

# ENERGY



At the Energy division, represented by Husky Energy, sustainable business is one that ensures the safety of its people and communities while delivering value for customers and shareholders. Husky responsibly produces the energy the world needs. Whether it is delivering energy to millions of customers each day, improving occupational and process safety or addressing climate change, Husky aims to make a positive contribution to society.

## Key Sustainability Achievements in 2019

- ESG team of more than 60 members for sustainability and regulatory compliance.
- Reduced 45% methane emissions since 2014.
- 62,000 tonnes of carbon emissions captured in 2019.
- 542,640 trees planted post asset retirement.
- 55% increase in indigenous procurement since 2016.

## Key Sustainability Initiatives in 2020

- Work towards "Top Q in 2020" (Top quartile based on global benchmarks).
- Reduce methane emissions through the conversion of pneumatic devices, gas conservation and incineration technology in support of the Canadian government's objective of a 30% carbon reduction by 2030.



Read more on  
Husky Energy's  
corporate website



**4,802**  
EMPLOYEES  
(31 December 2019)



**290,000**  
BOE/DAY

## 8.1. Sustainability Governance

Husky's sustainability governance is organised and centred around the top sustainability issues including safety and operational integrity, climate change, and relationships with local communities.

The authority for overall management of the sustainability strategy lies with the President and Chief Executive Officer, who is also an executive director. Husky's ESG Steering Committee, comprising 10 members, guides the sustainability strategy and activities of the company. The members are those who are delegated authority for management and responsible for performance on the priority topics. In November 2019 the Board discussed sustainability performance and disclosure. For 2020, sustainability is a standing agenda item for the Governance Committee at its three meetings a year. The Board intends to set an emissions target in 2020.

Husky's sustainability strategy is integrated with the company's business plans and risk matrix, and aligns with the Husky Operational Integrity Management System. The Audit Committee of the Board reviews Husky's risk register quarterly.

Husky's sustainability strategy and performance is assessed by other Executive Committees as appropriate. For example, the Executive Health, Safety and Environment Committee has oversight for the topics including safety and operations integrity, water use and availability, climate-related risks and air emissions and land use and reclamation.

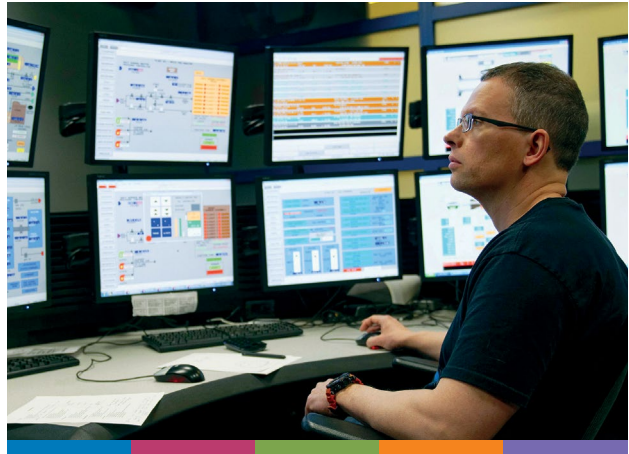
## 8.2. Anti-Corruption

### 8.2.1. Commitment

Husky strictly prohibits any form of bribery, corruption and fraud. It adheres to regulations around lobbying in the jurisdictions where it operates, and report all lobbying activities as required. Husky observes and respects all laws concerning political donations and it does not provide donations for municipal elections, leadership contests, individual candidates or riding/constituency associations. They do not reimburse personnel for individual political donations.

### 8.2.2. The Challenges

Bribery and corruption is an important topic for the industry. As a highly complicated and large scale industry involving complex and large contracts, with many stakeholders, there is a potential risk of bribery and corruption in certain parts of the world.



In the process of increasing production, more connection and communication with local communities on the use of land for exploration activities are required, and expose employees or stakeholders to the risk of bribery and corruption. However, in mature markets, such as those that Husky operates in, and strong industry culture add an additional barrier to bribery and corruption.

### 8.2.3. Initiatives

#### 8.2.3.1. Reporting Mechanisms

The Energy division aims to provide a confidential and open platform for employees, contractors and stakeholders to report any perceived breaches of the Code of Business Conduct which may lead to bribery and corruption.

There is a confidential and anonymous Ethics Help Line where employees, contractors and other stakeholders can report perceived breaches of the Code of Business Conduct. The Ethics Help Line is managed by EthicsPoint, an independent third-party service provider. Reports can be made through an online form or by calling a toll-free phone line available in each country where Husky operates, including English and French options in Canada.

Those making a report can choose to provide information anonymously. Information provided is submitted to the Ethics Help Line Committee, which includes representatives from the legal, audit, security, health, safety, environment and human resources departments. Perceived breaches of the Code of Business Conduct reported through other channels are recorded with those received via EthicsPoint. If it is determined a report requires further investigation, a formal review will be launched.




**Note:**

It is calculated based on the number of employees mandated to receive training during 2018, divided by the total number of employees as at 31 December 2018.

#### 8.2.4. Looking Forward

On 25 April 2019, the Board of Directors of Husky approved a general update of the Code of Business conduct. This update included amendments to the section on accepting hospitality, promotional offerings and other business courtesies to align with, and reflect changes to, Husky's Anti-Bribery and Anti-Corruption Policy. This included updating the definition of "things of value" and the rules regarding to the acceptance or the giving of bona fide hospitality, promotional offerings and other business courtesies. Husky will continue to identify areas for improvement to strengthen the Anti-Bribery and Anti-Corruption Policy and actively amend the policies appropriately.

The Ethics Help Line received 107 reports in 2019, a significant increase from 39 reports in 2018. Looking forward, the company aims to conduct investigations and understand the root-cause of each report and look for areas of improvement and prevent reoccurrences.

For more information, please refer to the  Code of Business Conduct

### 8.3. Occupational Health and Safety

#### 8.3.1. Commitment

Safety remains the top priority of Husky, and the ultimate goal is that no one is injured on the job. To maintain safe and reliable operations, rigorous safety programmes are in place with ongoing improvements to the occupational safety processes to strengthen the safety culture.

Husky is committed to:

- Promoting a safety culture through systems, processes and continued learning to prevent employee and contractor injuries and illnesses.



- Designing, maintaining and operating facilities and assets focused on process safety and asset integrity to realise strong operational performance.
- Preparing, planning and practising to respond effectively to incidents with worker and community safety and environmental protection as priorities.

#### 8.3.2. The Challenges

Husky's business includes exploration, development and production of oil and gas, and refining of petroleum products. Given the nature of its business, employees are facing numerous occupational hazard risks while performing their jobs. To operate safely and minimise risks to employees, Husky upholds high safety standards, and ingrains safety in its culture and every decision through systems, processes and continued learning.

#### 8.3.3. Initiatives

##### 8.3.3.1. Making Structural Changes to Promote Safety

The Energy division is committed to process safety and operational integrity.

In 2018, a Senior Vice President, Safety & Operations Integrity was hired and reports directly to the CEO. He is not only responsible for process and occupational safety, operations integrity and emergency response, but also for promoting Husky's High Reliability Organization ("HRO") culture.

Safety is ingrained in Husky's culture and part of every decision through its HRO principles, systems and processes, and through continued learning. Husky's facilities and assets are designed, maintained and operated with a primary focus on process safety and asset integrity to realise safe, reliable operational performance. In the event of an incident, worker and community safety and environmental protection are the priorities. Husky's safety performance is directly



linked to both executive compensation and the employee bonus programme.

### 8.3.3.2. Enhancing Training

Husky aims to provide specific actions for workers to follow and make it easier to identify situations that, if not properly managed, may lead to hazardous conditions. To continuously drive better performance, employees and contractors are provided with ongoing training in safety processes and procedures.

Life-Saving Rules of the International Oil and Gas Producers, which focused on activities most likely to lead to fatalities or significant life-altering injuries, were employed to enhance existing training. In 2018, Husky moved from 18 rules to nine, aligning with a simplified, standardised, industry-wide approach that empowers employees and contractors to stop work when it is unsafe.

The Energy division aims to guarantee safe driving behaviours and reinforce such commitment to the Life-Saving Rules.

Drivers are offered mandatory driver training and vehicle monitoring devices, and also with reports on their speed, seatbelt use and driving practices. The Drive Safe programme provides real-time support and coaching on safe driving behaviours. In 2019, there were 14 motor vehicle accidents involving employees and contractors, compared to nine of the previous year with more kilometres travelled by Husky's fleet in 2019.

## 8.4. Community & Indigenous Peoples' Engagement

### 8.4.1. Commitment

With many operations located near Indigenous communities, Husky aims to work with Indigenous communities with respect, trust and transparency. Through different policies and initiatives, the company seeks to build strong, mutually beneficial relationships with Indigenous communities and support their development.

### 8.4.2 The Challenges

The development of energy production projects in Canada often happen in the traditional territory of Indigenous people. Husky seeks to achieve Free, Prior and Informed Consent ("FPIC"), as set out in its Indigenous Relations Policy, through the process of meaningful engagement and consultation, in advance of project decisions and before impacts occur, and with appropriate information on development plans.



### 8.4.3. Initiatives

#### 8.4.3.1. Effective Communication

Maintaining effective and transparent communication is the key to promoting mutual trust between Indigenous communities and Husky. Therefore, a dedicated Indigenous & Community Relations team was established to engage Indigenous communities. The team provides internal advice and relationship support to various departments, ensuring consistency and regulatory compliance of the engagement approach.

Through consultations with the communities, Husky responds to the needs and capacity of the community, which may result in formal agreements, such as a Memorandum of Understanding, to a simple shared understanding of the community engagement processes Husky uses. To further enhance the communication with Indigenous communities, Husky also joined a delegation of Indigenous leaders to meet with federal leaders and the Senate to discuss the benefits of pipeline access for its Alberta production.

#### 8.4.3.2. Fostering Economic Development

Economic inclusion is the key to fostering economic development of the Indigenous communities. Husky focuses on building Indigenous businesses' capacity by establishing competitiveness and developing entrepreneurs among them. Indigenous suppliers are added into the supply chain and Indigenous economic inclusion is fully considered in bid evaluations through the inclusion of language in the terms.



**0.11** in 2018  
Lost Time Injury Rate  
(per 200,000 exposure hours)



#### 8.4.3.3. Education Promotion

Academic options can lead to additional career choices, positively affecting Indigenous students and their communities. Through funding, scholarships, mentoring, summer employment and apprenticeship positions resulting in potential career opportunities, Husky supports long-term academic success for Indigenous students. Every year, Husky offers scholarships to Indigenous students living in communities near its operations pursue post-secondary education. The scholarships are awarded by considering the actual financial needs of the students, academic merit, community and cultural involvement, and work experience. Additional peer support is available through Husky's Indigenous Community Sharing Circle. Besides scholarships, Husky also sponsor Indigenous community schools by providing computers, laptops and printers to support their teaching needs.

Since 1984, Husky has been providing bursaries to Indigenous students pursuing high school upgrading or post-secondary education related to the oil and natural gas sector. Through this contribution, Husky encourages advanced education among Indigenous students and allow them to make improved career choices.

#### 8.4.3.4. Developing Indigenous Leadership

Strong communities depend on strong leadership. To support future Indigenous leaders, different leadership programmes and training are offered to equip them with the necessary skills for their future endeavours.

Husky is currently a sponsor of the Banff Centre for Arts and Creativity, which provide Indigenous leaders with programmes supporting the development, planning and strategic implementation of their vision for their community. The programme covers negotiation skills, how to set strategic direction, measure performance and establish economic ventures. The sponsorship helps leaders in the communities to access these programmes, providing support for tuition, meals and accommodations.

#### 8.4.3.5. Community Involvement

In order to be a good neighbour of the community, it is important for the company to move beyond day-to-day business and become involved in communities by supporting different community wellness initiatives. By encouraging the sharing of cultures, mutual understanding and respect are promoted within the community. Husky's management and employees are encouraged to participate and support different community events.

### 8.5. GHG Emissions

#### 8.5.1. Commitment

Husky commits to maintaining ongoing management and governance of climate-related risks, with the goal of reducing GHG emissions and other air pollutants through the development and application of new technology and energy efficiency measures.

#### 8.5.2. The Challenges

While energy production is essential to the wellbeing and prosperity of human society, the science is clear that the world needs urgent action to reduce GHG emissions and avoid the worst effects of climate change. As an oil and gas producer, the challenge is to deliver affordable energy to support economic development while reducing carbon emissions.

#### 8.5.3. Initiatives

##### 8.5.3.1. Improving Energy Use Efficiency in Production

To improve the efficiency of the energy operations, Husky has been exploring for the most effective way to use energy. Over the last five years, using a new reservoir operating strategy, the steam-to-oil ratio at the Tucker Thermal Project reduced by about 35%. Using less steam lowers energy use which reduces both operating costs and air emissions, including GHGs.

##### 8.5.3.2. Reducing Fugitive Emissions in Production

Fugitive emissions, including methane and volatile organic compounds (VOCs), are gas and vapour leaks from valves, piping connections, pumps and compressor seals, and other piping system components which occur as part of the normal operation of a facility or plant. Husky's Fugitive Emissions Management Programme detects and ensures the timely repair of leaking equipment to reduce emissions, improving operational efficiency and minimising the release of GHG and VOCs.

Several techniques are used to detect leaking components, including highly specialised infrared cameras that provide a view of normally inaccessible



locations such as tank seals and overhead piping from a distance, and ultrasonic detection, which identifies leaking components using sound. All survey results are tracked by using a third-party database, creating an effective survey, repair and tracking system for managing component leakage.

In 2019, Husky's Canadian upstream and midstream facilities followed the Canadian Association of Petroleum Producers Best Management Practice for Fugitive Emissions, conducting surveys quarterly at all large gathering and processing facilities and at least once a year at others. For downstream facilities, improvements in the ongoing Leak Detection and Repair monitoring have resulted in a leak rate of 0.12% for Canadian downstream facilities.

#### 8.5.3.3. Renewable and Low Carbon Production

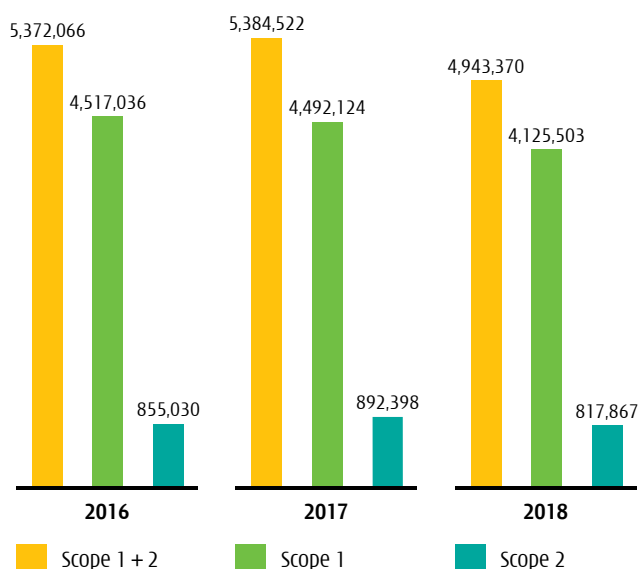
Renewable energy is a growing part of the energy mix and Husky is currently Western Canada's largest manufacturer and marketer of fuel-grade ethanol. Besides engaging in the production of renewable energy, the company also assesses opportunities to use low carbon production technologies where it makes economic and operational sense.

In order to reduce the carbon intensity of upstream and downstream operations, Husky evaluates the effectiveness and cost of various potential reduction options with the help of a Marginal Abatement Cost Curve, allowing the prioritisation of resources to achieve reductions at the most efficient cost per tonne of carbon dioxide equivalent (CO<sub>2</sub>e).

Through carbon capture technologies, carbon is recycled for enhanced oil recovery which involves carbon being injected into reservoirs to increase oil production. Husky's Lloydminster plant can capture up to 250 tonnes a day of carbon dioxide to aid in enhanced oil recovery, allowing the production of some of the lowest carbon intensity ethanol in Canada. From 2012 to 2019, 531,000 tonnes of carbon were captured at the Lloydminster Ethanol Plant.

There are also other pilot carbon capture programmes in place, such as the Pikes Peak South thermal project where the technology of capturing CO<sub>2</sub> from a once-through steam generator is being tested. One pilot underway since 2015 is capturing up to 30 tonnes per day and in 2019 a 30 tonne per day system was commissioned.

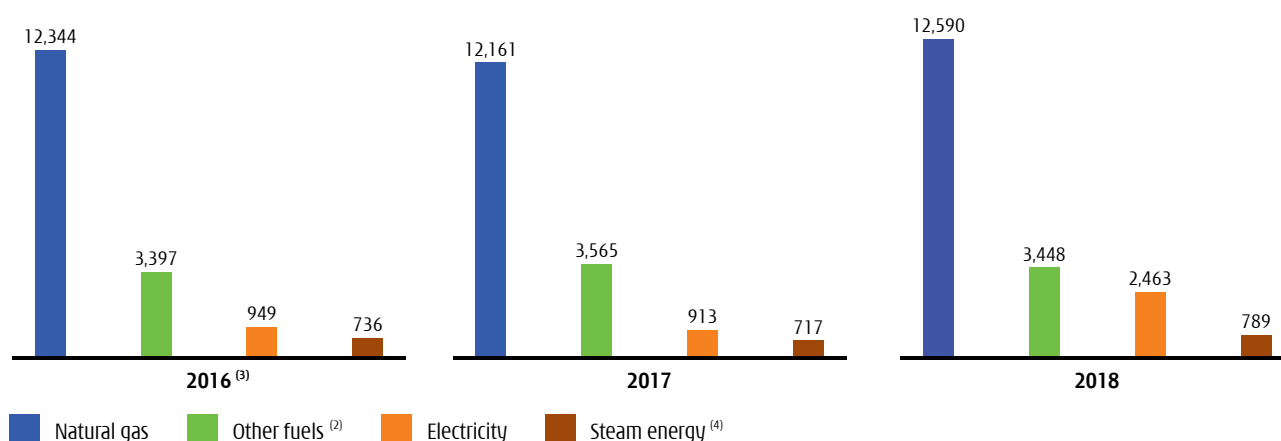
### GHG Scope 1 and 2 Emissions in Energy division <sup>(1)</sup> (tCO<sub>2</sub>e)



Note:

- (1) Figures for Husky, a material associated company of the Group, are prorated based on the percentage equity stake held by CKHH. The 2018 data are the latest data available for the report and 2019 data will be published on Husky's corporate website at [www.huskyenergy.ca](http://www.huskyenergy.ca) at a later date.
- (2) Other fuels include refinery fuel gas, etc.
- (3) The 2016 figures were restated mainly due to the re-categorisation of fuel type.
- (4) Data boundary of energy use has expanded to include steam energy this year. The 2016 and 2017 figures are included for comparison purpose.

### Energy Consumption in Energy Division <sup>(1)</sup> (GWh)



#### 8.5.3.4. Recognising and Managing Climate Change Risks

Husky recognises the social, environmental and economic risks posed by climate change. In response to this, such risks are built into the Enterprise Risk Management process to manage the inherent risks and opportunities brought by a lower global emissions pathway. Also incorporated into the process is the carbon-related costs based on the current and emerging policies in the jurisdictions where operations are located, and allows a better understanding of the resilience of the existing and proposed assets to changes in carbon policy and regulation.

More information on Husky's carbon management approach and metrics are detailed in Husky's annual submissions to the CDP Climate Change Programme, which are posted on [www.huskyenergy.ca](http://www.huskyenergy.ca).

## 8.6. Land Use and Reclamation

### 8.6.1. Commitment

Husky strives to minimise disturbance and remediate and restore the land when operations are complete. Before any projects or operations, Husky carries out a risk assessment to identify any potential impacts to ensure these risks can be avoided, minimised or mitigated.



### 8.6.2. The Challenges

To responsibly produce energy the world requires, the use of land is essential in Husky's business. Land reclamation has also been an actively discussed topic globally as it is often perceived to disrupt habitats, biodiversity and the ecosystem.

As a responsible corporation caring for the community and environment, Husky has a Corporate Biophysical Standard which outlines how it manages and conserves biodiversity, including sensitive species and habitats, invasive species and avoiding human-wildlife conflict.

### 8.6.3. Initiatives

#### 8.6.3.1. Wildlife Monitoring

Husky monitors wildlife activities to design suitable impact mitigation programmes in accordance with regulations from project planning to closing stage.

Husky has used enhanced regional monitoring programmes where biodiversity is particularly sensitive, observing trends by tracking the presence and movement of animals using wildlife cameras and winter tracking studies, point counts and breeding bird surveys to provide long term trending data. In the Atlantic region, as part of its Environmental Assessment commitment, seabird observations is conducted three times a day.

It continues to monitor habitat during operations and manages surface water through the use of containment

systems to prevent soil erosion and help prevent water quality impacts.

Through scientific research and collaboration with institutions, the Energy division increased understanding towards habitat and biodiversity while making an effort to minimise disruption of its operations to the environment.

It has funded and/or participated in regional initiatives and industry committees that contribute directly or indirectly to species and habitat research, monitoring and mitigation, consistent with recognised priorities and regulations.

It supports initiatives that help to improve the understanding of biodiversity conditions in its area of operations.

In the Atlantic region, it has worked with the Department of Fisheries and Oceans and the Atlantic Salmon Federation to deploy receivers at its White Rose field to track the migratory routes of salmon.

#### 8.6.3.2. Area-based Closure Asset Retirement

To ensure asset retirement activities are efficient and cost effective, the division has adopted the Area-Based Closure ("ABC") programme with the support of the Alberta Energy Regulator to work with its peers to assist with better management of inactive sites liability for all of the industry.



The programme exceeds regulatory requirements for abandonment, remediation and reclamation of inactive sites.

The ABC approach includes:

- Well abandonment
- Facility decommissioning
- Pipeline abandonment
- Site remediation and reclamation

In contrast to the historic approach, the efficiency and concentrated efforts within the ABC programme allow Husky to complete more asset retirement activities. It tracks its progress against the plan, key progress updates, milestone achievements, major risks and mitigation measures and significant regulatory changes that may impact the business. Its annual spending includes onshore and offshore asset retirement activities.

#### 8.6.3.3. Restoring Habitat

The Energy division restores the natural habitat in the areas it has completed its operations. Upon removal of all surface infrastructure, it starts remediation and reclamation activities to return disturbed lands to a capability equivalent to that prior to development. Husky's tree planting programme has planted 542,640 trees on 247 sites in 2019, using species native to the area to re-establish similar land capability, including white and black spruce, lodge pole and jack pine, larch, poplar, dogwood and willow. Approximately 80,000 trees were cleared for new development in 2019.