, among other requirements.\textsuperscript{15}

Another key investor initiative seeking disclosures and actions similar to the proposal is the Transition Pathway Initiative (TPI), a global initiative led by asset owners and supported by asset managers. Established in January 2017, TPI investors now collectively represent over $9.3 trillion of assets under management. On an annual basis, TPI assesses how companies are preparing for the transition to a low-carbon economy and quantitatively benchmarks companies’ carbon emissions against the international targets and national pledges made as part of the Paris Agreement. \textit{As noted in the proposal, TPI’s findings indicate that Hess’ carbon intensity trajectory is far above Paris goals.}\textsuperscript{16} Thus, the Proposal seeks to find out if and how the company intends to come into alignment.

**Hess Strategy & Reporting**

Oil and gas companies are major contributors to global warming. Reducing their carbon footprints in line with the Paris goal of maintaining global temperatures well below 2\(^{\circ}\)C will require substantial changes in their business model, a process that requires long planning horizons and implementation timelines.

As noted in the Proposal, some leading oil and gas companies have already announced policies to reduce their climate footprints and to begin aligning with the Paris goal in various ways, including setting full scope 1 through 3 emissions goals, setting product carbon intensity reduction targets, investing in solar and/or wind energy, and selling or writing down oil and gas assets. Eni is the latest oil and gas company to announce an intent to dramatically limit its full carbon footprint by 2050.\textsuperscript{17} These industry actions were set in motion in part by shareholder engagements and proposals. Having set the bar for oil and gas companies as alignment with the Paris goal, shareholders now seek to benchmark large emitting oil and gas companies’ progress in reducing emissions in line with the Paris goal, thereby decreasing risk to companies and to the climate.

In the face of global climate change and the Paris Climate Agreement, two major strategic questions face every company that is deeply invested in fossil fuels:

1. What are the risks to the company associated with remaining on the current path of

\textsuperscript{15} https://climateaction100.wordpress.com/companies/

\textsuperscript{16} https://www.transitionpathwayinitiative.org/tpi/companies/hess

\textsuperscript{17} The Company plans to reduce its total emissions, including Scope 3 emissions, by 80\% by 2050. Although not net zero, its total emissions reductions are clear to investors and not limited to operational emissions. https://www.eni.com/en-IT/media/press-release/2020/02/long-term-strategic-plan-to-2050-and-action-plan-2020-2023.html; see also https://www.reuters.com/article/us-eni-plan/eni-targets-oil-output-peak-in-clean-energy-drive-idUSKCN20M0QP
2. Whether to take responsibility for reducing the company’s climate footprint at the scale and pace necessary to reach global goals to contain the increase in warming?

To date, Hess has focused on discussing the first question in its 2018 Sustainability Report where it discusses risk reduction scenarios and strategic assessments of demand.\(^{18}\) The Company objects to taking responsibility for its product-related emissions by reporting it has “no direct control over Scope 3 emissions.”\(^{19}\) This suggests that it does not intend to answer the second question affirmatively. Rather than infer an intent, however, shareowners are asking the Company to be clear about whether it intends to align with the Paris goal.

Most large oil and gas companies have reports addressing the risk that climate change poses to their companies, providing a set of measures for reducing certain of the company’s greenhouse gas emissions, and discussing various climate strategies, concerns, and rationales for taking or not taking specific actions. Shareholders filed the first proposal asking for a carbon risk report in 2012 with Consol Energy. Exxon produced the world’s first carbon risk report in 2014 and has updated it over time to address shareholder concern about climate risk to the company. These carbon risk proposals, and company responses to them, have provided an important resource to increase company and shareholder understanding of the climate risks facing companies and how they can act to reduce company risk.

Over the past three years, however, as climate change impacts have escalated dramatically, many shareowners have become concerned about continued company emissions that are negatively impacting the climate and creating risk to shareholder portfolios, among other critical impacts. Shareholders have thus begun to ask the largest emitting companies, including oil and gas companies, to report whether they plan to reduce their carbon footprints in alignment with the Paris goal of maintaining global climate change well below 2 degrees Celsius, with a focus on not increasing global temperatures above 1.5 degrees Celsius.

Seeking information on company alignment with the Paris goal, across the spectrum of companies with the largest emissions, is a way for investors to be clear about company emissions and where they are headed, with the purpose of investing in those companies that are supporting the goal of maintaining global temperature rise at the low end of the harm scale. Paris alignment, as defined by shareholders, creates a way to benchmark companies’ progress in reducing impacts to the global economy, including impacts to shareholders’ portfolios.

The request that companies should report on their alignment with the Paris goal is new, and made to build upon the foundation of climate risk reporting such as the report produced by Hess. Providing the information requested in this Proposal will take the next step, enabling investors to

readily and comparably distinguish those companies that are in alignment, or moving toward alignment, with the global Paris goal from those that are not, informing their investment decisions.

The simple “if and how” formulation of the Proposal, which has been filed at a number of other oil and gas companies, represents a private ordering effort to assist shareowners throughout the economy in making informed choices about the companies in which they invest, and to help them to shape portfolio strategy in line with the Paris goal.

ANALYSIS

I. THE PROPOSAL IS NOT SUBSTANTIALLY IMPLEMENTED.

To demonstrate substantial implementation pursuant to Rule 14a-8(i)(10), a Company must demonstrate that its actions compare favorably with the guidelines and essential purpose of the Proposal. The Staff has noted that a determination that a company has substantially implemented a proposal depends upon whether a company’s particular policies, practices, and procedures compare favorably with the guidelines of the proposal. Texaco, Inc. (Mar. 28, 1991). Substantial implementation under Rule 14a-8(i)(10) requires a company’s actions to have satisfactorily addressed both the proposal’s guidelines and its essential objective. See, e.g., Exelon Corp. (Feb. 26, 2010). The purpose of 14a-8(i)(10), to avoid entertaining shareholder proposals addressing matters which have already been favorably acted upon by management, should be considered in conducting a substantial implementation analysis.20 The present Proposal does not constitute such an instance.

Here, the Company has neither substantially fulfilled the guidelines nor the essential purpose of the Proposal, and therefore the Proposal cannot be excluded.

The Resolved clause requests that the Company describe if and how it plans to reduce its total contribution to climate change and align its operations and investments with the Paris goal. This requires a statement of intent to align, or not, with the Paris Agreement’s below-two degree goal and a description of how the Company’s plans and policies are in alignment with that goal over the relevant time period.

In fact, the Company Letter discloses for the first time that the Company’s management concluded and the Corporate Governance and Nominating Committee supported that “the Company is committed to reducing its contribution to climate change and aligning its operations and investments with the well below 2° C Goal.” This statement in the Company Letter does not fulfill the Proposal’s objective. The Company has no other publications that state an intent to align with the below 2° C goal and the statement is not clear as to whether the Company will, contrary to its current disclosures, take responsibility for the vast majority of the Company’s carbon footprint: its product emissions. Further, the statement does not describe “how” it will do

so. The Company could and should follow the announcement in the Company Letter with the Proposal’s requested disclosures demonstrating the extent of its commitment and how it plans to achieve it.

The Company’s existing disclosures also do not meet the objectives of the Proposal. They do not offer a concrete plan outside of its current operational emissions reductions goals and its reference to technologies that might or might not economically scale or timely achieve necessary reductions. The fact that the Company provides information that addresses the broad subject matter of the Proposal (climate change), but obscures and avoids the central question of the proposal (if it intends to reduce its full GHG emissions in alignment with the Paris goal) cannot be said to have substantially implemented the Proposal.

The Company’s implicit argument is that because it has various greenhouse gas reduction policies in place, no matter how minor, it is therefore aligned with the Paris Agreement. The Company confuses the general aim of the Paris Agreement (greenhouse gas reductions) with the actual Paris goal of delivering emissions reductions to maintain global temperatures well below 2 degree Celsius (i.e., 1.5 degrees). As noted in the Proposal, the IPCC has instructed that global emissions of carbon dioxide must reach net zero by 2050 to align with the Paris Agreement’s goal.

The Company’s existing disclosures indicate, possibly, that the Company’s emissions are heading in a similar direction to the Paris goal -- but not that it intends to do so across its full greenhouse gas footprint or at the pace and scale of activity required to attain the below two degree goal.

Proponents submit that, in ordinary life, being ‘committed to’ an outcome is not equivalent to having a plan to fully accomplish it. Where, as here, investors seek disclosure on a specific issue, the Company cannot point to directional commitments and partial measures such as ‘GHG emission and flaring intensity reduction targets’, ‘reducing operational flaring’, or ‘energy efficiency’ to imply alignment with the specific Paris goal.

The Proposal’s objective of alignment with the Paris goal is particularly important to institutional investors with long term investment horizons, as well as their beneficiaries who rely on a stable economy to generate benefits; to universal investors whose portfolios are diversified across the economy and are benefitted by actions that ensure systemic stability and economic growth; and, finally, to investors who want to assure a stable and secure world, without catastrophic harms to people and planet. It is also a very different objective from that of the Company’s Reports, which assess its own climate risk and generally discuss why it will stay the course of business as usual with minor greenhouse gas reductions.

**Hess’ Reporting**

Hess has produced a 2018 Sustainability report with a climate change section that describes how the Company intends to meet the world’s growing demand for energy, while reducing
environmental impacts and the risks of climate change. The climate change section in the 2018 Sustainability report describes scenario risk analysis and outlines various metrics and targets it has put in place to reduce greenhouse gas emissions from its operations. This Report addresses many important issues related to climate change and is useful to shareowners, but does not answer the fundamental objective of the Proposal.

The furthest the Company Letter goes is to state, on page five of the company’s no action request, that the Company supports the aim of the Paris agreement to limit global temperature rise to well below two degrees, and, apparently decoupled from that temperature goal, that senior leadership have set aggressive targets for GHG emissions reduction. Then on page 12, it discloses for the first time, to our knowledge, that “the Company is committed to reducing its contribution to climate change and aligning its operations and investments with the well below 2°C Goal.” There is no indication in any of the disclosures that the company has an actual plan in place to undertake activities at the scale and pace needed to align with the Paris goal.

In demonstration of emissions reduction efforts, Hess’ Letter cites to a sampler of actions in its 2018 Sustainability report that include ‘carbon offsets,’ ‘reducing flaring,’ ‘natural gas capture,’ and ‘reducing energy use’ and concludes that these are sufficient to meet the Proposal’s objective. Yet, these various operational emissions reductions are only a small part of the Company’s full climate footprint, and the Company has disclaimed any goals or plans to substantially reduce the largest part of its total carbon footprint -- its product emissions.21

The 2018 Sustainability report and other Reports offered by the Company lack any statement of “if” the Company intends to align its total carbon footprint with the Paris goal, or not. In the Letter, the Company states that it “supports the aim of the Paris Agreement to limit global average temperature rise to well below 2°C” but the question at the core of the Proposal remains unaddressed: does the Company believe its strategy is in alignment with the Paris goal or not?

The Company’s Disclosures Do Not Describe How the Company Plans to Reduce its Total Contribution to Climate Change in Alignment with the Paris goal.

Neither the arguments in the Company Letter, nor the information provided by the Company’s reporting, state a Company intent to do more than undertake certain measures to reduce a portion of the greenhouse gas emissions generated by its direct operations.

The Company cannot effectively claim that its disclosures are responsive to the proposal based on its flaring and intensity reduction goals, which will have a minimal impact. In its 2018 Sustainability Report, the Company points to its short-term “2020 goal to achieve a 25 percent reduction in GHG emissions intensity” and a “2020 goal to reduce flaring intensity (standard cubic feet per BOE) by 50 percent.” It does not point out, either in the Letter or in its Reports, that these measures will not achieve significant reductions in its total carbon footprint. Rather, by definition, the percentage reductions of those goals are applied only to Scope 1 and 2 operational

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21 The Company actively rejects taking responsibility for its Scope 3 product emissions. (Company Letter).
emissions, which constitute less than 9% of the Company’s total emissions.\textsuperscript{22,23} Thus, even if the company were to achieve 50% reductions through both measures (which it does not plan to do), it would achieve only 4.5% reduction of its total carbon footprint from these measures. Such marginal improvements will have minimal positive impacts on its long-term absolute emissions. Moreover, it is likely that the Company’s disclosures regarding these planned reductions which sound large, but are not, will mislead investors who fail to understand their relative significance.

Based on the small amount of reductions to be achieved by 2020, if the Company were to claim that the answer to “if” is yes, then this raises the question of how the Company plans to account for the emissions that remain, which are the vast majority of its emissions. In the Letter the Company states that it is “undertaking a strategy refresh to update its emission reduction targets” but has disclosed no information to indicate that it has or will have a program to reduce emissions along the timelines necessary to align with Paris goals, including accepting responsibility for its product emissions.

In the Letter, Hess also gives a list of various investments and actions the Company is undertaking that might lower emissions. These include: “Over $3 billion invested in midstream infrastructure in North Dakota to increase gas capture rates;” “Investing in emissions-reducing technologies;” “Avoiding natural gas flaring emissions in Guyana;” “Investing in renewable energy” for 39% of purchased electricity in 2018; “Carbon offset” for business travel emissions; “Investing in scientific solutions to mitigate climate change” for carbon removal in agriculture; “Reducing diesel consumption in North Dakota;” “Reducing methane emissions with LDAR program;” and “Portfolio transformation to support low-carbon strategies.” But Hess has disclosed no information to indicate the amount of emissions reductions to be achieved by each of these projects, most of which appear to reduce Scope 1 and 2 emissions, or that it is feasible to scale the scientific solutions it mentions (carbon reduction in agriculture) or the portfolio transformation (no description) along the timelines necessary to align with Paris goals. The reductions achieved by these actions are likely a small percentage of the Company’s total GHG emissions. From the Company’s Reports, it is impossible to conclude that these activities are being invested in or would be capable of achieving a scale, pace, and level of ambition that will reduce the Company’s full carbon footprint in alignment with global goals of well below 2°C.

Hess states in the Letter that it believes that by “investing in oil and natural gas today, it will be in a position to create long-term value for its shareholder while bridging the way to a lower-carbon environment.” Hess’ announced decision to “focus on developing its oil and gas assets” suggests that it will continue to expand oil and gas operations, further exacerbating its impact on

\textsuperscript{22} A company’s carbon footprint accounts for the total greenhouse gases produced by a company inclusive of direct Scope 1 (operational emissions), indirect Scope 2 (energy use emissions), and Scope 3 (product & other indirect emissions). \url{https://ghgprotocol.org/scope-3-technical-calculation-guidance}. If the Company were to fully eliminate its operational emissions, which is impracticable, approximately 75-80% or more of its carbon footprint would remain. \url{https://www.wri.org/resources/data-visualizations/upstream-emissions-percentage-overall-lifecycleemissions} This full carbon footprint is the subject matter of this Proposal.

\textsuperscript{23} According to disclosed Scope 1-3 emissions data from the Hess 2019 CDP Climate Change Questionnaire it is estimated that Scope 3 emissions account for 91-92% of total emissions for the Company. \url{https://www.hess.com/docs/default-source/sustainability/hess-cdp-final.pdf}
the climate. Because the Company alludes to a continued trajectory of significant greenhouse gas emissions for decades into the future, the questions of “if” and “how” the Company intends to align with the Paris Agreement are of profound importance to investors.

The Letter also notes that the Company’s scenario analyses include “existing energy policies as well as policies and targets announced by governments…” and further ambitions for the IEA SD scenario. While considering the possible risks of future climate change policies is important in mitigating risk to the company, it is an insufficient basis for reporting that the Company is aligning its total carbon footprint with the Paris goal as requested by the Proposal, or for demonstrating how it would plan to do so.

The chart provided in the Letter on page 5 is equally uninformative as to the Company’s intent to align with the Paris goal or not. Nowhere does the referenced information provide the clarification or response to the two questions raised in the Proposal – does the Company intend to align its total carbon footprint with the Paris goal as defined in the Proposal and, if so, how?

We note that no company knows exactly how it will align in the long term, but a clear affirmative response to “if” it intends to align and a discussion of “how” it plans to align with the goal is a necessary outcome. This would correspond to the commitments made by peer oil & gas companies – statement of intent to align, statement of total emissions, quantification of how emissions will be reduced through current goals, and how the Company broadly plans to reduce the remaining emissions at a scale and pace likely to achieve the long term component of the Paris goal.

Instead, when it comes to the fundamental questions raised by the proposal, the Company’s reporting is silent.

Hess’ Letter also points to its “transparency through its public disclosures and environmental performance” and notes that it has “been recognized by several third-party survey rankings.” This distracts from the essential objective of the Proposal. Hess may well be transparent with some disclosures, but on the topic of emissions reductions and alignment with the Paris Agreement, it is not performing. Reference to these rankings is of no import to the question that the Proposal poses.

Hess presents the argument that there will be “possible shortage of supply in the future” of oil and gas due to underinvestment. It further states “neither of the IEA Scenarios envision a future energy economy free from the use of fossil fuel resources…” The Company states that to help prepare for this future it “applies a theoretical carbon price of $40 per ton of carbon dioxide… for significant new projects.” The Proposal does not ask for or require an end to production of oil and gas, but asks if and how the Company is transitioning to align with the Paris goal. The scenario analyses referenced by the Company and the carbon pricing it uses say nothing about whether the company has planned affirmative greenhouse gas emissions reductions in line with the Paris goal. A carbon price can be applied by the Company and it can continue to expand its emissions. Thus, such actions are superfluous to fulfilling the Proposal.
The examples provided in the Letter that according to the Company “address the Company’s plans to reduce its contributions to climate change” are insufficient to plot a trajectory to achieving Paris alignment.

None of its actions or disclosures clarify for investors whether the Company plans to reduce emissions in alignment with the Paris goal. The Proposal is therefore not excludable pursuant to Rule 14a-8(i)(10).

II. THE PROPOSAL DOES NOT MICROMANAGE.

A. The Proposal addresses a significant policy issue that transcends ordinary business.

The Proposal is not excludable under Rule 14a-8(i)(7) because it directly and solely focuses on a significant policy issue facing the Company and the economy: climate change. The Proposal moreover focuses on an essential aspect of this issue for shareholders – whether the Company plans to reduce its investments and loans in projects that maintain or increase global greenhouse gas emissions. The Company attempts to portray the Proposal as “imposing upon the Company specific actions” or “impos[ing] specific methods for implementing complex policies” to reduce its contribution to climate change and align with the Paris goal (Company Letter, page 14). This is a misrepresentation of the Proposal, which, as described below, in fact appropriately preserves Board discretion and flexibility. As the Proposal focuses upon this significant policy issue, and does not specify the manner in which the Company should address the policy issue, the Proposal is not excludable on the basis of Rule 14a-8(i)(7).

It is well settled in Staff determinations that proposals addressing the subject matter of climate change fall within a significant policy issue that transcends ordinary business. Numerous prior Staff decisions at energy companies have made it clear that the kind of analysis sought in the Proposal is appropriate and not excludable based on the doctrine of micromanagement — the Staff has previously concluded that a wide array of shareholder interventions at energy companies, asking them to explain their alignment with global climate goals, were not excludable as ordinary business or as micromanaging.

For example, in Chevron Corporation (March 28, 2018) the Staff did not allow the Company to exclude a proposal that requested a report describing how the Company could adapt its business model to align with a decarbonizing economy by altering its energy mix to substantially reduce dependence on fossil fuels, including options such as buying, or merging with, companies with assets or technologies in renewable energy, and/or internally expanding its own renewable energy portfolio, as a means to reduce societal greenhouse gas emissions and protect shareholder value. Similarly, in Entergy Corporation (March 14, 2018) the non-excludable proposal asked the company to prepare a report describing how the Company could adapt its enterprise-wide business model to significantly increase deployment of distributed-scale non-carbon-emitting electricity resources as a means of reducing greenhouse gas emissions consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels. Other examples
include Hess Corporation (February 29, 2016) where the proposal requested that the company prepare and publish a report disclosing the financial risks to the company of stranded assets related to climate change and associated demand reductions, and Exxon Mobil Corporation (March 12, 2007)(proposal asking board to adopt policy significantly increasing renewable energy sourcing globally not excludable as ordinary business).

These examples follow a wide array of other climate related decisions by the Staff, finding a significant policy issue and denying exclusion on climate proposals. See, e.g., DTE Energy Company (January 26, 2015), J.B. Hunt Transport Services, Inc. (January 12, 2015), FirstEnergy Corp. (March 4, 2015)(proposals not excludable as ordinary business because they focused on reducing GHG and did not seek to micromanage the company); Dominion Resources (February 27, 2014), Devon Energy Corp. (March 19, 2014), PNC Financial Services Group, Inc. (February 13, 2013), Goldman Sachs Group, Inc. (February 7, 2011)(proposals not excludable as ordinary business because they focused on significant policy issue of climate change); NRG Inc. (March 12, 2009)(proposal seeking carbon principles report not excludable as ordinary business); General Electric Co. (January 31, 2007) (proposal asking board to prepare a global warming report not excludable as ordinary business). Moreover, Staff Legal Bulletin 14H has made it clear that if a proposal addresses in its entirety a significant policy issue like climate change, it can certainly request information about “nitty-gritty” business matters that are directly related to that subject matter.32

The Company incorrectly characterizes the issues raised in the Proposal here as ordinary business and asserts that the request would impermissibly interfere with core matters involving the Company’s complex operational and business decisions. This argument holds no water. The Staff has made the standard for evaluating the relationship between a “subject matter” such as climate change, and business matters very clear.25 A proposal which is squarely focused on a significant policy issue, and for which there is a clear nexus to the Company, will not be found to be excludable under Rule 14a-8(i)(7).

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24 Staff Legal Bulletin No. 14H (October 2015), section C. Rule 14a-8(i)(7)
25 See, Staff Legal Bulletin 14E, Oct. 27, 2009. “On a going-forward basis, rather than focusing on whether a proposal and supporting statement relate to the company engaging in an evaluation of risk, we will instead focus on the subject matter to which the risk pertains or that gives rise to the risk. The fact that a proposal would require an evaluation of risk will not be dispositive of whether the proposal may be excluded under Rule 14a-8(i)(7). Instead, similar to the way in which we analyze proposals asking for the preparation of a report, the formation of a committee or the inclusion of disclosure in a Commission-prescribed document — where we look to the underlying subject matter of the report, committee or disclosure to determine whether the proposal relates to ordinary business — we will consider whether the underlying subject matter of the risk evaluation involves a matter of ordinary business to the company. In those cases in which a proposal's underlying subject matter transcends the day-to-day business matters of the company and raises policy issues so significant that it would be appropriate for a shareholder vote, the proposal generally will not be excludable under Rule 14a-8(i)(7) as long as a sufficient nexus exists between the nature of the proposal and the company. Conversely, in those cases in which a proposal's underlying subject matter involves an ordinary business matter to the company, the proposal generally will be excludable under Rule 14a-8(i)(7). In determining whether the subject matter raises significant policy issues and has a sufficient nexus to the company, as described above, we will apply the same standards that we apply to other types of proposals under Rule 14a-8(i)(7).”
Further, Staff Legal Bulletin 14 H has made it clear that if a proposal addresses in its entirety a significant policy issue like climate change, it can certainly request information about “nittygritty” business matters that are directly related, such as strategic financial and investment decisions, etc. Indeed, any proposal addressing a complex policy issue like climate change necessarily must delve into such issues if it is to be meaningful to the company and its investors.

B. The Proposal does not micromanage.

The Company Letter claims that the proposal micromanages and therefore is excludable under Rule 14a-8(i)(7). The Staff in recent years has clarified its interpretation of micromanagement. Notably, Staff Legal Bulletin 14 I (November 1, 2017) made clear that a proposal with a proper subject matter – a topic that transcends ordinary business – may or may not micromanage, depending on the manner in which it addresses the topic.

Staff Legal Bulletin 14 K (October 16, 2019) (SLB 14K) provides examples of climate change proposals which would and would not be excludable as micromanagement. The Proponent was guided by these examples in drafting the current proposal. As the bulletin states:

For example, this past season we agreed that a proposal seeking annual reporting on “short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement to keep the increase in global average temperature to well below 2 degrees Celsius and to pursue efforts to limit the increase to 1.5 degrees Celsius” was excludable on the basis of micromanagement. [Devon Energy Corp. (Mar. 4, 2019)] In our view, the proposal micromanaged the company by prescribing the method for addressing reduction of greenhouse gas emissions. We viewed the proposal as effectively requiring the adoption of time-bound targets (short, medium and long) that the company would measure itself against and changes in operations to meet those goals, thereby imposing a specific method for implementing a complex policy.

In contrast, we did not concur with the excludability of a proposal seeking a report “describing if, and how, [a company] plans to reduce its total contribution to climate change and align its operations and investments with the Paris [Climate] Agreement’s goal of maintaining global temperatures well below 2 degrees Celsius.” The proposal was not excludable because the proposal transcended ordinary business matters and did not seek to micromanage the company to such a degree that exclusion would be appropriate.[Anadarko Petroleum Corp. (Mar. 4, 2019)] In our view, the proposal did not seek to micromanage the company because it deferred to management’s discretion to consider if and how the company plans to reduce its carbon footprint and asked the company to consider the relative benefits and drawbacks of several actions.

Explaining the distinction on a principled basis, the bulletin explained that the distinction between micromanaging and non-micromanaging proposals is:
… based on our assessment of the level of prescriptiveness of the proposal. **When a proposal prescribes specific actions that the company’s management or the board must undertake without affording them sufficient flexibility or discretion in addressing the complex matter presented by the proposal, the proposal may micromanage the company to such a degree that exclusion of the proposal would be warranted.**” [emphasis added]

The bulletin was a key reference for the Proponent in drafting the Proposal, especially in consideration of the several proposals in 2018 and 2019 that were allowed to be omitted as micromanagement pursuant to the new Staff approach. Heeding the clarifications in SLB 14 K, and consistent with Staff guidance and examples, the central request of the Proposal is built around the “if and how” language of the Anadarko proposal. The Proposal asks Hess to issue a report outlining *if and how* it intends to reduce the GHG emissions associated with its company in alignment with the Paris Agreement’s goal.

Hewing to the Staff’s caution about not binding the board or management inconsistent with their fiduciary duty, the Proposal does not oblige the Company to take any specific action or dictate any particular outcome. Rather, based on the “if” of the Proposal, the Company can report that it does not intend to reduce emissions associated with its activities in alignment with the Paris Agreement. The Company Letter fails to recognize the latest Staff Legal Bulletin, under which the model of the current proposal is considered to not constitute micromanagement. Instead, the Company Letter attempts to assert that the proposal’s discretionary provisions, “to evaluate the benefits and drawbacks” nevertheless constitute micromanagement. Those provisions follow the model set forth in the Anadarko proposal that has been found by the staff after extensive argument to not micromanage.

The Proposal requests that the Company publish a report “If and how” it will align with the Paris goal, but does not micromanage the means by which the Company would achieve such alignment. In order to present the proposal as micromanaging, the Company necessarily reads past the actual language of the Supporting Statement stating that “Shareholders seek information, at board and management discretion, on the relative benefits and drawbacks of integrating the following actions.” (emphasis added). The actual Supporting Statement is as follows:

**Supporting Statement:** Shareholders seek information, at board and management discretion, on the relative benefits and drawbacks of integrating the following actions:

- Disclosing Scope 3 product emissions;
- Adopting greenhouse gas emission reduction targets for the company's full carbon footprint, inclusive of product-related emissions;
- Reducing non-Paris aligned capital investments in oil and/or gas resource development;
- Investing at scale in low carbon energy or other reduction measures.

The Company further argues that “Meeting the goals of the Paris Agreement is a central
component of the subject matter in the resolution, and the supporting statement prescribes the strategy, method and outcome for addressing reduction of greenhouse gas that the Company would measure itself against and make changes to its operations to meet those goals.”

Clearly, the supporting statement does not prescribe or mandate that the company undertake any of the listed activities. In the context of preparing a report on “if and how” the Company will align with the Paris goal, the list represents information that the proponent would like to see, in the discretion of the board and management, developed in the report. The first two are indicia of “if” the Company is undertaking the request and the second two bullets provide measures of “how” the Company might be proceeding. This information request is a far cry from a mandate that the Company adopt any of these measures. Moreover, the Proposal mirrors the requests made in the Anadarko proposal, which was found not to micromanage and which stated in its resolved clause and supporting statement:

BE IT RESOLVED: Shareholders request that Anadarko issue a report (at reasonable cost, omitting proprietary information) describing if, and how, it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement’s goal of maintaining global temperatures well below 2 degrees Celsius.

SUPPORTING STATEMENT: In the report shareholders seek information, among other issues at board and management discretion, on the relative benefits and drawbacks of integrating the following actions:

• Adopting overall greenhouse gas emission reduction targets for the company’s full carbon footprint, inclusive of operational and product-related emissions
• Reducing capital investments in oil and/or gas resource development
• Investing in renewable energy resources

There is no good basis for distinguishing the current proposal from the Anadarko proposal that was found not to micromanage and the Company does not offer a basis for differentiating them. Rather, as was the case in Anadarko, the disclosure request is made subject to “board and management discretion.” The Company may use its discretion to report on these issues or not. The use of the phrase “any” recognizes that the Company may or may not be measuring and disclosing its carbon footprint. The Company is also asked “whether” it is “considering” setting targets to reduce the carbon footprint of activities, and on what timeline. Each of the disclosure requests are intentionally framed in a manner that can be answered based on what the Company is already doing. This is not dictating or imposing specific methods, or significantly impacting day-to-day activity. Nonetheless, the requests are important in creating transparency for investors about what the Company is doing, if anything, or what it plans to do in the future with regard to these issues.

Moreover, we caution that the Company Letter’s approach would extend micromanagement prohibition to such a degree that that shareowner proposals would become meaningless. Shareholders have recently been prohibited, both in SEC guidance and various no action rulings,
from asking oil and gas companies – some of the most significant climate polluters -- to consider specific actions related to climate change. Under the Company’s arguments here, shareowners would further not be allowed to ask companies even for reporting on specific issues of concern related to climate change without having such requests considered to be disguised action requests. The proponents and many other investors believe that climate change is the defining issue of our time, determinant of whether individual companies and the entire economy will thrive -- or endure catastrophic impacts. The excessively restrictive application of the micromanagement principle, as advanced by the Company Letter, will impair the ability of shareowners to effectively raise and discuss with the Company, board, and other shareholders, any specific concern about the Company’s response to the material issue of climate change and the short window of time for action.

Contrasting with prior micromanagement exclusions

The Proposal stands in contrast to the cited proposals of recent exclusions based on micromanagement. For example, the Company cites *EOG Resources, Inc.* (Feb. 26, 2018) (recon. denied Mar. 12, 2018), which affirmatively sought targets for reducing greenhouse gas (GHG) emissions and a report discussing the company’s plans and progress towards achieving those targets. Also *Apple Inc.* (Dec. 5, 2016), in which Staff agreed with the exclusion of a proposal requesting that the company’s board of directors “generate a feasible plan … to reach a net-zero GHG emission status by the year 2030.” Similarly, in *Verizon Comms. Inc.* (Mar. 6, 2018), the proposal requested a report evaluating the feasibility of the company achieving by 2030 “net-zero” emissions of greenhouse gases. It sought evaluation of a particular action on a particular timeline. The current proposal does not do so, as it leaves flexibility with the Company to determine *if and how* it will develop a plan for alignment with the Paris goal. It also does not affirmatively seek targets or ask the Company to generate a plan.

The difference in action requested by the Proposal is significant to the Company

The Company Letter notes that the board Nominating and Governance Committee concluded that the “delta between the Company’s current disclosure and effort and desire to decrease its contribution to climate change in the reporting and goal setting required by the Proposal is not sufficient to warrant inclusion of the proposal in the 2020 Proxy Materials.” Yet, as noted above, examination of the reporting provided by the Company so far is focused on short term and limited greenhouse gas reductions while the proposal seeks a plan consistent with alignment with the 2050 Paris goal. This is a very significant difference, the difference between long-term and short-term company planning and time horizons. In an environment in which these long-term considerations are entangled with investment time horizons, and in which the world must plan toward 2050, the Company’s existing disclosures fall short and leave a gap that is of material interest to investors and appropriate for consideration in the 2020 proxy materials.

C. The Proposal Does Not Dictate Company Products or Services

The Company Letter asserts that the Proposal impermissibly intervenes regarding choice of products sold by the company. In fact it does not do so, it merely asks that, if the Company
claims that it is working in alignment with the Paris goal (as it claims in the Company letter), that it describe how it is intending to align. No such plan is offered by the company.

In addition, a proposal could be far more directive in what it asks the company to do, report, or explore with regard to technology choices before it would be considered micromanagement. For example, in Entergy Corporation (March 14, 2018) the Staff rejected exclusion under Rule 14a-8(i)(7) for a request for a report describing how the Company could adapt its enterprise-wide business model to significantly increase deployment of distributed-scale non-carbon-emitting electricity resources as a means of reducing greenhouse gas emissions consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels. In contrast, the present Proposal does not suggest any particular direction of technology choice for the Company, but only provides the broad parameter of coming into alignment with global temperature goals. Thus, the proposal is far less restrictive and directive than proposals that have already been found to be non-excludable under Rule 14a-8(i)(7) in addressing climate goals as set forth below.

The Proposal here follows several direct precedents where the Staff has rejected both the “choice of technology” and “sale of a particular product” lines of argument related to essentially identical proposals. This includes DTE Energy (Jan. 26, 2015), Duke Energy (February 22, 2016) and Northwestern Energy (January 8, 2016). In each instance, the companies argued, as Hess does here, that the proposal engaged in micromanagement, and focused on “choice of technology” or “sale of a particular product.” In these cases, the Staff has consistently found that the proposal focuses on reducing greenhouse gas emissions and is not excludable under Rule 14a-8(i)(7) despite a focus on the degree to which the company was adopting a particular energy generation strategy.

CONCLUSION

Based on the foregoing, we believe it is clear that the Company has provided no basis for the conclusion that the Proposal is excludable from the 2020 proxy statement pursuant to Rule 14a-8. As such, we respectfully request that the Staff inform the company that it is denying the no action letter request. If you have any questions, please contact me at (413) 549-7333 or sanfordlewis@strategiccounsel.net.

Sincerely,

Sanford Lewis

Cc:
David Johansen
Danielle Fugere
Via electronic mail

March 5, 2020

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Hess Corporation
Omission of Shareholder Proposal Submitted by Park Foundation
Securities Exchange Act of 1934 – Rule 14a-8

Ladies and Gentlemen:

Park Foundation, Inc. and Brian Patrick Kariger Revocable Trust (the “Proponents”) are beneficial owners of common stock of Hess Corporation (the “Company”) and have submitted a shareholder proposal (the “Proposal”) to the Company. I have been asked by the Proponents to respond to the letter dated February 4, 2020 ("Letter") sent to the Securities and Exchange Commission by David Johansen, White & Case LLP. In that letter, the Company contends that the Proposal may be excluded from the Company’s 2020 proxy statement.

I have reviewed the Proposal, as well as the letter sent by the Company, and based upon the foregoing, as well as the relevant rules, the Proposal must be included in the Company’s 2020 proxy materials and that it is not excludable under Rule 14a-8. A copy of this letter is being emailed concurrently to David Johansen.

SUMMARY

The Proposal asks the Company to issue a report describing “if and how” it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement’s goal of maintaining global temperatures well below 2 degrees Celsius (Paris goal). The supporting statement seeks information, at board and management discretion, on the relative benefits and drawbacks of adopting greenhouse gas reduction targets for the Company’s full carbon footprint including product-related emissions, reducing capital investments in fossil fuel development that are non-Paris aligned, and investing in renewable energy resources or other carbon reduction measures.

Substantial implementation Rule 14a-8(i)(10) - The essential objective of the Proposal is to understand “if, and how,” Hess plans to align its total carbon emissions with the Paris Agreement’s goal of maintaining global temperatures well below 2 degrees Celsius (Paris
Goal). The Company Letter asserts that the Proposal is substantially implemented by the Company’s existing disclosures.

Both the essential purpose and the guidelines of the Proposal are delineated by the Resolved clause of the proposal which asks the Company to report “if and how” the Company plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement’s goal of maintaining global temperature rise well below 2 degrees Celsius. While the Company need not fulfill every detail of the guidelines, the Company has the burden of demonstrating that the Proposal’s essential objective is met and the burden of demonstrating the availability of any exemptions. See 17 C.F.R. § 240.14a-8(g)

In this instance, the Company’s existing reporting neither meets nor approximates the essential purpose or guidelines of the proposal. Its existing disclosures obfuscate rather than answer the core question of the proposal. The question of “if” the Company plans to align with the Paris goal can be answered by a simple “yes” or “no” from the Company. According to the Company Letter, “the Company is committed to reducing its contribution to climate change and aligning its operations and investments with the well below 2° C Goal.” Yet, the Company Letter does not suggest or claim that it discloses “how” it plans to achieve alignment with the Paris goal. In fact, the Company’s existing disclosures involve discussion of a series of measures that will reduce a subset of its emissions, but describes no intent, commitment, documentation, or plan outlining how these measures will reduce its total greenhouse gas emissions at the scale and pace necessitated by the Paris goal. Existing disclosures are unresponsive to the Proposal and do not substantially implement it.

Micromanagement Rule 14a-8(i)(7) - The Company Letter asserts that the Proposal micromanages within the meaning of recent Staff guidance. However, the proposal rigorously seeks disclosures from the Company, not specific action. Requests for disclosure do not micromanage a company and are described as an appropriate approach under Staff Legal Bulletin 14 K. Anadarko Petroleum Corp. (Mar. 4, 2019)

THE PROPOSAL

WHEREAS: The Intergovernmental Panel on Climate Change research instructs that global emissions of carbon dioxide must reach "net zero" by 2050 to avoid catastrophic impacts associated with a warming climate. If warming is kept to 1.5 degrees Celsius versus 2 degrees, studies point to estimated savings of $20 trillion to the global economy by 2100.

The energy industry is one of the largest contributors to climate change, and Hess’s emissions are significant. Hess’s future investment choices matter. Every dollar invested in fossil fuel resources that are not aligned with Paris goals increases risk to the economy and investor portfolios.

1 The resolved clause states: Shareholders request that Hess issue a report (at reasonable cost, omitting proprietary information) describing if, and how, it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement’s goal of maintaining global temperature rise well below 2 degrees Celsius.
Investors recognize this growing risk. Norway’s sovereign wealth fund announced divestment from oil and gas exploration and production companies. The European Investment Bank and the World Bank announced they will cease funding fossil fuel projects. Other investors are seeking Paris Alignment from large emitters. Criteria for alignment include: disclosure of Scope 1 through 3 emissions; adoption of a net zero by 2050 or equivalent target; a business plan for becoming Paris Aligned; and a declining carbon footprint.

A growing number of oil and gas companies are taking steps to align with Paris goals. Shell announced Scope 3 greenhouse gas intensity reduction ambitions and has decreased reserves life below the industry standard of 10 years. Total has invested substantially in renewable energy and storage. Equinor rebranded itself from “StatOil” and is diversifying into renewables. Orsted, previously a Danish oil and gas company, sold its fossil fuel portfolio. Repsol announced a net zero by 2050 target, writing down over $5 billion of unaligned assets.

Hess’ greenhouse gas reduction goals are short term, limited to certain operations, do not address Scope 3 emissions, and are intensity based. Intensity targets, while an important step, increase efficiency, but do not ensure reductions in the company’s total carbon footprint. Hess has no long term business plan to align operations with Paris 1.5 degree goals, and absolute operated greenhouse gas emissions from assets that Hess currently holds increased each year from 2016 to 2018.

Investors seek additional information to address these concerns.

BE IT RESOLVED: Shareholders request that Hess Corporation issue a report (at reasonable cost, omitting proprietary information) describing if, and how, it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement’s goal of maintaining global temperature rise well below 2 degrees Celsius.

SUPPORTING STATEMENT: Shareholders seek information, at board and management discretion, on the relative benefits and drawbacks of adopting the following actions:

- Adopting greenhouse gas emission reduction targets for the company's full carbon 2

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3 https://climateaction100.wordpress.com/faq/
5 https://www.bloomberg.com/opinion/articles/2019-06-05/shell-spending-plans-show-oil-s-end-is-no-longer-talk
footprint, inclusive of product-related emissions;

- Reducing non-Paris aligned capital investments in oil and/or gas resource development;
- Investing at scale in low carbon energy or other greenhouse gas emission reduction measures.

BACKGROUND

In October 2018, the Intergovernmental Panel on Climate Change (IPCC) released a report reassessing the trajectory of global warming and instructing that global emissions of carbon dioxide must reach "net zero" by 2050 to maintain warming at 1.5 degrees. It further described the large difference in damage to habitability of the earth caused by relative increases of temperature between 1.5°C and 2°C. Maintaining warming under 1.5°C rather than 2°C is predicted to avoid an estimated $20 trillion in global damages.8

As a result of rising global temperatures, the world is experiencing unprecedented and extreme weather events and disruptions. These events are predicted to occur with even greater frequency and impact as the world warms. Capital markets have begun to register this climate change crisis. Some of the largest and most influential actors in finance are mobilizing around the need to better assess the risks that climate change pose to the global economy and investor portfolios. BlackRock, the world’s largest asset manager, with over $7 trillion in assets under management, recently issued a report in which CEO Larry Fink stated “the evidence on climate risk is compelling investors to reassess core assumptions about modern finance.”9 JPMorgan Chase, one of the largest banks in the world, has warned that extreme risks from climate change could have adverse effects on the economy and investors as “catastrophic outcomes where human life as we know it is threatened” cannot be ruled out.10

In early 2020, the Church of England and FSTE Russell created an index that includes companies working to align greenhouse gas emissions with the Paris Agreement and bars companies that are not.11 The Net-Zero Asset Owner Alliance, with nearly $4 trillion in assets under management, aims to align its portfolio with a below 2 degree scenario.12 At the end of 2019, 33 banks with $13 trillion in assets signed the U.N. Principles for Responsible Banking committing to align business with the Paris Agreement,13 an outcome that will affect oil and gas companies’ access to capital, while a nearly $40 billion pension fund -- Brunel Pension Partnership -- stated plans to vote against board members or divest from firms that are not aligning with the Paris Agreement.14

8 [https://www.nature.com/articles/s41586-018-0071-9.epdf?referrer_access_token=5FOtF_6T_JgTTW8jnTKO9RgN0jAjW6l9jnR3Zv0OslypFEzLGii1pAcPpJpRU](https://www.nature.com/articles/s41586-018-0071-9.epdf?referrer_access_token=5FOtF_6T_JgTTW8jnTKO9RgN0jAjW6l9jnR3Zv0OslypFEzLGii1pAcPpJpRU)
12 [https://www.unepfi.org/net-zero-alliance/](https://www.unepfi.org/net-zero-alliance/)
The Climate Action 100+ initiative, a group made up of investors with more than $41 trillion in assets under management, is asking the 100+ largest greenhouse gas emitting companies to reduce their greenhouse gas emissions in line with the Paris goal, among other requirements.\textsuperscript{15}

Another key investor initiative seeking disclosures and actions similar to the proposal is the Transition Pathway Initiative (TPI), a global initiative led by asset owners and supported by asset managers. Established in January 2017, TPI investors now collectively represent over $9.3 trillion of assets under management. On an annual basis, TPI assesses how companies are preparing for the transition to a low-carbon economy and quantitatively benchmarks companies’ carbon emissions against the international targets and national pledges made as part of the Paris Agreement. \textit{As noted in the proposal, TPI’s findings indicate that Hess’ carbon intensity trajectory is far above Paris goals.}\textsuperscript{16} Thus, the Proposal seeks to find out if and how the company intends to come into alignment.

\textbf{Hess Strategy & Reporting}

Oil and gas companies are major contributors to global warming. Reducing their carbon footprints in line with the Paris goal of maintaining global temperatures well below 2°C will require substantial changes in their business model, a process that requires long planning horizons and implementation timelines.

As noted in the Proposal, some leading oil and gas companies have already announced policies to reduce their climate footprints and to begin aligning with the Paris goal in various ways, including setting full scope 1 through 3 emissions goals, setting product carbon intensity reduction targets, investing in solar and/or wind energy, and selling or writing down oil and gas assets. Eni is the latest oil and gas company to announce an intent to dramatically limit its full carbon footprint by 2050.\textsuperscript{17} These industry actions were set in motion in part by shareholder engagements and proposals. Having set the bar for oil and gas companies as alignment with the Paris goal, shareholders now seek to benchmark large emitting oil and gas companies’ progress in reducing emissions in line with the Paris goal, thereby decreasing risk to companies and to the climate.

In the face of global climate change and the Paris Climate Agreement, two major strategic questions face every company that is deeply invested in fossil fuels:

1. What are the risks to the company associated with remaining on the current path of

\textsuperscript{15} https://climateaction100.wordpress.com/companies/
\textsuperscript{16} https://www.transitionpathwayinitiative.org/tpi/companies/hess
\textsuperscript{17} The Company plans to reduce its total emissions, including Scope 3 emissions, by 80% by 2050. Although not net zero, its total emissions reductions are clear to investors and not limited to operational emissions. https://www.eni.com/en-IT/media/press-release/2020/02/long-term-strategic-plan-to-2050-and-action-plan-2020-2023.html; see also https://www.reuters.com/article/us-eni-plan/eni-targets-oil-output-peak-in-clean-energy-drive-idUSKCN20M0QP
product and development efforts?

2. Whether to take responsibility for reducing the company’s climate footprint at the scale and pace necessary to reach global goals to contain the increase in warming?

To date, Hess has focused on discussing the first question in its 2018 Sustainability Report where it discusses risk reduction scenarios and strategic assessments of demand.\(^\text{18}\) The Company objects to taking responsibility for its product-related emissions by reporting it has “no direct control over Scope 3 emissions.”\(^\text{19}\) This suggests that it does not intend to answer the second question affirmatively. Rather than infer an intent, however, shareowners are asking the Company to be clear about whether it intends to align with the Paris goal.

Most large oil and gas companies have reports addressing the risk that climate change poses to their companies, providing a set of measures for reducing certain of the company’s greenhouse gas emissions, and discussing various climate strategies, concerns, and rationales for taking or not taking specific actions. Shareholders filed the first proposal asking for a carbon risk report in 2012 with Consol Energy. Exxon produced the world’s first carbon risk report in 2014 and has updated it over time to address shareholder concern about climate risk to the company. These carbon risk proposals, and company responses to them, have provided an important resource to increase company and shareholder understanding of the climate risks facing companies and how they can act to reduce company risk.

Over the past three years, however, as climate change impacts have escalated dramatically, many shareowners have become concerned about continued company emissions that are negatively impacting the climate and creating risk to shareholder portfolios, among other critical impacts. Shareholders have thus begun to ask the largest emitting companies, including oil and gas companies, to report whether they plan to reduce their carbon footprints in alignment with the Paris goal of maintaining global climate change well below 2 degrees Celsius, with a focus on not increasing global temperatures above 1.5 degrees Celsius.

Seeking information on company alignment with the Paris goal, across the spectrum of companies with the largest emissions, is a way for investors to be clear about company emissions and where they are headed, with the purpose of investing in those companies that are supporting the goal of maintaining global temperature rise at the low end of the harm scale. Paris alignment, as defined by shareholders, creates a way to benchmark companies’ progress in reducing impacts to the global economy, including impacts to shareholders’ portfolios.

The request that companies should report on their alignment with the Paris goal is new, and made to build upon the foundation of climate risk reporting such as the report produced by Hess. Providing the information requested in this Proposal will take the next step, enabling investors to

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readily and comparably distinguish those companies that are in alignment, or moving toward alignment, with the global Paris goal from those that are not, informing their investment decisions.

The simple “if and how” formulation of the Proposal, which has been filed at a number of other oil and gas companies, represents a private ordering effort to assist shareowners throughout the economy in making informed choices about the companies in which they invest, and to help them to shape portfolio strategy in line with the Paris goal.

ANALYSIS

I. THE PROPOSAL IS NOT SUBSTANTIALLY IMPLEMENTED.

To demonstrate substantial implementation pursuant to Rule 14a-8(i)(10), a Company must demonstrate that its actions compare favorably with the guidelines and essential purpose of the Proposal. The Staff has noted that a determination that a company has substantially implemented a proposal depends upon whether a company’s particular policies, practices, and procedures compare favorably with the guidelines of the proposal. Texaco, Inc. (Mar. 28, 1991). Substantial implementation under Rule 14a-8(i)(10) requires a company’s actions to have satisfactorily addressed both the proposal’s guidelines and its essential objective. See, e.g., Exelon Corp. (Feb. 26, 2010). The purpose of 14a-8(i)(10), to avoid entertaining shareholder proposals addressing matters which have already been favorably acted upon by management, should be considered in conducting a substantial implementation analysis. The present Proposal does not constitute such an instance.

Here, the Company has neither substantially fulfilled the guidelines nor the essential purpose of the Proposal, and therefore the Proposal cannot be excluded.

The Resolved clause requests that the Company describe if and how it plans to reduce its total contribution to climate change and align its operations and investments with the Paris goal. This requires a statement of intent to align, or not, with the Paris Agreement’s below-two degree goal and a description of how the Company’s plans and policies are in alignment with that goal over the relevant time period.

In fact, the Company Letter discloses for the first time that the Company’s management concluded and the Corporate Governance and Nominating Committee supported that “the Company is committed to reducing its contribution to climate change and aligning its operations and investments with the well below 2°C Goal.” This statement in the Company Letter does not fulfill the Proposal’s objective. The Company has no other publications that state an intent to align with the below 2°C goal and the statement is not clear as to whether the Company will, contrary to its current disclosures, take responsibility for the vast majority of the Company’s carbon footprint: its product emissions. Further, the statement does not describe “how” it will do

so. The Company could and should follow the announcement in the Company Letter with the Proposal’s requested disclosures demonstrating the extent of its commitment and how it plans to achieve it.

The Company’s existing disclosures also do not meet the objectives of the Proposal. They do not offer a concrete plan outside of its current operational emissions reductions goals and its reference to technologies that might or might not economically scale or timely achieve necessary reductions. The fact that the Company provides information that addresses the broad subject matter of the Proposal (climate change), but obscures and avoids the central question of the proposal (if it intends to reduce its full GHG emissions in alignment with the Paris goal) cannot be said to have substantially implemented the Proposal.

The Company’s implicit argument is that because it has various greenhouse gas reduction policies in place, no matter how minor, it is therefore aligned with the Paris Agreement. The Company confuses the general aim of the Paris Agreement (greenhouse gas reductions) with the actual Paris goal of delivering emissions reductions to maintain global temperatures well below 2 degree Celsius (i.e., 1.5 degrees). As noted in the Proposal, the IPCC has instructed that global emissions of carbon dioxide must reach net zero by 2050 to align with the Paris Agreement’s goal.

The Company’s existing disclosures indicate, possibly, that the Company’s emissions are heading in a similar direction to the Paris goal -- but not that it intends to do so across its full greenhouse gas footprint or at the pace and scale of activity required to attain the below two degree goal.

Proponents submit that, in ordinary life, being ‘committed to’ an outcome is not equivalent to having a plan to fully accomplish it. Where, as here, investors seek disclosure on a specific issue, the Company cannot point to directional commitments and partial measures such as ‘GHG emission and flaring intensity reduction targets’, ‘reducing operational flaring’, or ‘energy efficiency’ to imply alignment with the specific Paris goal.

The Proposal’s objective of alignment with the Paris goal is particularly important to institutional investors with long term investment horizons, as well as their beneficiaries who rely on a stable economy to generate benefits; to universal investors whose portfolios are diversified across the economy and are benefitted by actions that ensure systemic stability and economic growth; and, finally, to investors who want to assure a stable and secure world, without catastrophic harms to people and planet. It is also a very different objective from that of the Company’s Reports, which assess its own climate risk and generally discuss why it will stay the course of business as usual with minor greenhouse gas reductions.

**Hess’ Reporting**

Hess has produced a 2018 Sustainability report with a climate change section that describes how the Company intends to meet the world’s growing demand for energy, while reducing
environmental impacts and the risks of climate change. The climate change section in the 2018 Sustainability report describes scenario risk analysis and outlines various metrics and targets it has put in place to reduce greenhouse gas emissions from its operations. This Report addresses many important issues related to climate change and is useful to shareholders, but does not answer the fundamental objective of the Proposal.

The furthest the Company Letter goes is to state, on page five of the company’s no action request, that the Company supports the aim of the Paris agreement to limit global temperature rise to well below two degrees, and, apparently decoupled from that temperature goal, that senior leadership have set aggressive targets for GHG emissions reduction. Then on page 12, it discloses for the first time, to our knowledge, that “the Company is committed to reducing its contribution to climate change and aligning its operations and investments with the well below 2°C Goal.” There is no indication in any of the disclosures that the company has an actual plan in place to undertake activities at the scale and pace needed to align with the Paris goal.

In demonstration of emissions reduction efforts, Hess’ Letter cites to a sampler of actions in its 2018 Sustainability report that include ‘carbon offsets,’ ‘reducing flaring,’ ‘natural gas capture,’ and ‘reducing energy use’ and concludes that these are sufficient to meet the Proposal’s objective. Yet, these various operational emissions reductions are only a small part of the Company’s full climate footprint, and the Company has disclaimed any goals or plans to substantially reduce the largest part of its total carbon footprint -- its product emissions.21

The 2018 Sustainability report and other Reports offered by the Company lack any statement of “if” the Company intends to align its total carbon footprint with the Paris goal, or not. In the Letter, the Company states that it “supports the aim of the Paris Agreement to limit global average temperature rise to well below 2°C” but the question at the core of the Proposal remains unaddressed: does the Company believe its strategy is in alignment with the Paris goal or not?

The Company’s Disclosures Do Not Describe How the Company Plans to Reduce its Total Contribution to Climate Change in Alignment with the Paris goal.

Neither the arguments in the Company Letter, nor the information provided by the Company’s reporting, state a Company intent to do more than undertake certain measures to reduce a portion of the greenhouse gas emissions generated by its direct operations.

The Company cannot effectively claim that its disclosures are responsive to the proposal based on its flaring and intensity reduction goals, which will have a minimal impact. In its 2018 Sustainability Report, the Company points to its short-term “2020 goal to achieve a 25 percent reduction in GHG emissions intensity” and a “2020 goal to reduce flaring intensity (standard cubic feet per BOE) by 50 percent.” It does not point out, either in the Letter or in its Reports, that these measures will not achieve significant reductions in its total carbon footprint. Rather, by definition, the percentage reductions of those goals are applied only to Scope 1 and 2 operational

21 The Company actively rejects taking responsibility for its Scope 3 product emissions. (Company Letter).
emissions, which constitute less than 9% of the Company’s total emissions.\textsuperscript{22,23} Thus, even if the company were to achieve 50% reductions through both measures (which it does not plan to do), it would achieve only 4.5% reduction of its total carbon footprint from these measures. Such marginal improvements will have minimal positive impacts on its long-term absolute emissions. Moreover, it is likely that the Company’s disclosures regarding these planned reductions which sound large, but are not, will mislead investors who fail to understand their relative significance.

Based on the small amount of reductions to be achieved by 2020, if the Company were to claim that the answer to “if” is yes, then this raises the question of how the Company plans to account for the emissions that remain, which are the vast majority of its emissions. In the Letter the Company states that it is “undertaking a strategy refresh to update its emission reduction targets” but has disclosed no information to indicate that it has or will have a program to reduce emissions along the timelines necessary to align with Paris goals, including accepting responsibility for its product emissions.

In the Letter, Hess also gives a list of various investments and actions the Company is undertaking that might lower emissions. These include: “Over $3 billion invested in midstream infrastructure in North Dakota to increase gas capture rates;” “Investing in emissions-reducing technologies;” “Avoiding natural gas flaring emissions in Guyana;” “Investing in renewable energy” for 39% of purchased electricity in 2018; “Carbon offset” for business travel emissions; “Investing in scientific solutions to mitigate climate change” for carbon removal in agriculture; “Reducing diesel consumption in North Dakota;” “Reducing methane emissions with LDAR program;” and “Portfolio transformation to support low-carbon strategies.” But Hess has disclosed no information to indicate the amount of emissions reductions to be achieved by each of these projects, most of which appear to reduce Scope 1 and 2 emissions, or that it is feasible to scale the scientific solutions it mentions (carbon reduction in agriculture) or the portfolio transformation (no description) along the timelines necessary to align with Paris goals. The reductions achieved by these actions are likely a small percentage of the Company’s total GHG emissions. From the Company’s Reports, it is impossible to conclude that these activities are being invested in or would be capable of achieving a scale, pace, and level of ambition that will reduce the Company’s full carbon footprint in alignment with global goals of well below 2°C.

Hess states in the Letter that it believes that by “investing in oil and natural gas today, it will be in a position to create long-term value for its shareholder while bridging the way to a lower-carbon environment.” Hess’ announced decision to “focus on developing its oil and gas assets” suggests that it will continue to expand oil and gas operations, further exacerbating its impact on

\textsuperscript{22} A company’s carbon footprint accounts for the total greenhouse gases produced by a company inclusive of direct Scope 1 (operational emissions), indirect Scope 2 (energy use emissions), and Scope 3 (product & other indirect emissions). \url{https://ghgprotocol.org/scope-3-technical-calculation-guidance}. If the Company were to fully eliminate its operational emissions, which is impracticable, approximately 75-80% or more of its carbon footprint would remain. \url{https://www.wri.org/resources/data-visualizations/upstream-emissions-percentage-overall-lifecycleemissions} This full carbon footprint is the subject matter of this Proposal.

\textsuperscript{23} According to disclosed Scope 1-3 emissions data from the Hess 2019 CDP Climate Change Questionnaire it is estimated that Scope 3 emissions account for 91-92% of total emissions for the Company. \url{https://www.hess.com/docs/default-source/sustainability/hess-cdp-final.pdf}
the climate. Because the Company alludes to a continued trajectory of significant greenhouse gas emissions for decades into the future, the questions of “if” and “how” the Company intends to align with the Paris Agreement are of profound importance to investors.

The Letter also notes that the Company’s scenario analyses include “existing energy policies as well as policies and targets announced by governments…” and further ambitions for the IEA SD scenario. While considering the possible risks of future climate change policies is important in mitigating risk to the company, it is an insufficient basis for reporting that the Company is aligning its total carbon footprint with the Paris goal as requested by the Proposal, or for demonstrating how it would plan to do so.

The chart provided in the Letter on page 5 is equally uninformative as to the Company’s intent to align with the Paris goal or not. Nowhere does the referenced information provide the clarification or response to the two questions raised in the Proposal – does the Company intend to align its total carbon footprint with the Paris goal as defined in the Proposal and, if so, how?

We note that no company knows exactly how it will align in the long term, but a clear affirmative response to “if” it intends to align and a discussion of “how” it plans to align with the goal is a necessary outcome. This would correspond to the commitments made by peer oil & gas companies – statement of intent to align, statement of total emissions, quantification of how emissions will be reduced through current goals, and how the Company broadly plans to reduce the remaining emissions at a scale and pace likely to achieve the long term component of the Paris goal.

Instead, when it comes to the fundamental questions raised by the proposal, the Company’s reporting is silent.

Hess’ Letter also points to its “transparency through its public disclosures and environmental performance” and notes that it has “been recognized by several third-party survey rankings.” This distracts from the essential objective of the Proposal. Hess may well be transparent with some disclosures, but on the topic of emissions reductions and alignment with the Paris Agreement, it is not performing. Reference to these rankings is of no import to the question that the Proposal poses.

Hess presents the argument that there will be “possible shortage of supply in the future” of oil and gas due to underinvestment. It further states “neither of the IEA Scenarios envision a future energy economy free from the use of fossil fuel resources…” The Company states that to help prepare for this future it “applies a theoretical carbon price of $40 per ton of carbon dioxide… for significant new projects.” The Proposal does not ask for or require an end to production of oil and gas, but asks if and how the Company is transitioning to align with the Paris goal. The scenario analyses referenced by the Company and the carbon pricing it uses say nothing about whether the company has planned affirmative greenhouse gas emissions reductions in line with the Paris goal. A carbon price can be applied by the Company and it can continue to expand its emissions. Thus, such actions are superfluous to fulfilling the Proposal.
The examples provided in the Letter that according to the Company “address the Company’s plans to reduce its contributions to climate change” are insufficient to plot a trajectory to achieving Paris alignment.

None of its actions or disclosures clarify for investors whether the Company plans to reduce emissions in alignment with the Paris goal. The Proposal is therefore not excludable pursuant to Rule 14a-8(i)(10).

II. THE PROPOSAL DOES NOT MICROMANAGE.

A. The Proposal addresses a significant policy issue that transcends ordinary business.

The Proposal is not excludable under Rule 14a-8(i)(7) because it directly and solely focuses on a significant policy issue facing the Company and the economy: climate change. The Proposal moreover focuses on an essential aspect of this issue for shareholders – whether the Company plans to reduce its investments and loans in projects that maintain or increase global greenhouse gas emissions. The Company attempts to portray the Proposal as “imposing upon the Company specific actions” or “impos[ing] specific methods for implementing complex policies” to reduce its contribution to climate change and align with the Paris goal (Company Letter, page 14). This is a misrepresentation of the Proposal, which, as described below, in fact appropriately preserves Board discretion and flexibility. As the Proposal focuses upon this significant policy issue, and does not specify the manner in which the Company should address the policy issue, the Proposal is not excludable on the basis of Rule 14a-8(i)(7).

It is well settled in Staff determinations that proposals addressing the subject matter of climate change fall within a significant policy issue that transcends ordinary business. Numerous prior Staff decisions at energy companies have made it clear that the kind of analysis sought in the Proposal is appropriate and not excludable based on the doctrine of micromanagement — the Staff has previously concluded that a wide array of shareholder interventions at energy companies, asking them to explain their alignment with global climate goals, were not excludable as ordinary business or as micromanaging.

For example, in Chevron Corporation (March 28, 2018) the Staff did not allow the Company to exclude a proposal that requested a report describing how the Company could adapt its business model to align with a decarbonizing economy by altering its energy mix to substantially reduce dependence on fossil fuels, including options such as buying, or merging with, companies with assets or technologies in renewable energy, and/or internally expanding its own renewable energy portfolio, as a means to reduce societal greenhouse gas emissions and protect shareholder value. Similarly, in Entergy Corporation (March 14, 2018) the non-excludable proposal asked the company to prepare a report describing how the Company could adapt its enterprise-wide business model to significantly increase deployment of distributed-scale non-carbon-emitting electricity resources as a means of reducing greenhouse gas emissions consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels. Other examples
include Hess Corporation (February 29, 2016) where the proposal requested that the company prepare and publish a report disclosing the financial risks to the company of stranded assets related to climate change and associated demand reductions, and Exxon Mobil Corporation (March 12, 2007)(proposal asking board to adopt policy significantly increasing renewable energy sourcing globally not excludable as ordinary business).

These examples follow a wide array of other climate related decisions by the Staff, finding a significant policy issue and denying exclusion on climate proposals. See, e.g., DTE Energy Company (January 26, 2015), J.B. Hunt Transport Services, Inc. (January 12, 2015), FirstEnergy Corp. (March 4, 2015)(proposals not excludable as ordinary business because they focused on reducing GHG and did not seek to micromanage the company); Dominion Resources (February 27, 2014), Devon Energy Corp. (March 19, 2014), PNC Financial Services Group, Inc. (February 13, 2013), Goldman Sachs Group, Inc. (February 7, 2011)(proposals not excludable as ordinary business because they focused on significant policy issue of climate change); NRG Inc. (March 12, 2009)(proposal seeking carbon principles report not excludable as ordinary business); General Electric Co. (January 31, 2007) (proposal asking board to prepare a global warming report not excludable as ordinary business). Moreover, Staff Legal Bulletin 14H has made it clear that if a proposal addresses in its entirety a significant policy issue like climate change, it can certainly request information about “nitty-gritty” business matters that are directly related to that subject matter.32

The Company incorrectly characterizes the issues raised in the Proposal here as ordinary business and asserts that the request would impermissibly interfere with core matters involving the Company’s complex operational and business decisions. This argument holds no water. The Staff has made the standard for evaluating the relationship between a “subject matter” such as climate change, and business matters very clear.25 A proposal which is squarely focused on a significant policy issue, and for which there is a clear nexus to the Company, will not be found to be excludable under Rule 14a-8(i)(7).

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24 Staff Legal Bulletin No. 14H (October 2015), section C. Rule 14a-8(i)(7)
25 See, Staff Legal Bulletin 14E, Oct. 27, 2009. “On a going-forward basis, rather than focusing on whether a proposal and supporting statement relate to the company engaging in an evaluation of risk, we will instead focus on the subject matter to which the risk pertains or that gives rise to the risk. The fact that a proposal would require an evaluation of risk will not be dispositive of whether the proposal may be excluded under Rule 14a-8(i)(7). Instead, similar to the way in which we analyze proposals asking for the preparation of a report, the formation of a committee or the inclusion of disclosure in a Commission-prescribed document — where we look to the underlying subject matter of the report, committee or disclosure to determine whether the proposal relates to ordinary business — we will consider whether the underlying subject matter of the risk evaluation involves a matter of ordinary business to the company. In those cases in which a proposal's underlying subject matter transcends the day-to-day business matters of the company and raises policy issues so significant that it would be appropriate for a shareholder vote, the proposal generally will not be excludable under Rule 14a-8(i)(7) as long as a sufficient nexus exists between the nature of the proposal and the company. Conversely, in those cases in which a proposal's underlying subject matter involves an ordinary business matter to the company, the proposal generally will be excludable under Rule 14a-8(i)(7). In determining whether the subject matter raises significant policy issues and has a sufficient nexus to the company, as described above, we will apply the same standards that we apply to other types of proposals under Rule 14a-8(i)(7).”
Further, Staff Legal Bulletin 14 H has made it clear that if a proposal addresses in its entirety a significant policy issue like climate change, it can certainly request information about “nittygritty” business matters that are directly related, such as strategic financial and investment decisions, etc. Indeed, any proposal addressing a complex policy issue like climate change necessarily must delve into such issues if it is to be meaningful to the company and its investors.

B. The Proposal does not micromanage.

The Company Letter claims that the proposal micromanages and therefore is excludable under Rule 14a-8(i)(7). The Staff in recent years has clarified its interpretation of micromanagement. Notably, Staff Legal Bulletin 14 I (November 1, 2017) made clear that a proposal with a proper subject matter – a topic that transcends ordinary business – may or may not micromanage, depending on the manner in which it addresses the topic.

Staff Legal Bulletin 14 K (October 16, 2019) (SLB 14K) provides examples of climate change proposals which would and would not be excludable as micromanagement. The Proponent was guided by these examples in drafting the current proposal. As the bulletin states:

For example, this past season we agreed that a proposal seeking annual reporting on “short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement to keep the increase in global average temperature to well below 2 degrees Celsius and to pursue efforts to limit the increase to 1.5 degrees Celsius” was excludable on the basis of micromanagement. [Devon Energy Corp. (Mar. 4, 2019)] In our view, the proposal micromanaged the company by prescribing the method for addressing reduction of greenhouse gas emissions. We viewed the proposal as effectively requiring the adoption of time-bound targets (short, medium and long) that the company would measure itself against and changes in operations to meet those goals, thereby imposing a specific method for implementing a complex policy.

In contrast, we did not concur with the excludability of a proposal seeking a report “describing if, and how, [a company] plans to reduce its total contribution to climate change and align its operations and investments with the Paris [Climate] Agreement’s goal of maintaining global temperatures well below 2 degrees Celsius.” The proposal was not excludable because the proposal transcended ordinary business matters and did not seek to micromanage the company to such a degree that exclusion would be appropriate.[Anadarko Petroleum Corp. (Mar. 4, 2019)] In our view, the proposal did not seek to micromanage the company because it deferred to management’s discretion to consider if and how the company plans to reduce its carbon footprint and asked the company to consider the relative benefits and drawbacks of several actions.

Explaining the distinction on a principled basis, the bulletin explained that the distinction between micromanaging and non-micromanaging proposals is:
…. based on our assessment of the level of prescriptiveness of the proposal. **When a proposal prescribes specific actions that the company’s management or the board must undertake without affording them sufficient flexibility or discretion in addressing the complex matter presented by the proposal, the proposal may micromanage the company to such a degree that exclusion of the proposal would be warranted.”** [emphasis added]

The bulletin was a key reference for the Proponent in drafting the Proposal, especially in consideration of the several proposals in 2018 and 2019 that were allowed to be omitted as micromanagement pursuant to the new Staff approach. Heeding the clarifications in SLB 14 K, and consistent with Staff guidance and examples, the central request of the Proposal is built around the “if and how” language of the Anadarko proposal. The Proposal asks Hess to issue a report outlining *if and how* it intends to reduce the GHG emissions associated with its company in alignment with the Paris Agreement’s goal.

Hewing to the Staff’s caution about not binding the board or management inconsistent with their fiduciary duty, the Proposal does not oblige the Company to take any specific action or dictate any particular outcome. Rather, based on the “if” of the Proposal, the Company can report that it does not intend to reduce emissions associated with its activities in alignment with the Paris Agreement.

The Company Letter fails to recognize the latest Staff Legal Bulletin, under which the model of the current proposal is considered to not constitute micromanagement. Instead, the Company Letter attempts to assert that the proposal’s discretionary provisions, “to evaluate the benefits and drawbacks” nevertheless constitute micromanagement. Those provisions follow the model set forth in the Anadarko proposal that has been found by the staff after extensive argument to not micromanage.

The Proposal requests that the Company publish a report “If and how” it will align with the Paris goal, but does not micromanage the means by which the Company would achieve such alignment. In order to present the proposal as micromanaging, the Company necessarily reads past the actual language of the Supporting Statement stating that “Shareholders seek information, at board and management discretion, on the relative benefits and drawbacks of integrating the following actions.” (emphasis added). The actual Supporting Statement is as follows:

**Supporting Statement:** Shareholders seek information, at board and management discretion, on the relative benefits and drawbacks of integrating the following actions:

- Disclosing Scope 3 product emissions;
- Adopting greenhouse gas emission reduction targets for the company's full carbon footprint, inclusive of product-related emissions;
- Reducing non-Paris aligned capital investments in oil and/or gas resource development;
- Investing at scale in low carbon energy or other reduction measures.

The Company further argues that “Meeting the goals of the Paris Agreement is a central
component of the subject matter in the resolution, and the supporting statement prescribes the strategy, method and outcome for addressing reduction of greenhouse gas that the Company would measure itself against and make changes to its operations to meet those goals.”

Clearly, the supporting statement does not prescribe or mandate that the company undertake any of the listed activities. In the context of preparing a report on “if and how” the Company will align with the Paris goal, the list represents information that the proponent would like to see, in the discretion of the board and management, developed in the report. The first two are indicia of “if” the Company is undertaking the request and the second two bullets provide measures of “how” the Company might be proceeding. This information request is a far cry from a mandate that the Company adopt any of these measures. Moreover, the Proposal mirrors the requests made in the Anadarko proposal, which was found not to micromanage and which stated in its resolved clause and supporting statement:

**BE IT RESOLVED:** Shareholders request that Anadarko issue a report (at reasonable cost, omitting proprietary information) describing if, and how, it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement’s goal of maintaining global temperatures well below 2 degrees Celsius.

**SUPPORTING STATEMENT:** In the report shareholders seek information, among other issues at board and management discretion, on the relative benefits and drawbacks of integrating the following actions:

- Adopting overall greenhouse gas emission reduction targets for the company’s full carbon footprint, inclusive of operational and product-related emissions
- Reducing capital investments in oil and/or gas resource development
- Investing in renewable energy resources

There is no good basis for distinguishing the current proposal from the Anadarko proposal that was found not to micromanage and the Company does not offer a basis for differentiating them. Rather, as was the case in *Anadarko*, the disclosure request is made subject to “board and management discretion.” The Company may use its discretion to report on these issues or not. The use of the phrase “any” recognizes that the Company may or may not be measuring and disclosing its carbon footprint. The Company is also asked “whether” it is “considering” setting targets to reduce the carbon footprint of activities, and on what timeline. Each of the disclosure requests are intentionally framed in a manner that can be answered based on what the Company is already doing. This is not dictating or imposing specific methods, or significantly impacting day-to-day activity. Nonetheless, the requests are important in creating transparency for investors about what the Company is doing, if anything, or what it plans to do in the future with regard to these issues.

Moreover, we caution that the Company Letter’s approach would extend micromanagement prohibition to such a degree that that shareowner proposals would become meaningless. Shareholders have recently been prohibited, both in SEC guidance and various no action rulings,
from asking oil and gas companies – some of the most significant climate polluters -- to consider specific actions related to climate change. Under the Company’s arguments here, shareowners would further not be allowed to ask companies even for reporting on specific issues of concern related to climate change without having such requests considered to be disguised action requests. The proponents and many other investors believe that climate change is the defining issue of our time, determinant of whether individual companies and the entire economy will thrive -- or endure catastrophic impacts. The excessively restrictive application of the micromanagement principle, as advanced by the Company Letter, will impair the ability of shareowners to effectively raise and discuss with the Company, board, and other shareholders, any specific concern about the Company’s response to the material issue of climate change and the short window of time for action.

Contrasting with prior micromanagement exclusions

The Proposal stands in contrast to the cited proposals of recent exclusions based on micromanagement. For example, the Company cites EOG Resources, Inc. (Feb. 26, 2018) (recon. denied Mar. 12, 2018), which affirmatively sought targets for reducing greenhouse gas (GHG) emissions and a report discussing the company’s plans and progress towards achieving those targets. Also Apple Inc. (Dec. 5, 2016), in which Staff agreed with the exclusion of a proposal requesting that the company’s board of directors “generate a feasible plan ... to reach a net-zero GHG emission status by the year 2030.” Similarly, in Verizon Comms. Inc. (Mar. 6, 2018), the proposal requested a report evaluating the feasibility of the company achieving by 2030 “net-zero” emissions of greenhouse gases. It sought evaluation of a particular action on a particular timeline. The current proposal does not do so, as it leaves flexibility with the Company to determine if and how it will develop a plan for alignment with the Paris goal. It also does not affirmatively seek targets or ask the Company to generate a plan.

The difference in action requested by the Proposal is significant to the Company

The Company Letter notes that the board Nominating and Governance Committee concluded that the “delta between the Company’s current disclosure and effort and desire to decrease its contribution to climate change in the reporting and goal setting required by the Proposal is not sufficient to warrant inclusion of the proposal in the 2020 Proxy Materials.” Yet, as noted above, examination of the reporting provided by the Company so far is focused on short term and limited greenhouse gas reductions while the proposal seeks a plan consistent with alignment with the 2050 Paris goal. This is a very significant difference, the difference between long-term and short-term company planning and time horizons. In an environment in which these long-term considerations are entangled with investment time horizons, and in which the world must plan toward 2050, the Company’s existing disclosures fall short and leave a gap that is of material interest to investors and appropriate for consideration in the 2020 proxy materials.

C. The Proposal Does Not Dictate Company Products or Services

The Company Letter asserts that the Proposal impermissibly intervenes regarding choice of products sold by the company. In fact it does not do so, it merely asks that, if the Company
claims that it is working in alignment with the Paris goal (as it claims in the Company letter), that it describe how it is intending to align. No such plan is offered by the company.

In addition, a proposal could be far more directive in what it asks the company to do, report, or explore with regard to technology choices before it would be considered micromanagement. For example, in Entergy Corporation (March 14, 2018) the Staff rejected exclusion under Rule 14a-8(i)(7) for a request for a report describing how the Company could adapt its enterprise-wide business model to significantly increase deployment of distributed-scale non-carbon-emitting electricity resources as a means of reducing greenhouse gas emissions consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels. In contrast, the present Proposal does not suggest any particular direction of technology choice for the Company, but only provides the broad parameter of coming into alignment with global temperature goals. Thus, the proposal is far less restrictive and directive than proposals that have already been found to be non-excludable under Rule 14a-8(i)(7) in addressing climate goals as set forth below.

The Proposal here follows several direct precedents where the Staff has rejected both the “choice of technology” and “sale of a particular product” lines of argument related to essentially identical proposals. This includes DTE Energy (Jan. 26, 2015), Duke Energy (February 22, 2016) and Northwestern Energy (January 8, 2016). In each instance, the companies argued, as Hess does here, that the proposal engaged in micromanagement, and focused on “choice of technology” or “sale of a particular product.” In these cases, the Staff has consistently found that the proposal focuses on reducing greenhouse gas emissions and is not excludable under Rule 14a-8(i)(7) despite a focus on the degree to which the company was adopting a particular energy generation strategy.

CONCLUSION

Based on the foregoing, we believe it is clear that the Company has provided no basis for the conclusion that the Proposal is excludable from the 2020 proxy statement pursuant to Rule 14a-8. As such, we respectfully request that the Staff inform the company that it is denying the no action letter request. If you have any questions, please contact me at (413) 549-7333 or sanfordlewis@strategiccounsel.net.

Sincerely,

Sanford Lewis

Cc:
David Johansen
Danielle Fugere
February 4, 2020

VIA E-MAIL (shareholderproposals@sec.gov)

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: Hess Corporation
Omission of Shareholder Proposal Submitted by As You Sow
Securities Exchange Act of 1934 – Rule 14a-8

On behalf of our client, Hess Corporation, a Delaware Corporation (the “Company”), we are writing this letter to inform you that the Company intends to omit from its proxy statement and form of proxy for its 2020 Annual Meeting of Shareholders (collectively, the “2020 Proxy Materials”) a shareholder proposal and related supporting statement (together, the “Proposal”) received from As You Sow on behalf of Park Foundation, Inc. and Brian Patrick Kariger Revocable Trust, as proponents (the “Proponents”) for inclusion in the 2020 Proxy Materials.

Pursuant to Staff Legal Bulletin No. 14D (November 7, 2008) (“SLB 14D”), we are submitting this letter and its attachments to the Staff of the Division of Corporation Finance (the “Staff”) via e-mail at shareholderproposals@sec.gov and the undersigned has included his name and telephone number both in this letter and the cover email accompanying this letter. In accordance with Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we are submitting this letter to the U.S. Securities and Exchange Commission (the “Commission”) no later than eighty (80) calendar days before the Company intends to file its definitive 2020 Proxy Materials, and a copy of this submission is being sent simultaneously to the Proponents, as notification of the Company’s intention to omit the Proposal from its 2020 Proxy Materials. We hereby request confirmation from the Staff that it will not recommend any enforcement action if the Company omits the Proposal in reliance on Rule 14a-8 from the 2020 Proxy Materials. This letter includes the Company’s statement of the reasons it deems the omission of the Proposal to be proper.

We take this opportunity to inform the Proponents that if they elect to submit additional correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company in accordance with Rule 14a-8(k) and SLB 14D.
THE PROPOSAL

The Proposal states:

Resolved: Shareholders request that Hess Corporation issue a report (at reasonable cost, omitting proprietary information) describing if, and how, it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement’s goal of maintaining global temperature rise well below 2 degrees Celsius.

A copy of the Proposal and related correspondence is attached to this letter as Exhibit A.

BASES FOR EXCLUSION

We hereby respectfully request that the Staff concur with our view that the Proposal may be excluded from the 2020 Proxy Materials pursuant to:

• Rule 14a-8(i)(10) because the Company has substantially implemented the Proposal; and

• Rule 14a-8(i)(7) because the Proposal deals with matters relating to the Company’s ordinary business operations.

ANALYSIS

I. The Proposal May Be Excluded Under Rule 14a-8(i)(10) Because the Company Has Substantially Implemented the Proposal

A. Introduction

We believe the Company has substantially implemented the Proposal with its existing public disclosures. We respectfully request that the Staff concur with our view that the Proposal may be excluded pursuant to Rule 14a-8(i)(10). The Company has published, and continues to publish, information about climate change and the Company’s plans to reduce its contribution to climate change that address the primary goals of the report requested in the Proposal. Although the Company’s prior public disclosures were not made in precisely the manner contemplated by the Proponents, the Proposal is excludable because the essential disclosure objective of the Proposal has already been the topic of existing disclosures by the Company.

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal from its proxy materials if the company has substantially implemented the proposal. The Commission stated in 1976 that the predecessor to Rule 14a-8(i)(10) was “designed to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management.” Exchange Act Release No. 12598 (Jul. 7, 1976). When a company can demonstrate that it has taken actions to address the elements of a shareholder proposal, the Staff has concurred that the proposal has been “substantially implemented” and may be excluded as moot. See, e.g., Dominion Resources, Inc. (Feb. 9, 2016); Exxon Mobil Corp. (Mar. 17, 2015); Deere & Company (Nov. 13, 2012); Exxon Mobil Corp. (Mar. 23, 2009); Exxon Mobil Corp. (Jan. 24, 2001); and The Gap, Inc. (Mar. 8, 1996). The Staff has noted that “a determination that the company has substantially implemented the proposal depends upon whether [the company’s] particular policies, practices and procedures compare favorably with the guidelines of the proposal.” Texaco, Inc. (Mar. 28, 1991).
In applying Rule 14a-8(i)(10), the Staff has consistently concurred with the exclusion of shareholder proposals that, like the Proposal, request a report containing information that the company has already publicly disclosed. In the case at hand, the essential disclosure objectives of the Proposal were previously disclosed by the Company through its annual Sustainability Report and periodic investor presentations, and in its response to the CDP Climate Change Questionnaire, each of which is publicly available and described below. In 2019, the Staff allowed the Company to exclude a proposal requesting a report on how the Company can reduce its carbon footprint in alignment with greenhouse gas reductions necessary to achieve the Paris Agreement’s goal because the Company’s public disclosures compared favorably with the guidelines of the proposal. See Hess Corp. (Apr. 11, 2019). Even though the Company’s prior public disclosure was not made in precisely the manner contemplated by the proponent, that proposal was still excludable. This is similar to the Proposal insofar as the Proposal is also seeking disclosure that is not precisely that which has previously been disclosed. See also AutoZone, Inc. (Oct. 9, 2019) (concurring with the exclusion under Rule 14a-8(i)(10) of a stockholder proposal requesting the board prepare a report relating to Sustainability Accounting Standards Board standards where portions from the company’s annual report on Form 10-K and other disclosures across various parts of its website compared favorably with the guidelines of the proposal); Exxon Mobil Corporation (Mar. 29, 2019) (concurring in the exclusion of a proposal that requested a report on how the company’s business activities contribute to the provision of affordable, reliable, sustainable and modern energy to alleviate energy poverty, in alignment with the Paris Agreement goal to limit global average temperature increases to well below 2 degrees Celsius above pre-industrial levels, by stating that the company’s public disclosures compare favorably with the guidelines of the proposal); Exxon Mobil Corporation (Mar. 23, 2018) (concurring in the exclusion of a proposal that requested a report “describing how the company could adapt its business model to align with a decarbonizing economy by altering its energy mix” to substantially reduce societal greenhouse gas emissions and protect shareholder value when the company made various statements about its efforts to adapt to a lower-carbon environment in two different disclosure documents); Dominion Resources, Inc. (Feb. 19, 2015) (concurring in the exclusion of a proposal requesting a report on the company’s effort to reduce environmental hazards associated with its coal ash disposal and storage operations and how those efforts may reduce legal, reputational, and other risks to the company’s finances when the company had published a report that focuses on and makes disclosures regarding the risks associated with coal ash disposal and storage operations); Entergy Corp. (Feb. 14, 2014) (concurring in the exclusion of a proposal that requested a report on additional near-term actions to reduce its greenhouse gas emissions, when the company had already made numerous public disclosures on such topic; and The Dow Chemical Co. (Mar. 5, 2008) (concurring in the exclusion of a proposal that requested a “global warming report” that discussed how the company’s efforts to ameliorate climate change may have affected the global climate when the company had already made various statements about its efforts related to climate change, which were scattered throughout various corporate documents and disclosures).

Additionally, a company does not need to implement a proposal in exactly the manner set forth by the proponent. See Exchange Act Release No. 40018 (May 21, 1998) (the “1998 Release”). The Staff has been willing to grant no-action relief under Rule 14a-8(i)(10) when a company has satisfied the “essential objective” of a proposal, even if the company did not take the exact action requested by the proponent, did not implement the proposal in all details or exercised discretion in determining how to implement the proposal. In Exxon Mobil Corporation (Apr. 3, 2019), the Staff concurred with the exclusion under Rule 14a-8(i)(10) of a proposal requesting that the company issue a report on how it can reduce its carbon footprint in alignment with greenhouse gas reductions necessary to achieve the Paris Agreement’s goal of maintaining global warming well below 2 degrees Celsius given that Exxon’s previously issued report provided details on the company’s GHG emission reduction efforts and addressed many, but not necessarily all, of the requests in the proposal’s supporting statement. Similarly, in Mondelez
International, Inc. (Mar. 7, 2014), the Staff concurred with the exclusion under Rule 14a-8(i)(10) of a proposal requesting that the board produce a report on the company’s process for identifying and analyzing potential and actual human rights risks in the company’s operations and supply chain, where the company already disclosed its risk management process and the framework it used to assess potential human rights risks. The facts described in Exxon Mobil Corporation and Mondelez International, Inc. are very similar to the Proposal because the proposals in both cases sought more specific disclosure than what had been previously disclosed. However, in such cases and the case at hand, the exclusion is appropriate because the broader essential objective had already been the topic of an existing disclosure. See also PNM Resources Inc. (Mar. 30, 2018) (concurring in the exclusion of a proposal requesting a report identifying which of the company’s generation assets might become stranded due to global climate change, where the company disclosed all of its generation assets but declined to identify which were at risk for becoming stranded, noting that such determination is ultimately decided by the state regulator); Pfizer Inc. (Jan. 11, 2013, recon. denied Mar. 1, 2013) (concurring in the exclusion of a proposal requesting that the board issue a report detailing measures implemented to reduce the use of animals and specific plans to promote alternatives to animal use, where the company cited its compliance with the Animal Welfare Act and published a two-page “Guidelines and Policy on Laboratory Animal Care” on its website); and Exelon Corp. (Feb. 26, 2010) (concurring in the exclusion of a proposal that requested a report on different aspects of the company’s political contributions when the company had already adopted its own set of corporate political contribution guidelines and issued a political contributions report that, together, provided “an up-to-date view of the [c]ompany’s policies and procedures with regard to political contributions”).

The core of the Proposal, or its “essential objective,” is that the Company produce a report on if, and how, it plans to reduce its total contribution to climate change and align its operations and investments with the goal of maintaining global warming below the 2°C Goal (described below) set by the Paris Agreement. The Company has addressed the primary concerns of the Proposal as described in: (i) its most recent Sustainability Report1 (the “2018 Sustainability Report”), which is prepared in accordance with the Global Reporting Initiative’s Standards at the Core reporting level, (ii) its response to the 2019 CDP Climate Change Questionnaire2 (the “CDP Questionnaire” and, together with the 2018 Sustainability Report, the “Reports”) and (iii) its 2020 Goldman Sachs Energy Conference Presentation from January 7, 20203 (the “2020 Investor Presentation” and, together with the Reports and various other materials on the Company’s website, the “Public Disclosures”).

As demonstrated in the table below, the Public Disclosures substantially implement the requests in the Proposal, including the “essential objective” in the Resolution and the statements in the Supporting Statement, which address the Company’s plans to reduce its contribution to climate change, including, but not limited to, the Company’s climate change strategy and business plan, specific emission reduction targets and the progress the Company has made. A more detailed discussion of the disclosures contained in the Public Disclosures follows the table below.

| Proposal Request to “reduce its total contribution to climate change and align its operations and investments with the well below 2°C Goal” |
|---|---|---|
| Hess’ Initiatives Aligned with the Essential | Relevant Public Disclosures |

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### Objective of the Proposal

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<tr>
<th>Description</th>
<th>References</th>
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<tbody>
<tr>
<td>Five-pronged Climate Change Strategy in support of the aim of the Paris Agreement</td>
<td>• 2018 Sustainability Report, page 39&lt;br&gt;• CDP Questionnaire, Question C2.2d</td>
</tr>
<tr>
<td>Targets on reducing GHG emissions, methane and flaring</td>
<td>• 2018 Sustainability Report, pages 46, 48, 51</td>
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<tr>
<td>Emission reduction initiatives in support of the Company’s GHG emission and flaring intensity reduction targets</td>
<td>• 2018 Sustainability Report, pages 48-51&lt;br&gt;• CDP Questionnaire, Questions C-OG4.8, C2.5&lt;br&gt;• 2020 Investor Presentation, slides 3-4&lt;br&gt;• 2018 Investor Day Presentation from December 12, 2018 (the “2018 Investor Day Presentation”), “Guyana Development,” Richard Lynch, slide 37&lt;br&gt;• hess.com/sustainability/climate-change-energy/emission-reduction-initiatives</td>
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<tr>
<td>Reducing operational flaring and emissions</td>
<td>• CDP Questionnaire, Questions C2.4a, C-OG4.8&lt;br&gt;• 2018 Sustainability Report, pages 48-49</td>
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<tr>
<td>Portfolio transformation to support low-carbon strategy</td>
<td>• 2020 Investor Presentation, slides 3-4</td>
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<tr>
<td>Factoring carbon costs for new investments</td>
<td>• 2018 Sustainability Report, pages 14, 41-44&lt;br&gt;• CDP Questionnaire, Questions C1.2a, C11.3a</td>
</tr>
<tr>
<td>Using risk scenarios based on the Paris Agreement to qualitatively assess any potential risk (including those related to climate change) and opportunities associated with its portfolio of assets</td>
<td>• 2018 Sustainability Report, pages 40, 42-45&lt;br&gt;• CDP Questionnaire, Questions C2.2b, C3.1d</td>
</tr>
<tr>
<td>Entering into strategic partnerships to reduce emissions</td>
<td>• CDP Questionnaire, Question C12.1c</td>
</tr>
<tr>
<td>Seeking opportunities to promote energy efficiency where feasible</td>
<td>• 2018 Sustainability Report, pages 49-50</td>
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### B. The Reports Describe the Company’s Strategy for Reducing Its Contribution to Climate Change by Reducing Its GHG Emissions Pursuant to, and Aligning Its Operations and Investments with, the Paris Agreement, Which Satisfies the “Essential Objective” of the Proposal

The Reports unequivocally state the Company’s position on climate change: The Company supports the aim of the Paris Agreement to limit global average temperature rise to well below 2°C (the “well below 2°C Goal”) and the Company’s Board of Directors (the “Board”) and senior leadership have set aggressive targets for greenhouse gas ("GHG") emission reductions.5

The Reports describe the Company’s five-pronged climate change strategy that would prepare the Company to operate in a lower carbon environment by lowering GHG emissions in alignment with the well below 2°C Goal (the “Climate Change Strategy”):

- setting and disclosing targets to reduce the carbon intensity of the Company’s operations;

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4 [https://investors.hess.com/static-files/02315a35-fe12-475b-82d1-0760c99e26a3](https://investors.hess.com/static-files/02315a35-fe12-475b-82d1-0760c99e26a3)

5 2018 Sustainability Report, page 39
applying technological innovation and efficiency to decrease energy use and GHG emissions across the Company’s operations;

accounting for the cost of carbon in significant new investments;

incorporating carbon risk scenario analysis into its business planning cycle; and

working with government and industry partners to advance the development of a range of low-GHG emissions pathways, including technological advancements.6

The Reports also disclose, as requested by the Proposal, how the Company is implementing its Climate Change Strategy:

• **Targets.** The Reports describe the following key targets to reduce emissions:
  
  - a reduction in the Company’s GHG emissions intensity by 25% for its 2014 portfolio of operated assets by 2020 (versus a 2014 emissions baseline);
  - a reduction in flaring emissions intensity by 50% for its 2014 portfolio of operated assets by 2020 (versus a 2014 emissions baseline); and
  - a reduction in methane emissions to less than 0.47% across the Company’s U.S. onshore upstream operations by 2025.7

• **Progress.** The Company has disclosed its progress in meeting these targets through 2018, including:
  
  - a 17% reduction in GHG emissions intensity compared to the Company’s 2014 baseline, keeping the Company on track to achieve its 25% reduction target for 2020;8 and
  - a 41% reduction in flaring emissions intensity compared to the Company’s 2014 baseline, keeping the Company on track to achieve its 50% reduction target for 2020.9

• **Carbon Asset Risk Assessment in alignment with the well below 2° C Goal.** The Reports describe how the Company incorporates climate-related scenario analysis, which includes scenarios based on the well below 2° C Goal set forth in the Paris Agreement, into its Climate Change Strategy and its long-term business strategy described in the 2020 Investor Presentation.10

The Company has incorporated the well below 2° C Goal into its carbon asset risk analysis. The 2018 Sustainability Report describes two key climate-related scenarios: the New Policies (“NP”) Scenario and the Sustainable Development (“SD”) Scenario, as developed and published by the globally recognized International Energy Agency (the “IEA”) in their World Energy Outlook as a way of exploring different possible global futures, the levers that could bring them about, and the interactions that arise across a complex energy system. The NP Scenario includes existing energy policies as well as policies and targets announced by governments, most notably the Nationally Determined Contributions, a key component of the Paris Agreement, and is considered by both

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6 2018 Sustainability Report, page 39
7 2018 Sustainability Report, pages 46, 51
8 2018 Sustainability Report, page 47
9 2018 Sustainability Report, page 48
10 CDP Questionnaire, Questions C3.1, C3.1a, C3.1c, C3.1d; 2020 Investor Presentation, slides 3-4
the Company and the IEA to be the central scenario. 11 The SD Scenario is a more challenging alternative, consistent with the direction needed to achieve the objectives of the well below 2° C Goal, 12 but nevertheless assumes increasing demand for hydrocarbons and further investment in the oil and gas sector. As noted in the CDP Questionnaire, the Company does not change any of the assumptions or inputs in the IEA’s scenarios before using them to qualitatively assess any potential risk and opportunities associated with its portfolio of assets. 13

The IEA’s SD Scenario requires an ambitious 21% reduction in carbon intensity by 2030 in order to be consistent with the Paris Agreement’s well below 2° C Goal. 14 This 21% carbon intensity reduction figure is derived from the SD scenario’s carbon dioxide (“CO2”) emissions divided by primary world energy demand in 2030 versus 2017. With respect to the Company’s 25% target for reduction in its GHG emissions intensity, the Reports note that the Company’s target is aligned with the reductions assumed necessary by the IEA in its challenging SD Scenario, the latter which incorporates and is fully aligned with the Paris Agreement’s well below 2° C Goal. 15

- **Carbon Costs for New Investments.** The Reports describe how the Company applies a theoretical carbon price of $40 per ton of carbon dioxide in its economic evaluations for significant new projects. 16 In addition, as part of the Company’s annual portfolio-specific scenario planning exercise, the Company applies the IEA’s carbon prices, which range up to $140 per tonne as an established component of its planning cycle. 17

- **Reduce Energy Use, Waste and Emissions.** The Reports disclose that the Company tracks and monitors air emissions at each of its assets and undertakes a variety of emission reduction initiatives that are described more fully below, such as the $3 billion investment in midstream infrastructure to reduce flaring in its North Dakota operations and the implementation of a leak detection and repair program to limit methane emissions. 18

As described above, the Company has adequately described its plans to, and how it plans to, continue to reduce its contribution to climate change and align its operations and investments with the well below 2° C Goal by disclosing its strategy for setting targets to reduce the carbon intensity of its operations, applying technological innovation and efficiency to decrease energy use and GHG emissions across its operations, incorporating carbon asset risk assessments and accounting for carbon costs for new investments, and explaining in these disclosure documents how it has factored the well below 2° C Goal into its Climate Change Strategy. In addition, the Company is currently undertaking a strategy refresh to update its emission reduction targets, the result of which will be disclosed in a future sustainability report. For these reasons, the Company has substantially implemented the Proposal’s “essential objective.”

**C. The Reports Address Other Aspects of the Proposal**

11 2018 Sustainability Report, pages 42-45
12 2018 Sustainability Report, page 44, CDP Questionnaire, Question C3.1d
13 CDP Questionnaire, Question C3.1d
14 2018 Sustainability Report, pages 41, 46, CDP Questionnaire, Question C3.1c
15 2018 Sustainability Report, pages 41, 46, CDP Questionnaire, Question C2.6
16 2018 Sustainability Report, pages 14, 41, 44; CDP Questionnaire, Questions C2.2b, C11.3a
17 2018 Sustainability Report, page 40; CDP Questionnaire, Question C11.3a
18 2018 Sustainability Report, page 49; CDP Questionnaire, Questions C2.5, C-OG4.7 and C-OG4.8
In addition to addressing the “essential objective” of the Proposal in its disclosure, the Company has also addressed other aspects of the Proposal in its disclosures, as described in the sections below.

1. The Reports Disclose the Company’s Considerations regarding GHG Emission Reduction Targets

The Supporting Statement of the Proposal requests that the Company disclose relative benefits and drawbacks of adopting “greenhouse gas emission reductions targets for the company’s full carbon footprint, inclusive of product-related emissions.” As described above, the Reports disclose that the Company has considered and incorporated climate-related scenario analysis, which includes scenarios based on the well below 2°C Goal set forth in the Paris Agreement, into its Climate Change Strategy and its long-term business strategy. In addition, the Company has already disclosed GHG reduction targets as described in Section I.B herein.

The Reports also explain the Company’s considerations regarding targets on product-related (Scope 3) emissions. As disclosed in the Reports, Scope 3 GHG emissions are those generated from corporate value chain activities that are not accounted for and reported in the Company’s Scope 1 and Scope 2 emissions.\textsuperscript{19} The Company completed divestment of all downstream operations, including refining, terminals and retail operations, and became a “pure play” exploration and production (“\text{E&P}”) company in 2014, focusing solely on the exploration and production of crude oil and natural gas, with no downstream energy marketing operations.\textsuperscript{20} Unlike Shell and the other fully integrated oil companies identified in the Proposal that are in the position to offer a full range of energy products and services to third-party customers, the Company has no direct control over Scope 3 emissions. The Reports nevertheless disclose data regarding the Company’s Scope 3 emissions, with a reduction of combined Scope 1, 2 and 3 CO\textsubscript{2}e emissions by 62% over the past 11 years.\textsuperscript{21} In addition, as described below, the Company is investing in emission-reducing technologies and other scientific solutions which, if successful, will have the effect of mitigating the Company’s contribution to climate change.

2. The Reports Disclose How the Company Has Reduced Capital Investments in High-cost, High-carbon Assets and Increased Capital Expenditures for, and Investments in, Sustainable Technologies, Initiatives and Partnerships to Develop Its Lower-cost Assets, Consistent with the Well Below 2°C Goal

The Supporting Statement of the Proposal requests that the Company disclose relative benefits and drawbacks of “reducing non-Paris aligned capital investments in oil and/or gas resource development” and “investing at scale in low-carbon energy or other greenhouse gas emission reduction measures,” which are adequately addressed in the Reports. The Reports disclose that, in support of its GHG emission intensity reduction target to align with the well below 2°C Goal, the Company tracks and monitors air emissions at each of its assets and undertakes a variety of emission reduction initiatives, with a focus on opportunities that are technically and economically feasible.\textsuperscript{22} The Reports give ample examples of actions taken pursuant to these initiatives and plans implemented to reduce the Company’s energy consumption and carbon emissions and increase the use of alternative energy in the Company’s operations.

\textsuperscript{19} CDP Questionnaire, page 36
\textsuperscript{20} CDP Questionnaire, page 36
\textsuperscript{21} 2018 Sustainability Report, page 47
\textsuperscript{22} 2018 Sustainability Report, page 48
• **Over $3 billion invested in midstream infrastructure in North Dakota to increase gas capture rates.** Between 2012 and 2018, the Company has invested more than $3 billion in midstream infrastructure in North Dakota to capture and monetize natural gas produced from its operations and reduce flaring.\(^{23}\) In addition, in 2019, Hess Midstream LP (a consolidated subsidiary of the Company) commenced startup of a new joint venture gas processing plant called Little Missouri Four in North Dakota and announced plans to expand natural gas processing capacity at the Tioga Gas Plant which is expected to further reduce flaring and emissions in the Bakken.\(^{24}\)

• **Investing in emissions-reducing technologies.** The Company has a strategic partnership with GTUIT, a manufacturer and operator of gas capture and gas liquids extraction equipment, for its North Dakota assets. In 2018, more than 420 MMSCF of gas flaring was avoided and CO\(_2\)e emissions were reduced by an estimated 37,378 tonnes.\(^{25}\)

• **Avoiding natural gas flaring emissions in Guyana.** The Company’s developments offshore Guyana have been designed to avoid operational flaring and reinject associated gas back into the underground reservoirs which is expected to reduce the carbon footprint of this asset.\(^{26}\)

• **Investing in renewable energy.** Approximately 27% of the Company’s purchased electricity in 2018 was generated from renewable sources, primarily wind power. The Company also purchased renewable energy certificates equivalent to approximately 12% of its purchased electricity in 2018, in line with the Company’s goal to purchase renewable energy certificates equal to or greater than 10% of the net electricity used in its operations annually since 2007. With the renewable energy certificates included, approximately 39% of the Company’s overall indirect energy use came from renewable sources in 2018. The Company has committed to purchasing renewable energy certificates equivalent to 100% of the net electricity used in its operations in 2019.\(^{27}\)

• **Carbon Offsets.** The Company has purchased carbon credits annually since 2010 to offset 100% of its Scope 3 business travel emissions (approximately 3,200 tonnes in 2018). As a result of reduced employee travel, the CO\(_2\)e amount for such emissions in 2018 was down approximately 30% compared to in 2017.\(^{28}\) The Company has also increased this commitment by also offsetting 100% of its Scope 1 emissions associated with operating the company’s truck fleet, aviation activities (aircraft and helicopters) and personal and rental vehicle miles driven while on Company business (approximately 11,800 tonnes in 2018). In 2018, the Company purchased 15,000 tonnes of carbon credits from First Climate Markets AG, for the retirement of offsets related to a third-party landfill gas recovery project in Ohio. This contribution offset 100% of the GHG emissions the Company estimated were generated from its business travel and its company-operated truck fleet in 2018 (Scopes 1 and 3).\(^{29}\)

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\(^{23}\) 2018 Sustainability Report, page 43; CDP Questionnaire, Question C2.4a


\(^{25}\) 2018 Sustainability Report, pages 49-50

\(^{26}\) CDP Questionnaire, Question C2.5

\(^{27}\) 2018 Sustainability Report, page 50; http://www.hess.com/sustainability/climate-change-energy/energy-use

\(^{28}\) 2018 Sustainability Report, page 48

\(^{29}\) Id.
• **Investing in scientific solutions to mitigate climate change.** The Company is investing in a leading research project to use the global and vast scale of agriculture to achieve carbon removal at a potential magnitude in the Gigatons of carbon per year. This research and development initiative is being led by prominent biologists and chemists in the field of plant genetics and biochemistry who are seeking to advance the process to enhance the natural abilities of plants to store CO2.

• **Reducing diesel consumption in North Dakota.** In 2018, the Company doubled the use of flexible hose to transport freshwater to drill sites, eliminating 600,000 gallons of diesel use in trucks. In addition, by converting onshore drilling rigs from diesel engines to bi-fuel natural gas/diesel engines, converting boilers to operate exclusively on natural gas during winter operations and transporting freshwater by hose directly from the water source to the Company’s wells, instead of using trucks, the Company reduced GHG emissions by another 6,099 tonnes.30

• **Reducing methane emissions with LDAR program.** The Company spends approximately $3 million per year to operate a Leak Detection and Repair program at 100% of its total on-shore operated assets with methane emissions.31

• **Portfolio transformation to support low-carbon strategy.** In 2017, the Company divested high cost, lower margin assets, including assets in Norway and Equatorial Guinea, which supported the Company’s low-carbon strategy. These portfolio changes follow the Company’s transformation in 2014 into a “pure play” E&P company, when the Company divested its downstream retail and refining operations.32

As described above, the Company has adequately disclosed its strategy for investing at scale in low-carbon energy and making capital investments in cleaner, emissions-reducing technology to support its operations and align with the Paris Agreement.

3. **The Reports Disclose the Company’s Approach to Preparing for a Lower-carbon Future**

The Reports disclose that the Company’s strategy is premised on lower-carbon oil and natural gas being a critical and material component of bridging to a lower-carbon environment.33 While not a low-carbon energy resource, natural gas produces about half of the GHG emissions compared to coal in electricity generation and is a lower-carbon energy alternative. As explained below, the Company has made a business decision to focus on developing its oil and natural gas assets, after full consideration of some of the most ambitious GHG reduction scenarios from the IEA, in order to both maximize value for its shareholders and prepare for a transition to a lower-carbon energy economy.34

The Company’s reasoning is clearly stated in the Reports. The Company has evaluated various sustainability risks and global scenarios, including the NP and SD Scenarios—the IEA’s ambitious GHG reductions scenarios described above—and has concluded that by investing in oil and natural gas today, it will be in position to create long-term value for its shareholders while bridging the way to a lower-carbon

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30 CDP Questionnaire, Question C2.4a
31 2018 Sustainability Report, page 51; CDP Questionnaire, Question C-OG4.7
32 2018 Investor Day Presentation, “Portfolio & Capabilities,” Greg Hill, slide 16
33 2018 Sustainability Report, page 42
34 2018 Sustainability Report, pages 42-45; CDP Questionnaire, Question C3.1d
environment. As described above, neither of the IEA Scenarios envision a future energy economy free from the use of fossil fuel resources and even the SD Scenario, which incorporates the Paris Agreement’s well below 2°C Goal, assumes that 48% of the energy used in 2040 will be from oil and gas, down modestly from 54% today. Importantly, these scenarios require additional investment in oil and gas projects. Furthermore, the IEA has reported that global investment in oil and natural gas has fallen short in recent years, projecting a possible shortage of supply in the future.

As described in the 2020 Investor Presentation and the 2018 Investor Day Presentation, the Company’s long-term strategy is to exploit this recent pattern of underinvestment and develop its lower cost oil and natural gas assets in order to meet the shortage projected by the IEA, a strategy which is fully consistent with the NP and SD Scenarios and the Paris Agreement’s well below 2°C Goal. The Company will be spending approximately 75% of its capital expenditures through 2025 on developing its growth assets in Guyana and North Dakota, taking measures to reduce its carbon footprint by investing in the various initiatives, partnerships and technologies described above. As discussed above, in line with its long-term strategy, the Company has invested significant time and capital on initiatives to reduce GHG emissions in its existing operations and developing new assets with the goal of further reducing emissions.

The analysis underlying the Public Disclosures demonstrates that the Company has substantially implemented the Proposal by satisfying its essential objective and addressing other points in the Proposal. Specifically, the Company, through its Public Disclosures, has provided, and intends to continue to provide (in particular in its Sustainability Report, which has been updated on an annual basis, in part to address certain specific concerns communicated to the Company by its shareholders) analysis of its efforts to reduce its contribution to climate change and align its operations and investments with the well below 2°C Goal. In fact, the Company’s transparency through its public disclosures and environmental performance has been recognized by several third-party survey rankings. For example, the Company has been named to Dow Jones Sustainability Index North America for the tenth consecutive year, and has been recognized as a leader in CDP’s Global Climate Change Report for the eleventh consecutive year. We believe the Company has substantially implemented the Proposal with its existing public disclosures. We respectfully request that the Staff concur with our view that the Proposal may be excluded pursuant to Rule 14a-8(i)(10).

II. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Micro-Manages the Company and Concerns the Products and Services Offered by the Company and Therefore Deals With Matters Related to the Company’s Ordinary Business Operations

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company’s “ordinary business” operations. According to the 1998 Release, which accompanied the 1998 amendments to Rule 14a-8, the term “ordinary business” “refers to matters that are not necessarily ‘ordinary’ in the common meaning of the word,” but instead the term “is rooted in the corporate law

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35 2018 Sustainability Report, pages 42-45; CDP Questionnaire, Question C3.1d
36 2018 Sustainability Report, page 43; CDP Questionnaire, Question C2.2b
37 2018 Sustainability Report, pages 42-45
38 2020 Investor Presentation, slides 3-4
concept providing management with flexibility in directing certain core matters involving the company’s business and operations."

In the 1998 Release, the Commission stated that the underlying policy of the ordinary business exclusion is “to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting,” and identified two “central considerations” for ordinary business exclusion. The first is that certain tasks are “so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight.” The second consideration relates to “the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” Id. (citing Exchange Act Release No. 12999 (Nov. 22, 1976)). According to the 1998 Release, a proposal may do this if it “involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.” The Proposal is properly excludable from the 2020 Proxy Material, as the Proposal’s underlying subject matter relates to the Company’s ordinary business operations and the Proposal attempts to micro-manage the Company by probing the matters of a complex nature that are the appropriate responsibility of the Company’s management and the Board. As described below, this is supported by a review and assessment undertaken by the Corporate Governance and Nominating Committee (the “Committee”) and past no-action letters of the Commission.

A. The Proposal Seeks to Micro-Manage the Company by Imposing Specific Methods to Implement Complex Policies

In light of Staff Legal Bulletin 14I (Nov. 1, 2017) and Staff Legal Bulletin 14J (Oct. 23, 2018) (“SLB 14J”), the Company considered and analyzed the Proposal’s significance in relation to the Company and determined that the Proposal touches on matters squarely within the realm of ordinary business operations best overseen by Company management. In a meeting held on February 4, 2020, and over the course of its prior discussions, the members of the Committee considered with management the matters identified by SLB 14J. The Company’s management concluded and the Committee supported that, while the Company is committed to reducing its contribution to climate change and aligning its operations and investments with the well below 2° C Goal, the Proposal micro-manages the Company in an area of ordinary business operations where the shareholders, as a group, would be ill-suited to make an informed decision.

In SLB 14J, the Staff explained that the exclusion based on micromanagement “also applies to proposals that call for a study or report” and further stated that it “would, consistent with Commission guidance, consider the underlying substance of the matters addressed by the study or report” to determine whether a proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies. For example, the Staff noted that “a proposal calling for a report may be excludable if the substance of the report related to the imposition or assumption of specific timeframes or methods of implementing complex policies.” Further, according to the Staff Legal Bulletin No. 14K (Oct. 16, 2019) (“SLB 14K”), “when analyzing a proposal to determine the underlying concern or central purpose of any proposal,” the Staff looks “not only to the resolved clause but to the proposal in its entirety.” Therefore, “if a supporting statement modifies or re-focuses the intent of the resolved clause, or effectively requires some action in order to achieve the proposal’s central purpose as set forth in the resolved clause,” the Staff “takes that into account in determining whether the proposal seeks to micromanage the company.” The Staff has consistently agreed that proposals attempting to micro-manage a company by probing too deeply into matters of a complex nature upon which shareholders, as a group, are not in a position to make an informed judgment are excludable under Rule 14a-8(i)(7). See Exxon Mobil Corp. (Apr. 2,
2019) (permitting exclusion under Rule 14a-8(i)(7) on basis of micromanagement of a proposal requesting an annual reporting from 2020, to include disclosure of short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement to keep the increase in global average temperature to well below 2 degrees Celsius and to pursue efforts to limit the increase to 1.5 degrees Celsius, noting that the proposal seeks to impose specific methods for implementing complex policies in place of the ongoing judgments of management as overseen by its board of directors); Devon Energy Corp. (Mar. 4, 2019) (same); JP Morgan Chase & Co. (Mar. 30, 2018) (permitting exclusion under Rule 14a-8(i)(7) on the basis of micromanagement of a proposal requesting a report on the reputational, financial, and climate risks associated with project and corporate lending, underwriting, advising and investing on tar sands projects); and Amazon.com, Inc. (Mar. 6, 2018) (permitting exclusion under Rule 14a-8(i)(7) on the basis of micromanagement of a proposal requesting a report evaluating the potential to achieve net-zero GHG emissions by a certain future target date).

Here, the Proposal’s Supporting Statement requests that the Company adopt “greenhouse gas emission reduction targets for the company’s full carbon footprint, inclusive of product-related emissions,” reduce “non-Paris aligned capital investments in oil and/or gas resource development”, and invest “at scale in low-carbon energy or other greenhouse gas emission reduction measures.” In fact, the Proponents seek to impose the adoption of such targets and ultimately seeks the Company to align its operations and investments with such goal. The Whereas clause of the Proposal lays out a set of specific criteria for alignment with the Paris Agreement, including “disclosure of Scope 1 through 3 emissions, adoption of a net zero by 2050 or equivalent target, a business plan for becoming Paris Aligned, and a declining carbon footprint.”

In Staff Legal Bulletin No. 14E (Oct. 27, 2009) (“SLB 14E”), the Staff stated that a proposal may be excluded if it seeks to micro-manage the company by specifying in detail the manner in which the company should address a policy issue. See Apple Inc. (Dec. 21, 2017) (permitting exclusion of a proposal requesting the Apple board to prepare a report evaluating potential for Apple to achieve net-zero GHG emissions by a fixed date). On March 12, 2019, the Staff allowed Goldman Sachs Group, Inc. (“Goldman Sachs”) to exclude a proposal that requested that Goldman Sachs “adopt a policy to reduce the carbon footprint of its loan and investment portfolios in alignment with the 2015 Paris goal of maintaining global warming well below 2 degrees, and issue annual reports describing targets, plans and progress under this policy.” The Staff recognized that by “imposing this overarching requirement, the Proposal would micromanage the Company by seeking to impose specific methods for implementing complex policies in place of the ongoing judgments of management as overseen by its board of directors.” See Goldman Sachs Group Inc. (Mar. 12, 2019). Similarly to Goldman Sachs, the Proposal seeks to impose specific methods and seeks specific information intended to force the Company’s adoption of goals to reduce the Company’s full carbon footprint in alignment with the Paris Agreement and to reduce non-Paris aligned capital investments.

As discussed earlier, the Proposal specifically lays out these goals and criteria for alignment in detail, suggesting that the Company should adopt them accordingly. In the paragraphs following this description for alignment, the Proposal recognizes that the Company has implemented GHG emission reduction goals, but undermines them by stating that they are “short term, limited to certain operations, do not address Scope 3 emissions, and are intensity based.” The Proposal states that the Company’s actions are not adequate, because “intensity targets, while an important step, increase efficiency, but do not ensure reductions in the company’s total carbon footprint.” This suggests that the Proposal is not seeking to defer to management’s discretion to consider “if and how” the Company plans to reduce its carbon footprint and is not simply asking the Company to consider the relative benefits and drawbacks of several actions.
Instead, the Proposal is imposing upon the Company specific actions (i.e., replacing its existing intensity-based targets with absolute targets) and specific goals for alignment with the Paris Agreement. The Company’s intensity-based targets are a product of a thorough decision-making process by its senior management and reviewed by its Board, requiring not only consideration of the Company’s business and economic growth (including economic returns to its shareholders), but also the Company’s values related to global policy concerns such as climate change.\(^4\) As described in its 2018 Sustainability Report, the Company is committed to developing oil and gas resources in a sustainable way. Intensity-based targets allow the Company to balance the economic growth of its business while taking into account environmental concerns.

As discussed above, the Company has taken actions on three out of the four criteria for alignment with the Paris Agreement listed in the Whereas clause of the Proposal, including disclosing reduction of emissions, setting aggressive targets to reduce GHG emissions, methane and flaring, developing business plans and strategy consistent with the well below 2\(^\circ\) C Goal, and reducing its carbon footprint. In other words, the Company has substantially implemented, and continues to act on, the important policy issues of climate change and sustainability that the Proposal addresses. The Company’s 2018 Sustainability Report stresses that the Company’s commitment to sustainability starts with the active engagement by its Board and senior management.\(^4\) In fact, as discussed earlier, the Company has set aggressive targets for GHG emission reductions, focusing on reducing its carbon footprint on Scope 1 and Scope 2 emissions, over which it has direct control, as relevant and appropriate initiatives for the Company, and continues to plan actions in keeping with the goals of the Paris Agreement.\(^4\) The Company’s strategies to align with the Paris Agreement require significant board involvement, and require that the board and senior management consider several factors to integrate sustainable practices into its long-term strategy and daily operations.\(^4\) In evaluating whether the Proposal micro-manages the Company, the Company considered the steps taken as part of its overall climate change and carbon emission reporting efforts and policies and overall sustainability initiatives consistent with its analysis of its business and operations. The Company’s management determined, as supported by the Committee, that the Proposal effectively seeks to override management’s judgment about the Company. Decisions related to the Company’s long-term goals and plans for alignment with the Paris Agreement are fundamental to management’s ability to run the Company on a day-to-day basis. Accordingly, the Company’s management determined and the Committee believes that the Proposal imposes specific methods for implementing complex policies in place of the ongoing judgments of the management as overseen by the Board and thus, delves too deeply into complex matters upon which shareholders as a group would not be in a position to make an informed judgment.

In addition, as described above, the Company has recognized that although Paris Agreement alignment is a significant policy matter for the Company, the delta between the Company’s current disclosure and efforts and desire to decrease its contribution to climate change and the reporting and goal-setting required by the Proposal is not sufficient to warrant inclusion of the Proposal in the 2020 Proxy Materials. The Commission has frequently allowed exclusion of proposals touching on what could be significant policy issues, where the proposals sought to micro-manage the company by detailing the means in which the company should address the policy issue. See J.B. Hunt Transport Services, Inc. (Feb. 14, 2019) ("J.B. Hunt") (in allowing the exclusion of a proposal that requested a report on the company’s plan/progress in achieving company-wide, quantitative targets for lower GHG emissions, recognizing the

\(^{41}\) 2018 Sustainability Report, pages 46-48  
\(^{42}\) 2018 Sustainability Report, page 2  
\(^{43}\) 2018 Sustainability Report, page 2  
\(^{44}\) 2018 Sustainability Report, pages 2-3
argument that the requested emissions goals and report were not a significant policy issue given the company’s ongoing program for reducing emissions); *PayPal Holdings, Inc.* (Mar. 6, 2018) (allowing the exclusion of a proposal requesting that the company “prepare a report to shareholders that evaluates the feasibility of the [c]ompany achieving by 2030 ‘net-zero’ GHG emissions from parts of the business directly owned and operated by the [c]ompany….”); *EOG Resources, Inc.* (Feb. 26, 2018) (allowing the exclusion of a proposal requesting that the “company adopt company-wide, quantitative, time-bound targets for reducing [GHG] emissions and issue a report … discussing its plans and progress towards achieving these targets”); and *Deere & Company* (Dec. 27, 2017) (allowing the exclusion of a proposal requesting that the company “prepare a report … that evaluates the potential for the [c]ompany … to achieve ‘net zero’ emissions of greenhouse gases by fixed future target date”).

The Board and the Committee believe that the Company has adopted comprehensive climate change strategies in alignment with the Paris Agreement and has disclosed key aspects of such strategies, and the level of attainment thereof, in the Public Disclosures as described above. As a result, adopting the Proposal’s request to issue a report including specific actions required by the Proponents in the Proposal would not materially add to the Company’s existing climate change initiatives and thus does not present a sufficiently significant policy issue that transcends the ordinary business of the Company. The Company therefore believes that the issue raised is not a sufficiently significant policy issue on which shareholders should vote.

**B. The Subject Matter of the Proposal Concerns the Products and Services Offered by the Company**

The Staff has consistently held that proposals concerning the sale of particular products and services are generally excludable under Rule 14a-8(i)(7). See *AT&T Inc.* (Jan. 4, 2017) (concurring in the exclusion of a proposal that urged the company to report on progress towards providing internet service and products for low-income customers); *Papa John’s International, Inc.* (Feb. 13, 2015) (concurring in the exclusion of a proposal requesting the company to expand its menu offerings to include vegan cheeses and vegan meats in order to advance animal welfare, noting in particular that “the proposal relates to the products offered for sale by the company and does not focus on a significant policy issue”); *Dominion Resources, Inc.* (Feb. 19, 2014) (concurring in the exclusion of a proposal requesting the company develop and provide information concerning renewable energy generation services); *Wells Fargo & Co.* (Jan. 28, 2013, recon. denied Mar. 4, 2013) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting a report discussing the adequacy of the company’s policies in addressing the social and financial impacts of the company’s direct deposit advance lending service, noting that the proposal “relates to products and services offered for sale by the company”); and *Pepco Holdings, Inc.* (Feb. 18, 2011) (concurring in the exclusion of a proposal urging the company to pursue solar technology).

A proposal being framed in the form of a request for a report does not change the nature of the proposal. The Staff has long held that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the substance of the report is within the ordinary business of the issuer. See Exchange Act Release No. 20091 (Aug. 16, 1983). As further elaborated in SLB 14E, in evaluating shareholder proposals that request a risk assessment, the Staff will focus on the subject matter to which the risk pertains or that gives rise to the risk and consider whether the underlying subject matter of the risk evaluation involves a matter of ordinary business to the company. The Proposal requests a report disclosing if, and how the Company “plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement’s goal of maintaining global temperature rise well below 2 degrees Celsius.” The Supporting Statement notes the increased “risk to the global economy and investors’ portfolios” attributable to the fossil fuel industry. It further states that “Hess’s emissions are significant” to climate change, and that “Hess’s future investment choices matter.” The Proposal requires
that the requested report include “information…on the relative benefits and drawbacks of adopting” several actions, including “adopting greenhouse gas emission reduction targets for the company’s full carbon footprint, inclusive of product-related emissions,” “reducing non-Paris aligned capital investments in oil and/or gas resource development, and “investing at scale in low-carbon energy or other greenhouse gas emission reduction measures.” Although framed as a report relating to climate change, the focus and underlying subject matter of the Proposal is not only the Company’s choices in adopting the goals in alignment with the Paris Agreement, but also the Company’s decision to develop, market, and invest in fossil fuel resources instead of low-carbon energy resources—a decision which, as discussed below, is fundamental to the Company’s ordinary business operations, and therefore, excludable pursuant to Rule 14a-8(i)(7).

The Company is a global E&P company that focuses on developing and producing crude oil and natural gas from a wide range of assets, including conventional shallow, deepwater and ultra-deepwater assets as well as unconventional shale energy assets. An integral part of the Company’s business is choosing the assets to explore and develop, allocating capital to higher return assets and determining when and how to most efficiently develop the assets. These determinations are extremely complex and when making these determinations in the ordinary course of its business, the Company assesses a variety of factors, including environmental concerns, including the impact of climate change, commodity price and demand, estimates of the size of recoverable resources, operational risk, development and infrastructure costs, geological and geophysical risks and other technical factors, political risk and the impact of applicable laws and regulations, among others. The Company’s existing initiatives and energy policies are specifically tailored to the Company’s E&P business, including the accomplishments described in Sections I.B and I.C above.

The Board actively engages in overseeing the Company’s sustainability practices and considers sustainability risks and global scenarios when making strategic decisions, which are based on the Board’s knowledge and understanding of the various factors that affect the management of the Company’s operations. For example, the Company put the above-mentioned projects and programs into effect in a targeted way, by assessing the applicability to the Company’s assets and operations. Moreover, the use of committees, including the Environmental, Health and Safety Committee of the Board, allows the Company to have a structured decision-making process, in which the Board can appropriately assess the recommendations and conclusively make an informed decision. The Company continually plans and determines the scope and nature of any objectives for reductions in GHG emissions, flaring, and methane emissions, and overall environmental sustainability of its E&P operations based on operational realities and scenario analysis, which are all part of the ordinary course of the Company’s business.

The Proposal is asking the Company to change its business strategy to focus away from its core business of developing and producing crude oil and natural gas and towards reducing its “non-Paris aligned” capital investments in oil and/or gas resource development and investing in “low carbon energy or other greenhouse gas emission reduction measures” instead. The Proposal points to “a growing number of oil and gas companies” that have invested in renewable energy and divested fossil fuels and contrasts them with the Company thereby essentially asking the Company to adopt similar measures and divert its focus away from its core business and product mix. Decisions about the appropriate product mix and where to invest in product development relate to the products and services offered by the company and probe too deeply into matters of a complex nature upon which shareholders, as a group, are not in a position to make an informed judgment.
February 4, 2020

The Staff has also concurred in the exclusion of shareholder proposals relating to the development of products and product lines, including choices of processes and technologies used in the preparation of the company’s products, as relating to a company’s ordinary business. See FirstEnergy Corp. (Mar. 8, 2013) (concurring in the exclusion of a proposal calling for a report on the effect of increasing the electricity provider’s use of renewable energy sources because it concerned the company’s choice of technologies for its operations). Specifically, in FirstEnergy Corp., the Staff concurred with the company that a proposal concerning a company’s choice of technologies for use in its operations are excludable under Rule 14a-8(i)(7) and that such decisions are beyond the realm of shareholder vote.

The Company may consider what technologies are available and assess the costs and risks of adopting certain technologies when choosing the assets to explore and develop. The Company’s decision to adopt measures of “investing at scale in low carbon energy or other greenhouse gas emission reduction measures” requires an assessment of technological advances, capital investments and modifications in the Company’s business operations. For example, the Company assesses and applies lean and data analytics, and considers the utilization of automated technologies for drillings and development. Decisions about the specific process and technologies used by the Company in developing the products and services offered probe too deeply into matters of complex nature and is beyond the realm of a shareholder vote.

Because the Proposal concerns the Company’s products and services, including the choices and technologies used, we respectfully request that the Staff concur with our view that the Proposal may be excluded pursuant to Rule 14a-8(i)(7), as dealing with matters related to the Company’s ordinary business operations.

CONCLUSION

Based upon the foregoing analysis, we hereby respectfully request that the Staff concur with our view that the Company may properly omit the Proposal from its 2020 Proxy Materials in reliance on Rule 14a-8. Should the Staff disagree with this conclusion, we would appreciate the opportunity to confer with the Staff prior to the issuance of the Staff’s response.

Please do not hesitate to contact me at (212) 819-8509 or djohansen@whitecase.com if you have any questions or require any additional information.

Very truly yours,

[Signature]

Attachments
cc: Barry Schachter, Hess Corporation
Danielle Fugere, As You Sow
Roberta M. Norman, Interim Co-Director and Finance Director, Park Foundation, Inc. (c/o As You Sow)
Brian Kariger, Trustee, Brian Patrick Kariger Revocable Trust (c/o As You Sow)

46 2018 Investor Day Presentation, slide 25
Exhibit A

See Attached
Dear Mr. Goodell,

As You Sow is filing a shareholder proposal on behalf of Park Foundation, Inc. ("Proponent"), a shareholder of Hess Corporation, for inclusion in the company's 2020 proxy statement, and for consideration by shareholders in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

A letter from the Proponent authorizing As You Sow to act on its behalf is enclosed. A representative of the Proponent will attend the stockholders' meeting to move the resolution as required.

We are available to discuss this issue and are optimistic that such a discussion could result in resolution of the Proponent's concerns. To schedule a dialogue, please contact Lila Holzman, Energy Program Manager at our address set forth above.

Sincerely,

Danielle Fugere
President

Enclosures
- Shareholder Proposal
- Shareholder Authorization
Whereas: The Intergovernmental Panel on Climate Change research instructs that global emissions of carbon dioxide must reach "net zero" by 2050 to avoid catastrophic impacts associated with a warming climate. If warming is kept to 1.5 degrees Celsius versus 2 degrees, studies point to estimated savings of $20 trillion to the global economy by 2100.

The energy industry is one of the largest contributors to climate change, and Hess’s emissions are significant. Hess’s future investment choices matter. Every dollar invested in fossil fuel resources that are not aligned with Paris goals increases risk to the economy and investor portfolios.

Investors recognize this growing risk. Norway’s sovereign wealth fund announced divestment from oil and gas exploration and production companies. The European Investment Bank and the World Bank announced they will cease funding fossil fuel projects. Other investors are seeking Paris Alignment from large emitters. Criteria for alignment include: disclosure of Scope 1 through 3 emissions; adoption of a net zero by 2050 or equivalent target; a business plan for becoming Paris Aligned; and a declining carbon footprint.

A growing number of oil and gas companies are taking steps to align with Paris goals. Shell announced Scope 3 greenhouse gas intensity reduction ambitions and has decreased reserves life below the industry standard of 10 years. Total has invested substantially in renewable energy and storage. Equinor rebranded itself from ‘StatOil’ and is diversifying into renewables. Orsted, previously a Danish oil and gas company, sold its fossil fuel portfolio. Repsol announced a net zero by 2050 target, writing down over $5 billion of unaligned assets.

Hess’ greenhouse gas reduction goals are short term, limited to certain operations, do not address Scope 3 emissions, and are intensity based. Intensity targets, while an important step, increase efficiency, but do not ensure reductions in the company’s total carbon footprint. Hess has no long term business plan to align operations with Paris 1.5 degree goals, and absolute operated greenhouse gas emissions from assets that Hess currently holds increased each year from 2016 to 2018.

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2 https://climateaction100.wordpress.com/faq/
Investors seek additional information to address these concerns.

**Resolved:** Shareholders request that Hess Corporation issue a report (at reasonable cost, omitting proprietary information) describing if, and how, it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement’s goal of maintaining global temperature rise well below 2 degrees Celsius.

**Supporting Statement:** Shareholders seek information, at board and management discretion, on the relative benefits and drawbacks of adopting the following actions:

- Adopting greenhouse gas emission reduction targets for the company’s full carbon footprint, inclusive of product-related emissions;
- Reducing non-Paris aligned capital investments in oil and/or gas resource development;
- Investing at scale in low carbon energy or other greenhouse gas emission reduction measures.
December 23, 2019

Andrew Behar
CEO
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

Re: Authorization to File Shareholder Resolution

Dear Mr. Behar,

The undersigned (the “Stockholder”) authorizes As You Sow to file or co-file a shareholder resolution on Stockholder’s behalf with the named Company for inclusion in the Company’s 2020 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to the below described subject.

Stockholder: Park Foundation, Inc.
Company: Hess Corporation
Subject: Report on whether and how the company is aligning its full carbon footprint with Paris climate goals

The Stockholder has continuously owned over $2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company’s annual meeting in 2020.

The Stockholder gives As You Sow the authority to address on the Stockholder’s behalf any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder’s name may appear on the company’s proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder’s name in relation to the resolution.

The shareholder further authorizes As You Sow to send a letter of support of the resolution on Stockholder’s behalf.

Sincerely,

Roberta M. Norman
Interim Co-Director and Finance Director
Park Foundation, Inc.
December 26, 2019

Timothy B. Goodell
Secretary
Hess Corporation
1185 Avenue of the Americas
New York, N.Y. 10036

Dear Mr. Goodell,

As You Sow is co-filing a shareholder proposal on behalf of Brian Patrick Kariger Revocable Trust for action at the next annual meeting of Hess Corporation. Shareholder is a co-filer of the enclosed proposal with Park Foundation Inc., who is the Proponent of the proposal. As You Sow has submitted the enclosed shareholder proposal on behalf of Proponent for inclusion in the 2020 proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. As You Sow is authorized to act on the co-filer’s behalf with regard to withdrawal of the proposal.

A letter authorizing As You Sow to act on the co-filer’s behalf is enclosed. A representative of the lead filer will attend the stockholders’ meeting to move the resolution as required. To schedule a dialogue, please contact Lila Holzman, Energy Program Manager at our address set forth above.

Sincerely,

Danielle Fugere
President

Enclosures
- Shareholder Proposal
- Shareholder Authorization
Whereas: The Intergovernmental Panel on Climate Change research instructs that global emissions of carbon dioxide must reach "net zero" by 2050 to avoid catastrophic impacts associated with a warming climate. If warming is kept to 1.5 degrees Celsius versus 2 degrees, studies point to estimated savings of $20 trillion to the global economy by 2100.

The energy industry is one of the largest contributors to climate change, and Hess’s emissions are significant. Hess’s future investment choices matter. Every dollar invested in fossil fuel resources that are not aligned with Paris goals increases risk to the economy and investor portfolios.

Investors recognize this growing risk. Norway’s sovereign wealth fund announced divestment from oil and gas exploration and production companies. The European Investment Bank and the World Bank announced they will cease funding fossil fuel projects.1 Other investors are seeking Paris Alignment from large emitters.2 Criteria for alignment include: disclosure of Scope 1 through 3 emissions; adoption of a net zero by 2050 or equivalent target; a business plan for becoming Paris Aligned; and a declining carbon footprint.

A growing number of oil and gas companies are taking steps to align with Paris goals. Shell announced Scope 3 greenhouse gas intensity reduction ambitions3 and has decreased reserves life below the industry standard of 10 years.4 Total has invested substantially in renewable energy and storage. Equinor rebranded itself from ‘StatOil’ and is diversifying into renewables. Orsted, previously a Danish oil and gas company, sold its fossil fuel portfolio. Repsol announced a net zero by 2050 target, writing down over $5 billion of unaligned assets.5

Hess’ greenhouse gas reduction goals are short term, limited to certain operations, do not address Scope 3 emissions, and are intensity based. Intensity targets, while an important step, increase efficiency, but do not ensure reductions in the company’s total carbon footprint. Hess has no long term business plan to align operations with Paris 1.5 degree goals, and absolute operated greenhouse gas emissions from assets that Hess currently holds increased each year from 2016 to 2018.6

2 https://climateaction100.wordpress.com/faq/
Investors seek additional information to address these concerns.

Resolved: Shareholders request that Hess Corporation issue a report (at reasonable cost, omitting proprietary information) describing if, and how, it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement's goal of maintaining global temperature rise well below 2 degrees Celsius.

Supporting Statement: Shareholders seek information, at board and management discretion, on the relative benefits and drawbacks of adopting the following actions:

- Adopting greenhouse gas emission reduction targets for the company's full carbon footprint, inclusive of product-related emissions;
- Reducing non-Paris aligned capital investments in oil and/or gas resource development;
- Investing at scale in low carbon energy or other greenhouse gas emission reduction measures.
11/6/2019 | 12:09:08 PM HAST
Andrew Behar
CEO
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

As of the date of this letter, the undersigned authorizes As You Sow (AYS) file, cofile, or endorse the shareholder resolution identified below on Stockholder's behalf with the identified company, and that it be included in the proxy statement as specified below, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

The Stockholder: Brian Patrick Kariger Rev Tr (S)
Company: Hess
Annual Meeting/Proxy Statement Year: 2020
Resolution Subject: Climate change risk reporting

The Stockholder gives As You Sow the authority to deal on the Stockholder’s behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder’s name may appear on the company’s proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder’s name related to the resolution.

Sincerely,

[Signature]

Name: BRIAN KARIGER
Title: Trustee
Re: ADDENDUM LETTER to Authorization to File Shareholder Resolution

Dear Andrew Behar,

The undersigned submits the addendum below to an earlier signed letter that authorizes As You Sow to file, co-file, or endorse a shareholder resolution on Stockholder’s behalf for inclusion in the company’s proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The company name, resolution name, and resolution date are set forth below.

The Stockholder: Brian Patrick Kariger Revocable Trust

Company: Hess Corporation

Annual Meeting/Proxy Statement Year: 2020

Resolution Name: Report on whether and how company is aligning its full carbon footprint with Paris climate goals

The Stockholder has continuously owned over $2,000 worth of company stock, with voting rights, for over a year. ADDENDUM: The Stockholder intends to hold the required amount of stock through the date of the company’s annual meeting in 2020.

Sincerely,

Name: BRIAN KARIGER
Title: Trustee
January 8, 2020

VIA OVERNIGHT MAIL

Danielle Fugere
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

Re: Stockholder Proposal

Dear Ms. Fugere:

This letter acknowledges receipt on December 27, 2019 of your letter, dated December 26, 2019, submitting a proposal on behalf of Park Foundation Inc. (“Park Foundation”) for inclusion in Hess Corporation’s (the “Company”) proxy materials for the 2020 Annual Meeting of Stockholders. The stockholder authorization accompanying your letter grants As You Sow authority to deal with all aspects of the proposal on behalf of Park Foundation, therefore we are sending you this letter in response.

Pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, a stockholder who submits a proposal for inclusion with a company’s proxy materials must own 1% of the outstanding stock eligible to vote or $2,000 in market value. In addition, the stockholder must have held the shares continuously for at least one year at the time the proposal was submitted, and must continue to hold the shares through the date of the annual meeting of stockholders.

Our records do not indicate that Park Foundation is a record holder of the Company’s common stock and we have been unable to independently verify that Park Foundation owns the requisite number of shares to be eligible to submit the proposal. To remedy this deficiency, we respectfully request that you or Park Foundation provide verification of Park Foundation’s ownership of the Company’s common stock. Pursuant to Rule 14a-8, proof of ownership may take the form of either:

- A written statement from the “record” holder of the shares (usually a broker or a bank) verifying that, as of and including December 26, 2019, the date the proposal was submitted, Park Foundation continuously held the requisite number of shares of the Company’s common stock for at least one year; or
• A copy of a filed Schedule 13D, Schedule 13G, Form 3, Form 4, Form 5, or amendments to those documents or updated forms, reflecting Park Foundation’s ownership of the Company’s common stock as of or before the date on which the one-year eligibility period begins and Park Foundation’s written statement that it continuously held the required number of shares for the one-year period as of the date of the statement.

Please note that the Staff Legal Bulletin Nos. 14F and 14G ("SLB 14F" and "SLB 14G", respectively) issued by the staff of the Division of Corporation Finance of the Securities and Exchange Commission ("SEC"), provides that to be considered a “record” holder for purposes of Rule 14a-8, the broker or bank providing the written statement verifying Park Foundation’s ownership must be a Depository Trust Company ("DTC") participant or an affiliate of a DTC participant. If your broker or bank is not a DTC participant or an affiliate of a DTC participant, then in addition to the written statement from the DTC participant confirming your broker or bank’s ownership, you will need a second statement from your broker or bank confirming your ownership for the period described above. As of the date of this letter, a list of DTC participants can be obtained at: http://www.dtcc.com/client-center/dtc-directories

SEC rules require that your response to this letter correcting the deficiencies described above be postmarked or submitted electronically no later than 14 calendar days from the date you receive this letter. We have attached to this letter copies of Rule 14a-8 and SLB 14F and SLB 14G for your convenience.

Once we receive your response, we will be in a position to determine whether the deficiencies described in this letter have been adequately and timely corrected and whether the revised proposal is eligible for inclusion in the Company’s proxy materials for the 2020 Annual Meeting. The Company reserves the right to submit a no-action request to the SEC, as appropriate with respect to the proposal or any revised proposal.

Sincerely,

[Signature]

2
January 8, 2020

VIA OVERNIGHT MAIL

Danielle Fugere
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704

Re: Stockholder Proposal

Dear Ms. Fugere:

This letter acknowledges receipt on December 27, 2019 of your letter, dated December 26, 2019, submitting a proposal on behalf of the Brian Patrick Kariger Revocable Trust (the "Trust") for inclusion in Hess Corporation’s (the “Company”) proxy materials for the 2020 Annual Meeting of Stockholders. The stockholder authorization accompanying your letter grants As You Sow authority to deal with all aspects of the proposal on behalf of the Trust, therefore we are sending you this letter in response.

Pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, a stockholder who submits a proposal for inclusion with a company’s proxy materials must own 1% of the outstanding stock eligible to vote or $2,000 in market value. In addition, the stockholder must have held the shares continuously for at least one year at the time the proposal was submitted, and must continue to hold the shares through the date of the annual meeting of stockholders.

Our records do not indicate that the Trust is a record holder of the Company’s common stock and we have been unable to independently verify that the Trust owns the requisite number of shares to be eligible to submit the proposal. To remedy this deficiency, we respectfully request that you or the Trust provide verification of the Trust’s ownership of the Company’s common stock. Pursuant to Rule 14a-8, proof of ownership may take the form of either:

- A written statement from the “record” holder of the shares (usually a broker or a bank) verifying that, as of and including December 26, 2019, the date the proposal was submitted, the Trust continuously held the requisite number of shares of the Company’s common stock for at least one year; or
• A copy of a filed Schedule 13D, Schedule 13G, Form 3, Form 4, Form 5, or amendments to those documents or updated forms, reflecting the Trust’s ownership of the Company’s common stock as of or before the date on which the one-year eligibility period begins and the Trust’s written statement that it continuously held the required number of shares for the one-year period as of the date of the statement.

Please note that the Staff Legal Bulletin Nos. 14F and 14G (“SLB 14F” and “SLB 14G”, respectively) issued by the staff of the Division of Corporation Finance of the Securities and Exchange Commission (“SEC”), provides that to be considered a “record” holder for purposes of Rule 14a-8, the broker or bank providing the written statement verifying the Trust’s ownership must be a Depository Trust Company (“DTC”) participant or an affiliate of a DTC participant. If your broker or bank is not a DTC participant or an affiliate of a DTC participant, then in addition to the written statement from the DTC participant confirming your broker or bank’s ownership, you will need a second statement from your broker or bank confirming your ownership for the period described above. As of the date of this letter, a list of DTC participants can be obtained at: http://www.dtcc.com/client-center/dtc-directories

SEC rules require that your response to this letter correcting the deficiencies described above be postmarked or submitted electronically no later than 14 calendar days from the date you receive this letter. We have attached to this letter copies of Rule 14a-8 and SLB 14F and SLB 14G for your convenience.

Once we receive your response, we will be in a position to determine whether the deficiencies described in this letter have been adequately and timely corrected and whether the revised proposal is eligible for inclusion in the Company’s proxy materials for the 2020 Annual Meeting. The Company reserves the right to submit a no-action request to the SEC, as appropriate with respect to the proposal or any revised proposal.

Sincerely,

[Signature]

2
Dear Mr. Schachter,

We are in receipt of your letters issued January 8, 2020 alleging notice of a deficiency in our December 26, 2019 letters transmitting a proposal for inclusion on the Company’s 2020 proxy. In response to the cited deficiency, we enclose proof of ownership letters establishing the proponent’s and co-filer’s ownership of the Company’s common stock in the requisite amount and in the time frame necessary to meet eligibility requirements.

Confirmation receipt of the enclosed would be appreciated. Thank you.

Best regards-
Gail

Gail Follansbee (she/her)
Coordinator, Shareholder Relations
As You Sow
2150 Kittredge St., Suite 450
Berkeley, CA 94704
(510) 735-8139 (direct line)
gail@asyousow.org | www.asyousow.org
December 26, 2019

Roberta M. Norman
Park Foundation, Inc.
140 Seneca Way, Suite 100
Ithaca, NY 14850
(607) 272-9124

Dear Roberta,

Northern Trust, a DTC participant, acts as the custodian for Park Foundation, Inc. As of the date of this letter, Park Foundation, Inc. held, and has held continuously for at least 365 days, 169 shares of Hess Corporation common stock.

Best Regards,

James Nanavati
2nd Vice President
(312) 557 9761
RE: Proof of Ownership BRIAN PATRICK KARIGER REVOCABLE TRUST

Morgan Stanley, DTC participant 015, acts as the custodian for BRIAN PATRICK KARIGER REVOCABLE TRUST. As of the date of this letter, including December 26, 2019 BRIAN PATRICK KARIGER REVOCABLE TRUST held, and has held continuously for at least 395 days, 68 shares of HESSION CORPORATION common stock.

Best Regards,

[Signature]

Sheree Lang
Director, Senior Ops Specialist
Morgan Stanley | Firmwide Ops
1300 Thames Street, Thames Street Wharf, 5th Floor | Baltimore, MD 21231
Phone: +1 443 627-4534
Sheree.Lang@morganstanley.com