



Water 2017 Information Request Husky Energy Inc.

Module: Introduction

Page: W0. Introduction

W0.1 Introduction

Please give a general description and introduction to your organization

Husky Energy is a Canadian-based integrated energy company. It is headquartered in Calgary, Alberta and its shares are publicly traded on the Toronto Stock Exchange under the symbol HSE.

W0.2 Reporting year

Please state the start and end date of the year for which you are reporting data

| |
|--|
| Period for which data is reported |
|--|

| |
|-----------------------------------|
| Fri 01 Jan 2016 - Sat 31 Dec 2016 |
|-----------------------------------|

W0.3 Reporting boundary

Please indicate the category that describes the reporting boundary for companies, entities, or groups for which water-related impacts are reported

Companies, entities or groups over which operational control is exercised

W0.4 Exclusions

Are there any geographies, facilities or types of water inputs/outputs within this boundary which are not included in your disclosure?

Yes

W0.4a Exclusions

Please report the exclusions in the following table

| Exclusion | Please explain why you have made the exclusion |
|-------------------------|---|
| Asia Pacific Operations | Water data for this region is not currently consolidated at the corporate level. Water withdrawals and discharges at Husky-operated Asia Pacific operations are expected to be immaterial to the Company's overall water metrics. |
| Retail Operations | Retail operations are a mix of corporate and franchised locations. Water withdrawals and discharges at these facilities are expected to be immaterial to the Company's overall water metrics. |
| Rainwater, domestic use | These sources are not consistently tracked and are therefore not included for the purpose of consistency. Domestic and rainwater consumption are expected to be immaterial to overall water consumption. |

Further Information

Certain statements in this document are forward-looking statements and information (collectively "forward-looking statements"), within the meaning of the applicable Canadian securities legislation, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. The forward-looking statements contained in this document are forward-looking and not historical facts. Some of the forward-looking statements may be identified by statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "is targeting", "estimated", "intend", "plan", "projection", "could", "aim", "vision", "goals", "objective", "target", "schedules" and "outlook"). In particular, forward-looking statements in this document include, but are not limited to, references to: the Company's general strategic plans; the potential impact of insufficient water supply on future production; proportion of financial value that could be affected by water risks that could generate a substantive change in the Company's business, operations, revenue, or expenditure; anticipated time frame, likelihood, magnitude of potential financial impact, planned response strategy, and anticipated costs of response strategy for inherent water risks that could generate a substantive change in the Company's business, operations, revenue, or expenditure; anticipated opportunities presented to the Company by water, and strategies and estimated time frame to realize such opportunities; and the Company's quantitative and qualitative goals related to water. Although the Company believes that the expectations reflected by the forward-looking statements presented in this document are reasonable, the Company's forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to the Company about itself and the businesses in which it operates. Information used in developing forward-looking statements has been acquired from various sources including third party consultants, suppliers, regulators and other sources. Although the Company believes that the expectations reflected by the forward-looking statements presented in this document are reasonable, the Company's forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to the Company about itself and the businesses in which it operates. Information used in developing forward-looking statements has been acquired from various sources, including third-party consultants, suppliers and regulators, among others. Because actual results or outcomes could differ materially from those expressed in any forward-looking statements, investors should not place undue reliance on any such forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes will not occur. Some of these risks, uncertainties and other factors are similar to those faced by other oil and gas companies and some are unique to the Company. The Company's Annual Information Form for the year ended December 31, 2016 and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com and the EDGAR website www.sec.gov) describe risks, material assumptions and other factors that could influence actual results and are incorporated herein by reference. New factors emerge from time to time and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are dependent upon other factors, and the Company's course of action would depend upon management's assessment of the future considering all information available to it at the relevant time. Any forward-looking statement speaks only as of the date on which such statement is made and, except as required by applicable securities laws, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Disclosure of Oil and Gas Information Unless otherwise indicated, production volumes provided represent the Company's working interest share before royalties. The Company uses the term "barrels of oil equivalent" (or "boe"), which is consistent with other oil and gas companies' disclosures, and is calculated on an energy equivalence basis applicable at the burner tip whereby one barrel of crude oil is equivalent to six thousand cubic feet of natural gas. The term boe is used to express the sum of the total company products in one unit that can be used for comparisons. Readers are cautioned that the term boe may be misleading, particularly if used in isolation. This measure is used for consistency with other oil and gas companies and does not represent value equivalency at the wellhead. All currency is expressed in Canadian dollars unless otherwise indicated.

Module: Current State**Page: W1. Context****W1.1**

Please rate the importance (current and future) of water quality and water quantity to the success of your organization

| Water quality and quantity | Direct use importance rating | Indirect use importance rating | Please explain |
|--|------------------------------|--------------------------------|--|
| Sufficient amounts of good quality freshwater available for use | Vital for operations | Important | Good quality freshwater is an integral part of Husky's onshore operations and facilities. If the existing water supply is not sufficient in terms of quantity and quality in locations of direct operations, future project economics could be affected. Potable water is vital for all of the Company's facilities that are associated with a large proportion of operations. |
| Sufficient amounts of recycled, brackish and/or produced water available for use | Vital for operations | Important | Recycled, brackish, and produced water is used in a variety of processes employed by Husky including offshore and onshore production. These form a large proportion of direct operations. If the existing water supply is not sufficient in terms of quantity, future project economics could be affected. |

W1.2

For your total operations, please detail which of the following water aspects are regularly measured and monitored and provide an explanation as to why or why not

| Water aspect | % of sites/facilities/operations | Please explain |
|--|----------------------------------|--|
| Water withdrawals- total volumes | 76-100 | Husky's Environmental Performance Reporting System (EPRS) tracks water withdrawals for compliance, corporate reporting and to inform water management. Produced water volumes are tracked in Husky's Production Volume Reporting (PVR) system. |
| Water withdrawals- volume by sources | 76-100 | EPRS tracks volumes for each water source. |
| Water discharges- total volumes | 76-100 | EPRS tracks water discharges for corporate reporting and to inform water management. These include water discharges to surface water bodies and deep well disposal. |
| Water discharges- volume by destination | 76-100 | EPRS tracks volumes for each water discharge. |
| Water discharges- volume by treatment method | 76-100 | EPRS tracks volumes for each water discharge. |
| Water discharge quality data-quality by standard effluent parameters | 76-100 | Husky has several facilities that discharge water to surface water. These facilities manage water data quality according to their regulatory requirements. |
| Water consumption- total volume | 76-100 | Water data for withdrawals and discharge are tracked in EPRS and PVR. These are used to determine water consumption. |
| Facilities providing fully-functioning WASH services for all workers | 76-100 | Husky provides Water, Sanitation, and Hygiene (WASH) services for all workers, in accordance with Occupational Health and Safety requirements in all of its operating areas. |

W1.2a

Water withdrawals: for the reporting year, please provide total water withdrawal data by source, across your operations

| Source | Quantity (megaliters/year) | How does total water withdrawals for this source compare to the last reporting year? | Comment |
|--------------------------------------|----------------------------|--|---|
| Fresh surface water | 24723 | Higher | Increased due to startup of two thermal projects and ramp up of another thermal project |
| Brackish surface water/seawater | 19540 | About the same | This is within the expected variability for cooling water requirements at the SeaRose FPSO. |
| Rainwater | 0 | About the same | Husky does not consistently track this metric. Minor uses from surface collection ponds, particularly for use in construction, drilling, and completions operations, are included in the "Fresh surface water metric". |
| Groundwater - renewable | 5197 | Higher | The increase represents a shift in sourcing at both the Sunrise Energy Project and the Lima Refinery, where multiple water sourcing options are used. Overall water use at these facilities remained about the same. Groundwater is obtained from aquifers at depths ranging from 4 m to 650 m, with varying water quality from fresh to saline. Due to the variation in definition of renewable versus non-renewable groundwater sources, all groundwater withdrawals are reported as renewable. |
| Groundwater - non-renewable | 0 | About the same | Groundwater is obtained from aquifers at depths ranging from 4 m to 650 m, with varying water quality from fresh to saline. Due to the variation in definition of renewable versus non-renewable groundwater sources, all groundwater withdrawals are reported as renewable. |
| Produced/process water | 104223 | Lower | This metric was impacted by divestitures in Western Canada. During 2016, the Company completed the sale of approximately 30,200 boe/day of legacy crude oil and natural gas assets. This metric includes produced water that is reinjected for production, and produced water that is sent for deep well disposal. |
| Municipal supply | 0 | About the same | The Company does not consistently track this metric. Where tracked, volumes are included in the "Fresh surface water metric". |
| Wastewater from another organization | 744 | Lower | Wastewater (process-affected water) is used at the Sunrise Energy Project which has an alternate deep groundwater source. In 2016, a deeper groundwater source offset the reduced use of wastewater from another organization. |
| Total | 154429 | About the same | Increases in water withdrawal for new projects was offset by an overall decrease in produced water due to divestitures. |

W1.2b**Water discharges: for the reporting year, please provide total water discharge data by destination, across your operations**

| Destination | Quantity (megaliters/year) | How does total water discharged to this destination compare to the last reporting year? | Comment |
|---------------------------------|----------------------------|---|--|
| Fresh surface water | 4429 | About the same | This is within expected operational ranges for the Lima Refinery. |
| Brackish surface water/seawater | 16655 | Higher | This is within the expected variability for cooling water requirements at the SeaRose FPSO |

| Destination | Quantity (megaliters/year) | How does total water discharged to this destination compare to the last reporting year? | Comment |
|---|----------------------------|---|--|
| Groundwater | 56140 | Lower | This metric was impacted by divestitures in Western Canada. During 2016, the Company completed the sale of approximately 30,200 boe/day of legacy crude oil and natural gas assets. |
| Municipal/industrial wastewater treatment plant | | Not applicable | The Company does not consistently track this metric; volumes are not significant relative to other discharge volumes. |
| Wastewater for another organization | | Not applicable | The Company does not consistently track this metric; volumes are not significant relative to other discharge volumes. |
| Total | 77223 | About the same | The decrease in discharge to groundwater due to divestitures was offset by an increase (within expected operational range) of approved discharges to the ocean for offshore cooling water. |

W1.2c

Water consumption: for the reporting year, please provide total water consumption data, across your operations

| Consumption (megaliters/year) | How does this consumption figure compare to the last reporting year? | Comment |
|-------------------------------|--|--|
| 32413 | About the same | This calculation has been updated. Produced water is a by-product of our operations/production. In previous years, produced water that was not returned to the reservoir formation (and was alternatively injected into a disposal zone) was included as water consumption. The new methodology does not include produced water in the calculation of overall water consumption. This number is calculated as: (fresh water withdrawals + brackish water withdrawals + wastewater withdrawals from other companies) – (fresh and brackish water discharged to surface). Taking into account the updated calculation, it is comparable to the 2015 value. |

W1.3

Do you request your suppliers to report on their water use, risks and/or management?

No

W1.3b

Please choose the option that best explains why you do not request your suppliers to report on their water use, risks and/or management

| Primary reason | Please explain |
|----------------|----------------|
| | |

| Primary reason | Please explain |
|---------------------------------|---|
| Assessed risk but no risk found | The Company accounts for water use by third parties for the Company's operations (e.g. drilling, completions, etc.), and therefore also manages these risks. An assessment of Husky's supply chain suggested that supplies for which steel is an important input (e.g. well casings, process equipment) were potentially exposed to greater water-related risk. However, the World Steel Association indicates that the overall water consumption associated with steel manufacturing is relatively low, at 1.6 to 3.3 m ³ per tonne of steel produced. (Water Management in the Steel Industry, World Steel Association, 2015). As such, further assessment of water-related risk for Husky's supply chain was not considered in 2016. A high-level assessment of potential supply chain risk is undertaken annually, and elements of the supply chain thought to be potentially at elevated risk are highlighted for further assessment. |

W1.4

Has your organization experienced any detrimental impacts related to water in the reporting year?

Yes

W1.4a

Please describe the detrimental impacts experienced by your organization related to water in the reporting year

| Country | River basin | Impact driver | Impact | Description of impact | Length of impact | Overall financial impact | Response strategy | Description of response strategy |
|--------------------------|---|--|-------------------------|---|------------------|--------------------------|--|--|
| United States of America | Other: Maumee River Watershed | Reg-Regulation of discharge quality/volumes leading to higher compliance costs | Fines/ penalties | In 2016, the Lima Refinery was assessed \$54,000 US in fines for 30 violations of the EPA National Pollution Discharge Elimination System Water Permit that occurred over the previous five years. The penalties were for instances where discharged water did not meet quality standards. | 5 years | \$54,000 US in penalties | Greater due diligence | Increased efforts to ensure discharge water meets quality standards. |
| Canada | Other: North Saskatchewan River Watershed | Phys-Pollution of water source | Water supply disruption | During the third quarter of 2016, a Husky pipeline release occurred on the south shore of the North Saskatchewan River, releasing approximately 225 m ³ (+/- 10 percent) of heavy oil and diluent. Some of the oil impacted the North Saskatchewan River. The provincial regulator placed restrictions on three downstream municipal drinking water intakes on the North Saskatchewan River for a period of 54 days. | 1 year | \$107 million CAD | Engagement with community Engagement with other stakeholders in the river basin Infrastructure maintenance Greater due diligence River basin restoration | A full and thorough investigation was undertaken. |

| Country | River basin | Impact driver | Impact | Description of impact | Length of impact | Overall financial impact | Response strategy | Description of response strategy |
|---------|--------------------------------------|----------------------------|---|--|------------------|--|--|--|
| Canada | Other: North Saskatchewan River | Phys-Flooding | Plant/production disruption leading to reduced output | During the third quarter of 2016, the Husky Lloydminster Refinery was flooded, as a result of flooding in the City of Lloydminster. | 7 days | 50,731 m ³ net crude charge | Develop flood emergency plans Engagement with other stakeholders in the river basin Infrastructure maintenance | Improve onsite runoff control infrastructure and continued engagement with municipality regarding upstream runoff control. |
| Canada | Other: Multiple watershed in Alberta | Reg-Regulatory uncertainty | Higher operating costs | For drilling and completions operations, water source restrictions, reporting, and monitoring requirements on non-sensitive water sources has increased effort and cost. | 1 year | not quantified | Engagement with public policy makers Engagement with other stakeholders in the river basin | Increased efforts in planning. Improvements in communicating challenges to regulatory bodies and policy makers |

Further Information

Module: Risk Assessment

Page: W2. Procedures and Requirements

W2.1

Does your organization undertake a water-related risk assessment?

Water risks are assessed

W2.2

Please select the options that best describe your procedures with regard to assessing water risks

| Risk assessment procedure | Coverage | Scale | Please explain |
|---------------------------|----------|-------|----------------|
|---------------------------|----------|-------|----------------|

| Risk assessment procedure | Coverage | Scale | Please explain |
|--|-------------------|----------------|---|
| Water risk assessment undertaken independently of other risk assessments | Direct operations | All facilities | Husky conducts a preliminary assessment of water-related risks for all of its operations in the first quarter of each year. Material water-related risks are identified in accordance with the Company's Corporate Water Standard and Water Risk Assessment Procedure. Facilities deemed to be potentially at higher risk are prioritized for a more detailed water risk assessment. The Company's Corporate Risk Matrix includes environmental, reputational, financial, legal, regulatory, and health and safety aspects. |

W2.3

Please state how frequently you undertake water risk assessments, at what geographical scale and how far into the future you consider risks for each assessment

| Frequency | Geographic scale | How far into the future are risks considered? | Comment |
|--------------------------|------------------|---|--|
| Annually | River basin | >6 years | Husky conducts a preliminary assessment of water-related risks for all of its operations in the first quarter of each year. |
| Sporadically not defined | Facility | >6 years | Facility-scale water risk assessments are prioritized based the screening level assessment described above. Each risk assessment is followed by development of a water management plan. The water management plan defines a schedule for the risk assessment to be revisited. This schedule will vary depending on the facility. |

W2.4

Have you evaluated how water risks could affect the success (viability, constraints) of your organization's growth strategy?

Yes, evaluated over the next 10 years

W2.4a

Please explain how your organization evaluated the effects of water risks on the success (viability, constraints) of your organization's growth strategy?

Risks are evaluated using a risk matrix. The risk matrix includes environmental, reputational, financial, legal, regulatory, and health and safety aspects. Material water-related risks are captured in Husky's corporate risk register. An example are the regulatory risks associated with uncertainty regarding the long-term approach to "temporary diversion licences" in Alberta, which Husky often uses to gain access to water for drilling and completions in that province. The Company is addressing these risks through detailed assessment of the existing water management plan for a selection of its Alberta assets, including engagement with subject matter experts, and development of mitigation plans for different regulatory outcomes and/or persisting uncertainty. The conclusion of this work included a commitment to revisit the plan and evaluate the success of the mitigation strategies employed.

W2.5

Please state the methods used to assess water risks

| Method | Please explain how these methods are used in your risk assessment |
|--------|---|
|--------|---|

| Method | Please explain how these methods are used in your risk assessment |
|---|--|
| Internal company knowledge IPIECA Global Water Tool for Oil & Gas Regional government databases WRI Aqueduct Other: Husky corporate risk assessment process | Corporate-level risk assessment follows the risk assessment process. Facility-level water risk assessments further use Company expertise and regional-scale government data to elaborate on local water risks. The IPIECA Tool and WRI Aqueduct were chosen to help define the scope and highlight important factors to include in both corporate and facility-level risk assessments. |

W2.6

Which of the following contextual issues are always factored into your organization's water risk assessments?

| Issues | Choose option | Please explain |
|---|----------------------------|---|
| Current water availability and quality parameters at a local level | Relevant, included | These aspects are subject to regulatory scrutiny in Husky's operating areas, and are considered in risk assessments. Husky utilizes internal company knowledge, published literature, and government databases. As an example, detailed historical water quality data has been collected in cases where risks depend on these factors. |
| Current water regulatory frameworks and tariffs at a local level | Relevant, included | Regulatory aspects, including tariffs, are one of the fundamental criteria evaluated in risk assessments. For example, the Water Conservation Policy and associated guidelines significantly affect water licensing in Alberta. |
| Current stakeholder conflicts concerning water resources at a local level | Relevant, included | Stakeholder values and concerns (including conflicts) are included in risk assessments. Interviews are conducted with staff at an operational level, as well as in departments such as Aboriginal and Community Relations. |
| Current implications of water on your key commodities/raw materials | Relevant, not yet included | Implications of water on key commodities/raw materials are evaluated at a high level annually. Husky has not experienced significant impacts from realization of water risk. Husky manages water aspects of third-party services at its sites (for example, on drilling and completions operations). An assessment of Husky's supply chain suggested that supplies for which steel is an important input (e.g. well casings, process equipment) were potentially exposed to greater water-related risk. However, the World Steel Association indicates that the overall water consumption associated with steel manufacturing is relatively low, at 1.6 to 3.3 m ³ per tonne of steel produced. (Water Management in the Steel Industry, World Steel Association, 2015). As such, further assessment of water-related risk for Husky's supply chain was not considered in 2016. A high-level assessment of potential supply chain risk is undertaken annually, and elements of the supply chain thought to be potentially at elevated risk are highlighted for further assessment. |

| Issues | Choose option | Please explain |
|---|----------------------------|---|
| Current status of ecosystems and habitats at a local level | Relevant, included | Biophysical context for operations is included in risk assessments (for example, impacts to riparian environments related to water use). Regional government databases are utilized. |
| Current river basin management plans | Relevant, included | Watershed management plans, where available, are included in risk assessments. Such plans are widely available in Alberta, where many of the Company's onshore upstream operations are located. |
| Current access to fully-functioning WASH services for all employees | Relevant, included | Providing access to WASH services for all employees is a minimum standard for all operations. Husky has a Water Supply Integrity Program designed to ensure water supply for staff is of a suitable quality. |
| Estimates of future changes in water availability at a local level | Relevant, included | Availability and reliability of water at a local level are included in risk assessments. Regional government databases and WRI Aqueduct are utilized. Husky has undertaken detailed modelling of expected flows at some of its facilities, taking into account seasonal variability. |
| Estimates of future potential regulatory changes at a local level | Relevant, included | The potential for regulatory changes at a local, provincial or federal level are included in risk assessments. Husky engages with regulators on an ongoing basis (both directly and through industry associations such as the Canadian Association of Petroleum Producers) to help anticipate these potential changes. Where regulatory change cannot be clearly anticipated (e.g. in the long term), different scenarios are evaluated for their potential impact on operations. |
| Estimates of future potential stakeholder conflicts at a local level | Relevant, included | Stakeholder issues (including the potential for conflict) are included in risk assessments. Risk assessments also include how these concerns may change over time, particularly when considering new projects. Interviews are conducted with staff at an operational level, as well as in departments such as Aboriginal and Community Relations. |
| Estimates of future implications of water on your key commodities/raw materials | Relevant, not yet included | Implications of water on key commodities/raw materials are not evaluated in detail. Husky manages water used by third parties at its sites, for example in drilling and completion operations. |
| Estimates of future potential changes in the status of ecosystems and habitats at a local level | Relevant, not yet included | Biophysical context for operations is included in risk assessments. Numerous variables (not all of which are in the Company's control) affect how this context will change over time, and as such these potential future scenarios are not included in Husky's risk assessment at this time. |

| Issues | Choose option | Please explain |
|---|----------------------------|---|
| Scenario analysis of availability of sufficient quantity and quality of water relevant for your operations at a local level | Relevant, included | This is typically required to obtain water licensing in Husky's onshore operating areas. For example, at large projects such as thermal operations in Alberta, Husky evaluates water availability and quality, with consideration of local and regional cumulative effects, as part of Environmental Assessments that support project approval. |
| Scenario analysis of regulatory and/or tariff changes at a local level | Relevant, included | The potential for regulatory changes at a local, provincial or federal level are included in Husky's risk assessments. The Company engages with regulators on an ongoing basis (both directly and through industry associations such as the Canadian Association of Petroleum Producers) to help anticipate these potential changes. Where regulatory change cannot be clearly anticipated (e.g. in the long term), different scenarios are evaluated for their potential impact on operations. |
| Scenario analysis of stakeholder conflicts concerning water resources at a local level | Relevant, included | Stakeholder issues are included in Husky's risk assessments. Risk assessments also include how stakeholder views may change over time, particularly when considering new projects. This assessment includes consideration of different scenarios, which are each evaluated for their potential impact on operations. |
| Scenario analysis of implications of water on your key commodities/raw materials | Not evaluated | Implications of water on Husky's key commodities/raw materials are not evaluated in detail. |
| Scenario analysis of potential changes in the status of ecosystems and habitats at a local level | Relevant, not yet included | Husky considers potential changes in the status of ecosystems and habitats at a local level when they relate to the water management aspect being considered. The Company invests in research to better understand how ecosystems and habitats may change over time. |
| Other | | |

W2.7

Which of the following stakeholders are always factored into your organization's water risk assessments?

| Stakeholder | Choose option | Please explain |
|-------------|----------------------------|---|
| Customers | Relevant, not yet included | Perspectives of end product-users are not explicitly included. Considerations are made for results of water attitude surveys and for results of regional government engagement during policy development. |

| Stakeholder | Choose option | Please explain |
|--|----------------------------|---|
| Employees | Relevant, included | Employees provide local knowledge and operational expertise when conducting risk assessments. Employees are engaged through risk assessment workshops, invitations to participate in a formal interdisciplinary network for knowledge exchange related to water (The Water Management Critical Competency Network), intranet communication of risk assessment results, and a social web platform open to all employees where water risks are discussed. |
| Investors | Relevant, included | The perspective of investors is a consideration when conducting risk assessments. |
| Local communities | Relevant, included | Local communities may provide important insights into water risk (e.g. through data or observations about water availability), and as a key stakeholder may also directly influence the Company's water risk. |
| NGOs | Relevant, included | NGOs may be influencers of the Company's water risk. This includes local groups (such as watershed planning and advisory councils) and provincial or national groups, any of which may influence policy or regulation. |
| Other water users at a local level | Relevant, included | Other water users may be influencers of water risk, particularly in areas of high competition for a limited resource, or where Husky's water use is perceived to be in conflict with other water user(s). |
| Regulators | Relevant, included | Regulators may be influencers of water risk, particularly through regulating access to source and disposal options. |
| River basin management authorities | Relevant, included | River basin management authorities may provide important insights into water risk (e.g. through data or observations about water availability), and as a key stakeholder may also directly influence The Company's water risk. |
| Statutory special interest groups at a local level | Relevant, included | Local special interest groups may provide important insights into water risk (e.g. through data or observations about water availability), and as a key stakeholder may also directly influence The Company's water risk. |
| Suppliers | Relevant, not yet included | Husky understands that suppliers may be vulnerable to water risk. To date this has not been judged a substantive risk and as such has not been evaluated in detail. Husky manages water aspects of third party services at its sites (for example, on drilling and completions operations). |
| Water utilities at a local level | Relevant, included | Where facilities are located in developed settlements, Husky considers local water utilities in water risk assessments. |
| Other | | |

Further Information

Module: Implications

Page: W3. Water Risks

W3.1

Is your organization exposed to water risks, either current and/or future, that could generate a substantive change in your business, operations, revenue or expenditure?

Yes, direct operations only

W3.2

Please provide details as to how your organization defines substantive change in your business, operations, revenue or expenditure from water risk

Husky's enterprise risk management program supports decision-making via comprehensive and systematic identification and assessment of risks that could materially impact the results of the Company. Through this framework, the Company builds risk management and mitigation into strategic planning and operational processes for its business units through the adoption of standards and best practices. Husky has developed an enterprise risk matrix to identify risks to its people, the environment, its assets and its reputation, and to systematically mitigate these risks to an acceptable level.

Husky defines substantive change as having a financial impact of greater than ten (10) million dollars. The corporate risk register is revisited on at least an annual basis, while the matrix is evaluated every three years.

W3.2a

Please provide the number of facilities* per river basin exposed to water risks that could generate a substantive change in your business, operations, revenue or expenditure; and the proportion of company-wide facilities this represents

| Country | River basin | Number of facilities exposed to water risk | Proportion of company-wide facilities that this represents (%) | Comment |
|--------------------------|---|--|--|---|
| Canada | Other: Atlantic Ocean | 1 | 6-10 | Proportion of total operations based on % global production capacity |
| Canada | Other: North Saskatchewan River Watershed | 9 | 11-20 | Proportion of total operations based on % global production capacity |
| United States of America | Other: Ohio - Maumee River Watershed | 1 | 71-80 | Proportion of total operations based on % global refinery throughput. |
| Canada | Other: Athabasca River Watershed | 1 | 1-5 | Proportion of total operations based on % global production capacity. |

W3.2b

For each river basin mentioned in W3.2a, please provide the proportion of the company's total financial value that could be affected by water risks

| Country | River basin | Financial reporting metric | Proportion of chosen metric that could be affected | Comment |
|--------------------------|---|-------------------------------------|--|---------|
| Canada | Other: Atlantic Ocean | % global production capacity | 11-20 | |
| Canada | Other: North Saskatchewan River Watershed | % global production capacity | 11-20 | |
| United States of America | Other: Ohio - Maumee River Watershed | Other: % global refinery throughput | 71-80 | |
| Canada | Other: Athabasca River Watershed | % global production capacity | 1-5 | |

W3.2c

Please list the inherent water risks that could generate a substantive change in your business, operations, revenue or expenditure, the potential impact to your direct operations and the strategies to mitigate them

| Country | River basin | Risk driver | Potential impact | Description of potential impact | Timeframe | Likelihood | Magnitude of potential financial impact | Response strategy | Costs of response strategy | Details of strategy and costs |
|---------|-----------------------|------------------------------------|-----------------------|--|----------------------|------------|---|---|--------------------------------|---|
| Canada | Other: Atlantic Ocean | Other: Physical - ice and icebergs | Closure of operations | The potential consequences of a severe weather or iceberg-related event to Husky's offshore operations include possible production disruptions, spills, asset damage and human impacts. While this is mitigated through the methods described below, financial implications of a severe event could be greater than \$10 million | Current-up to 1 year | Unlikely | High | Other: Annual monitoring and management | Medium - \$1.6 million in 2016 | Husky has an ice management program that includes ice surveillance aircraft. Regular surveillance flights commence in February and continue until the threat has abated. Husky employs support vessels to actively manage ice and icebergs. These vessels are equipped with tools including towing ropes and nets and water cannons. The Company maintains ad-hoc relationships with contractors, allowing the quick mobilization of additional resources. In 2016, 1.6 million Cdn was spent on ice management. 103 icebergs were tracked; of those, 25 required management (a |

| Country | River basin | Risk driver | Potential impact | Description of potential impact | Timeframe | Likelihood | Magnitude of potential financial impact | Response strategy | Costs of response strategy | Details of strategy and costs |
|---------|---|---|------------------------|--|-----------|------------|---|---|----------------------------|--|
| | | | | | | | | | | total of 37 management operations). There was no downtime experienced for either the SeaRose FPSO or the Henry Goodrich related to risk mitigation due to ice during the 2016 season. |
| Canada | Other: Saskatchewan: North Saskatchewan River Basin | Regulatory-Mandatory water efficiency, conservation, recycling or process standards | Higher operating costs | Potential for increased water recycling requirement in Saskatchewan. | Unknown | Unknown | Medium-high | Engagement with public policy makers Infrastructure investment | Medium-high | Preparing for possible changes to regulation by (1) engaging with regulators to anticipate planned changes; (2) evaluating water risk at the facility level for all of the heavy oil operations; (3) improved characterization of produced water and research of water recycling technology. |

| Country | River basin | Risk driver | Potential impact | Description of potential impact | Timeframe | Likelihood | Magnitude of potential financial impact | Response strategy | Costs of response strategy | Details of strategy and costs |
|--------------------------|---|---|------------------------|---|-----------|------------|---|--|----------------------------|--|
| United States of America | Other: Maumee River Watershed | Regulatory-Regulation of discharge quality/volumes leading to higher compliance costs | Higher operating costs | Increased regulatory requirements relating to discharge | 1-3 years | Probable | Medium-high | Infrastructure investment | medium-high | Evaluated additional water treatment infrastructure to ensure this risk is addressed through treatment and/or reduction of effluent streams. |
| Canada | Other: Athabasca River Watershed | Physical-Increased water scarcity | Higher operating costs | Potential for change by neighbouring operator to affect access to water at the Sunrise Energy Project. | Unknown | Unlikely | High | Engagement with other stakeholders in the river basin Engagement with suppliers | Low | Continue to engage with industry peers on plans, collaborate for mutual benefit |
| Canada | Other: multiple watershed in western canada | Physical-Pollution of water source | Fines/penalties | The potential consequence of a pipeline spill into a large waterbody: significant environmental response, potential disruptions to production, regulatory fines, litigation | >6 years | Unlikely | High | Infrastructure maintenance Greater due diligence Promote best practice and awareness | Low to medium | The Company is reviewing its pipeline maintenance, monitoring, and best practices, particularly as they relate to water bodies. |

W3.2f

Please choose the option that best explains why you do not consider your organization to be exposed to water risks in your supply chain that could generate a substantive change in your business, operations, revenue or expenditure

| Primary reason | Please explain |
|----------------|---|
| Other: | Husky regularly addresses its internal water considerations and has no immediate concerns regarding substantive supplier water risks. For example, the Company's supply chain faces risks relating to flooding that may impact operations. These risks are mitigated through the Company's business continuity plan, which provides provisions to minimize business interruption. Husky manages water used by (and therefore the water risks of) third-party contractors at its sites (for example, drilling and completion contractors). |

Further Information**Page: W4. Water Opportunities****W4.1**

Does water present strategic, operational or market opportunities that substantively benefit/have the potential to benefit your organization?

Yes

W4.1a

Please describe the opportunities water presents to your organization and your strategies to realize them

| Country or region | Opportunity | Strategy to realize opportunity | Estimated timeframe | Comment |
|-------------------|---|--|---------------------|---|
| Canada | Carbon management Competitive advantage Cost savings Increased shareholder value Improved water efficiency Innovation R&D Social licence to operate Staff retention | Water sourcing and treatment is a factor in Husky's Oil Sands and Heavy Oil project costs. Husky employs both corporate and Business Unit teams to research technology that could reduce costs for water sourcing, treatment and disposal. | Unknown | There is no timeframe for implementation of technology that would make a substantive change in operations. This will be evaluated on a regular basis. |

| Country or region | Opportunity | Strategy to realize opportunity | Estimated timeframe | Comment |
|----------------------------------|---|--|---------------------|--|
| Other: Canada & United States | Competitive advantage Increased brand value Improved community relations Increased shareholder value Social licence to operate Staff retention | Transparency – Husky issues a Community Report each year which includes water metrics and discussion on water management. The Company also communicates to stakeholders through open houses and direct meetings with key stakeholders on specific local issues. | 1-3 years | The Community Report is published on Husky's external website. |
| Other: Canada & United States | Cost savings Improved community relations Improved water efficiency Innovation Regulatory changes Social licence to operate | Continued improvement of the Environmental Performance Reporting System (EPRS) – Water Module. Through EPRS, Husky systematically gathers, calculates, and reports data relating to environmental performance. The water module enables Husky to track water usage trends, and aids in the identification and prioritization of opportunities for water use reduction and recycling in its operations. | 1-3 years | The EPRS system enables Husky to manage water data from the facility to corporate level, supporting identification of water risks and opportunities. |
| Canada | Cost savings Improved water efficiency Innovation Regulatory changes R&D Social licence to operate Staff retention | Collaboration on water technology projects through the Petroleum Technology Alliance of Canada (PTAC) and the Canadian Oil Sands Innovation Alliance (COSIA) (e.g. the Water Technology Development Centre). | 1-3 years | |

| Country or region | Opportunity | Strategy to realize opportunity | Estimated timeframe | Comment |
|-------------------------------|---|--|----------------------|---------|
| Other: Canada - Alberta | Competitive advantage Cost savings Improved community relations Increased shareholder value Regulatory changes Social licence to operate | Creating a comprehensive wetland database to enable future cost reductions associated with wetland compensation under the Alberta Wetland Policy. | >6 years | |
| Canada | Improved community relations Social licence to operate | Developed corporate risk assessment and planning procedure for water course crossings. This procedure is expected to provide for increased environmental protection. | 1-3 years | |
| Canada | Cost savings Improved water efficiency | Water recycle during drilling. | Current-up to 1 year | |
| Canada | Improved community relations Regulatory changes Social licence to operate | Husky is on the North Saskatchewan Watershed Alliance's (NSWA) Board of Directors as the Petroleum Representative. NSWA supports stakeholder and public discussions concerning all aspects of Integrated Watershed Management for the North Saskatchewan River watershed in Alberta. | 1-3 years | |
| Canada | Cost savings Improved water efficiency Social licence to operate | Use of flowback water and produced water in hydraulic fracturing operations, from both Husky and neighbouring operations. Husky has conducted pilot programs and works to identify and realize opportunities for effective and appropriate management and reuse of produced and flowback waters. | 1-3 years | |

| Country or region | Opportunity | Strategy to realize opportunity | Estimated timeframe | Comment |
|-------------------------------|--|--|----------------------|---------|
| Canada | Cost savings Improved community relations Improved water efficiency Regulatory changes Social licence to operate | Work to mitigate regulatory barriers to the efficient use of lower quality water sources at a major facility through communication with regulatory authorities and demonstration of issues using operational data. | Current-up to 1 year | |
| Other: Canada & United States | Cost savings Increased shareholder value Improved water efficiency Innovation R&D | Creation of an internal water technical competency group to share issues and solutions across the Company. | Current-up to 1 year | |

Further Information

Module: Accounting

Page: W5. Facility Level Water Accounting (I)

W5.1

Water withdrawals: for the reporting year, please complete the table below with water accounting data for all facilities included in your answer to W3.2a

| Facility reference number | Country | River basin | Facility name | Total water withdrawals (megaliters/year) at this facility | How does the total water withdrawals at this facility compare to the last reporting year? | Please explain |
|---------------------------|---------|---------------------------------|---------------|--|---|--|
| Facility 1 | Canada | Other: Atlantic Ocean | Sea Rose | 22831 | About the same | Produced water has been included as a water withdrawal. No significant change from 2015. |
| Facility 2 | Canada | Other: North Saskatchewan River | Bolney | 7116 | About the same | Produced water has been included as a water withdrawal. No significant change from 2015. |

| Facility reference number | Country | River basin | Facility name | Total water withdrawals (megaliters/year) at this facility | How does the total water withdrawals at this facility compare to the last reporting year? | Please explain |
|---------------------------|--------------------------|----------------------------------|------------------------|--|---|--|
| Facility 3 | Canada | Other: North Saskatchewan River | Pikes Peak | 2922 | Lower | Fresh water withdrawal decreased at this in situ thermal project, due to variations that are a function of reservoir characteristics and project stage. |
| Facility 4 | Canada | Other: North Saskatchewan River | Pikes Peak South | 3733 | About the same | Produced water has been included as a water withdrawal. No significant change from 2015. |
| Facility 5 | Canada | Other: North Saskatchewan River | Paradise Hill | 1828 | Higher | Production increased by 12% in 2016. Produced water has been included as a water withdrawal. |
| Facility 6 | Canada | Other: North Saskatchewan River | Rush Lake | 3481 | Much higher | Production at Rush Lake increased by 106% in 2016. Fresh water withdrawal increased at this in situ thermal project, due to variations that are a function of reservoir characteristics and project stage. Additionally, produced water has been included as a water withdrawal. |
| Facility 7 | Canada | Other: North Saskatchewan River | Sandall | 1417 | About the same | Produced water has been included as a water withdrawal. No significant change from 2015. |
| Facility 8 | Canada | Other: North Saskatchewan River | Edam East | 2636 | This is our first year of measurement | This facility started in 2016 |
| Facility 9 | Canada | Other: North Saskatchewan River | Edam West | 564 | This is our first year of measurement | This facility started in 2016 |
| Facility 10 | Canada | Other: North Saskatchewan River | Vawn | 1693 | This is our first year of measurement | This facility started in 2016 |
| Facility 11 | United States of America | Other: Maumee River Watershed | Lima Refinery | 6079 | Lower | This change is within the expected operational range. |
| Facility 12 | Canada | Other: Athabasca River Watershed | Sunrise Energy Project | 8691 | Much higher | Production at Sunrise increased by 350% in 2016. Fresh water withdrawal increased at this in situ thermal project due to variations that are a function of reservoir characteristics and project stage. Additionally, produced water has been included as a water withdrawal. |

Further Information

Page: W5. Facility Level Water Accounting (II)

W5.1a

Water withdrawals: for the reporting year, please provide withdrawal data, in megaliters per year, for the water sources used for all facilities reported in W5.1

| Facility reference number | Fresh surface water | Brackish surface water/seawater | Rainwater | Groundwater (renewable) | Groundwater (non-renewable) | Produced/process water | Municipal water | Wastewater from another organization | Comment |
|---------------------------|---------------------|---------------------------------|-----------|-------------------------|-----------------------------|------------------------|-----------------|--------------------------------------|--|
| Facility 1 | | 19540 | | | | 3291 | | | All produced water passing regulatory criteria is discharged to the sea. |
| Facility 2 | 3517 | | | | | 3599 | | | All produced water from this facility goes to deep well disposal. |
| Facility 3 | 1525 | | | | | 1397 | | | All produced water from this facility goes to deep well disposal. |
| Facility 4 | 2111 | | | | | 1622 | | | All produced water from this facility goes to deep well disposal. |
| Facility 5 | 924 | | | | | 904 | | | All produced water from this facility goes to deep well disposal. |
| Facility 6 | 2210 | | | | | 1271 | | | All produced water from this facility goes to deep well disposal. |
| Facility 7 | 842 | | | | | 575 | | | All produced water from this facility goes to deep well disposal. |
| Facility 8 | 1637 | | | | | 999 | | | All produced water from this facility goes to deep well disposal. |
| Facility 9 | 336 | | | | | 228 | | | All produced water from this facility goes to deep well disposal. |
| Facility 10 | 1107 | | | | | 586 | | | All produced water from this facility goes to deep well disposal. |

| Facility reference number | Fresh surface water | Brackish surface water/seawater | Rainwater | Groundwater (renewable) | Groundwater (non-renewable) | Produced/process water | Municipal water | Wastewater from another organization | Comment |
|---------------------------|---------------------|---------------------------------|-----------|-------------------------|-----------------------------|------------------------|-----------------|--------------------------------------|---|
| Facility 11 | 4236 | | | 1843 | | | | | All process water passing regulatory criteria is discharged to surface. |
| Facility 12 | 8 | | | 1637 | | 6302 | | 744 | Most of the produced water at Sunrise is treated and reused. |

W5.2

Water discharge: for the reporting year, please complete the table below with water accounting data for all facilities included in your answer to W3.2a

| Facility reference number | Total water discharged (megaliters/year) at this facility | How does the total water discharged at this facility compare to the last reporting year? | Please explain |
|---------------------------|---|--|---|
| Facility 1 | 13364 | Lower | No substantive change. Within the expected operational variance for this facility. |
| Facility 2 | 4110 | About the same | No substantive change. General water volume variations at this thermal project are a function of reservoir characteristics and project stage. |
| Facility 3 | 1554 | Lower | General water volume variations at this thermal project are a function of reservoir characteristics and project stage. |
| Facility 4 | 2181 | About the same | No substantive change. General water volume variations at this thermal project are a function of reservoir characteristics and project stage. |
| Facility 5 | 1153 | Much higher | Production increased by 12% in 2016. General water volume variations at this thermal project are a function of reservoir characteristics and project stage. |
| Facility 6 | 1870 | Much higher | Production increased by 106% in 2016. General water volume variations at this thermal project are a function of reservoir characteristics and project stage. |
| Facility 7 | 778 | About the same | No substantive change. General water volume variations at this thermal project are a function of reservoir characteristics and project stage. |
| Facility 8 | 1453 | This is our first year of measurement | Project started in 2016. |
| Facility 9 | 285 | This is our first year of measurement | Project started in 2016. |
| Facility 10 | 933 | This is our first year of measurement | Project started in 2016. |
| Facility 11 | 4213 | About the same | No substantive change. Within the expected operational variance for this facility. |
| Facility 12 | 868 | Much higher | Production at Sunrise increased by 350% in 2016. General water volume variations at this thermal project are a function of reservoir characteristics and project stage. |

W5.2a

Water discharge: for the reporting year, please provide water discharge data, in megaliters per year, by destination for all facilities reported in W5.2

| Facility reference number | Fresh surface water | Municipal/industrial wastewater treatment plant | Seawater | Groundwater | Wastewater for another organization | Comment |
|---------------------------|---------------------|---|----------|-------------|-------------------------------------|---------|
| Facility 1 | | | 13364 | | | |
| Facility 2 | | | | 4110 | | |
| Facility 3 | | | | 1554 | | |
| Facility 4 | | | | 2181 | | |
| Facility 5 | | | | 1153 | | |
| Facility 6 | | | | 1870 | | |
| Facility 7 | | | | 778 | | |
| Facility 8 | | | | 1453 | | |
| Facility 9 | | | | 285 | | |
| Facility 10 | | | | 933 | | |
| Facility 11 | 4213 | | | | | |
| Facility 12 | | | | 868 | | |

W5.3

Water consumption: for the reporting year, please provide water consumption data for all facilities reported in W3.2a

| Facility reference number | Consumption (megaliters/year) | How does this compare to the last reporting year? | Please explain |
|---------------------------|-------------------------------|---|--|
| Facility 1 | 9467 | Higher | Higher, but within the operational range expected for the FPSO |
| Facility 2 | 3517 | About the same | No substantive change. General water volume variations at this thermal project are a function of reservoir characteristics and project stage. Produced and disposal water are not included as consumption. |
| Facility 3 | 1525 | Lower | Water consumption decreased at this thermal project, due to variations that are a function of reservoir characteristics and project stage. Produced and disposal water are not included as consumption. |
| Facility 4 | 2111 | Lower | Water consumption decreased at this thermal project, due to variations that are a function of reservoir characteristics and project stage. Produced and disposal water are not included as consumption. |
| Facility 5 | 924 | About the same | No substantive change. General water volume variations at this thermal project are a function of reservoir characteristics and project stage. Produced and disposal water are not included as consumption. |
| Facility 6 | 2210 | Much higher | 2016 was the first year of operations at steady state. General water volume variations at this thermal project are a function of reservoir characteristics and project stage. Produced and disposal water are not included as consumption. |
| Facility 7 | 842 | About the same | No substantive change. General water volume variations at this thermal project are a function of reservoir characteristics and project stage. Produced and disposal water are not included as consumption. |
| Facility 8 | 1637 | This is our first year of measurement | Project started in 2016. |
| Facility 9 | 336 | This is our first year of measurement | Project started in 2016. |
| Facility 10 | 1107 | This is our first year of measurement | Project started in 2016. |

| Facility reference number | Consumption (megaliters/year) | How does this compare to the last reporting year? | Please explain |
|---------------------------|-------------------------------|---|---|
| Facility 11 | 1866 | About the same | |
| Facility 12 | 2389 | Much higher | Water consumption increased at this thermal facility. General water volume variations are a function of reservoir characteristics and project stage. Produced and disposal water are not included as consumption. |

W5.4

For all facilities reported in W3.2a what proportion of their water accounting data has been externally verified?

| Water aspect | % verification | What standard and methodology was used? |
|---|----------------|---|
| Water withdrawals- total volumes | Not verified | Internal verification and assurance |
| Water withdrawals- volume by sources | Not verified | Internal verification and assurance |
| Water discharges- total volumes | Not verified | Internal verification and assurance |
| Water discharges- volume by destination | Not verified | Internal verification and assurance |
| Water discharges- volume by treatment method | Not verified | Internal verification and assurance |
| Water discharge quality data- quality by standard effluent parameters | Not verified | Internal verification and assurance |
| Water consumption- total volume | Not verified | Internal verification and assurance |

Further Information**Module: Response****Page: W6. Governance and Strategy****W6.1**

Who has the highest level of direct responsibility for water within your organization and how frequently are they briefed?

| Highest level of direct responsibility for water issues | Frequency of briefings on water issues | Comment |
|---|--|---------|
| Senior Manager/Officer | Scheduled - monthly | |

W6.2

Is water management integrated into your business strategy?

Yes

W6.2a

Please choose the option(s) below that best explains how water has positively influenced your business strategy

| Influence of water on business strategy | Please explain |
|--|--|
| Establishment of a clear water strategy | Husky has a Corporate Water Standard, which is part of the Husky Operational Integrity Management System (HOIMS). The Water Standard is approved by the COO and SVP of Human and Corporate Resources. The Standard outlines the expectation for every facility to conduct a water risk assessment and develop a water management plan. |
| Greater regulator engagement | Husky is an active member of the Canadian Association of Petroleum Producers (CAPP). Through both CAPP and unilateral engagement with regulators, the Company provides feedback on new and emerging regulations related to water. |
| Alignment of public policy positions with water stewardship goals | Husky considers public policy objectives when developing local water management plans. |
| Water resource considerations are factored into location planning for new operations | |
| Water resource considerations are factored into site expansions | |
| Publicly demonstrated our commitment to water | In addition to participating in the CDP Water disclosure, Husky discloses water management information via its annual Community Report. The Company's public disclosure of its water management practices, including performance on scoring mechanisms such as the Sustainability ESG report, has provided for improved relationships with investors and other stakeholders. |

W6.2b

Please choose the option(s) below that best explains how water has negatively influenced your business strategy

| Influence of water on business strategy | Please explain |
|---|---|
| Increased capital expenditure | Capital is required to protect and remediate fresh water, identify and evaluate water sourcing and discharge options, and implement water storage and treatment technologies. The potential for increased capital expenditure has further motivated efforts to identify opportunities for increased water efficiency. |

W6.3

Does your organization have a water policy that sets out clear goals and guidelines for action?

Yes

W6.3a

Please select the content that best describes your water policy (tick all that apply)

| Content | Please explain why this content is included |
|--|--|
| Company-wide Other: Incorporated within group environmental, sustainability or EHS policy | Husky has a Corporate Water Standard, which is part of the Husky Operational Integrity Management System (HOIMS). The Water Standard is approved by the COO and SVP of Human and Corporate Resources. The Standard outlines the expectation for every facility to conduct a water risk assessment and develop a water management plan. |

W6.4

How does your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) during the most recent reporting year compare to the previous reporting year?

| Water CAPEX (+/- % change) | Water OPEX (+/- % change) | Motivation for these changes |
|----------------------------|---------------------------|---|
| | | The company does not consistently track this metric |

Further Information**Page: W7. Compliance****W7.1**

Was your organization subject to any penalties, fines and/or enforcement orders for breaches of abstraction licenses, discharge consents or other water and wastewater related regulations in the reporting year?

Yes, not significant

W7.1a

Please describe the penalties, fines and/or enforcement orders for breaches of abstraction licenses, discharge consents or other water and wastewater related regulations and your plans for resolving them

| Facility name | Incident | Incident description | Frequency of occurrence in reporting year | Financial impact | Currency | Incident resolution |
|----------------------------|-------------------|---|---|------------------|----------|--|
| Lima Refinery | Penalty | The Lima Refinery was assessed \$54,000 US in penalties for 30 violations of the EPA National Pollution Discharge Elimination System Water Permit that occurred over the previous five years. The penalties were for instances where discharged water did not meet quality standards. | 1 | 54000 | USD(\$) | Increased efforts to ensure discharge water meets quality standards. Conducted large feasibility project for alternative water management at the refinery. |
| Hardisty Pipeline Terminal | Enforcement order | Environmental Protection Order. At the Hardisty terminal, Husky and a neighbouring operator were subject to an environmental protection order for an identified hydrocarbon release. The incident remains under investigation. | 1 | 0 | CAD (\$) | Under investigation. |

W7.1b

What proportion of your total facilities/operations are associated with the incidents listed in W7.1a?

4%

W7.1c

Please indicate the total financial impacts of all incidents reported in W7.1a as a proportion of total operating expenditure (OPEX) for the reporting year. Please also provide a comparison of this proportion compared to the previous reporting year

| Impact as % of OPEX | Comparison to last year |
|---------------------|-------------------------|
| 0 | Lower |

Further Information**Page: W8. Targets and Initiatives****W8.1**

Do you have any company wide targets (quantitative) or goals (qualitative) related to water?

Yes, targets and goals

W8.1a

Please complete the following table with information on company wide quantitative targets (ongoing or reached completion during the reporting period) and an indication of progress made

| Category of target | Motivation | Description of target | Quantitative unit of measurement | Base-line year | Target year | Proportion of target achieved, % value |
|------------------------------|-----------------|---|--|----------------|-------------|--|
| Other: water risk assessment | Risk mitigation | complete and document water risk assessments for all operations | Other: Percentage of facilities with detailed risk assessments | 2014 | 2020 | 18% |

W8.1b

Please describe any company wide qualitative goals (ongoing or reached completion during the reporting period) and your progress in achieving these

| Goal | Motivation | Description of goal | Progress |
|---|-------------------|--|--|
| Other: Complete and document water risk assessments for all operations. | Risk mitigation | An overall assessment of water risk is critical for highlighting priorities and developing local mitigation plans as warranted. Annually, operations that rely on water are identified, risks reviewed at a high level, and water risk assessments are completed based on priority. Water management plans document planned steps to mitigate risks. A schedule is developed to revisit the plans and evaluate the success of the mitigation strategies. | Husky completes a high level review of all facilities annually. Highest priority water risk assessments have been completed. |
| Other: Minimize impacts to the environment from water management activities | Water stewardship | Minimize impacts to the environment from water management activities. | Husky considers this when completing water risk assessments and conducting water alternative assessments. |

| Goal | Motivation | Description of goal | Progress |
|---|-------------------|---|--|
| Other: Minimize impact to water from Husky operations | Water stewardship | Husky strives to minimize impacts to surface and ground water quantity and quality from its operations. | Husky evaluates for impacts to water at the site level and reviews them at the corporate level. When impacts are realized, Husky seeks continuous improvement, working to address lessons learned. For example, the Company is reviewing its pipeline best practices, particularly as they relate to water bodies. |
| Other: Manage risks or impacts to assets and operations from water events such as flooding, drought, etc. | Cost savings | Manage risks or impacts to assets and operations from water events such as flooding, drought, etc. | Watercourse crossing procedure implemented, internally conducted several hydrologic assessments to evaluate risks related to surface water flows. As an example, Husky has a business continuity plan that was informed by impacts from the 2013 flood in Calgary. |
| Other: Evaluate, identify, and apply reasonable alternatives and opportunities for efficient water management based on the technical, social, economic, environmental, and regulatory aspects | Risk mitigation | Where practicable, Husky evaluates opportunities to use alternatives to freshwater. | Where alternatives perform better than freshwater in terms of mitigating risk, these alternatives are pursued. For example, investments were made to use process-affected water to supplement water supply for a project. |
| Other: Track water volumes at facilities and operations | Water stewardship | Consistent, reliable, and meaningful corporate water metrics. | Husky tracks water volumes in its Environmental Performance Reporting System, and reviews water volumes at the facility level on an annual basis. |
| Other: Establish, periodically review, and communicate metrics and targets in order to drive continual improvement in water stewardship | Water stewardship | Establish, periodically review, and communicate metrics and targets in order to drive continual improvement in water stewardship. | Husky reviews corporate metrics regularly and shares them publicly through the annual Community Report. Improvements in internal metrics and tracking continued in 2016 with further development of an Environmental Reporting and Action Plan program (which records water performance at the facility level). |
| Other: Engage with pertinent water committees in order to keep apprised of issues and advocate for science-based management decisions | Risk mitigation | Husky engages with external committees to ensure understanding of regulatory requirements, stakeholder concerns, and water risks. | Husky continues to engage with numerous water committees including watershed planning and advisory committees and industry committees including CAPP and IPIECA. |

Further Information

Module: Linkages/Tradeoff

Page: W9. Managing trade-offs between water and other environmental issues

W9.1

Has your organization identified any linkages or trade-offs between water and other environmental issues in its value chain?

Yes

W9.1a**Please describe the linkages or trade-offs and the related management policy or action**

| Environmental issues | Linkage or trade-off | Policy or action |
|---|-----------------------------|---|
| Energy consumption / Associated emissions | Trade-off | Treatment of lower-quality sources requires energy. Reducing consumption of freshwater may impact GHG and other air emissions. |
| Land | Trade-off | Use of lower quality sources will likely require the overland transport of those water types. In the case of saline sources, for example, leaks or spills will have a greater impact than if freshwater were used. Reducing consumption of freshwater therefore may come at a cost in terms of risks to land. Treatment of lower quality sources may also require a larger footprint than is required for freshwater sources. |
| Ecosystem Health | Linkage | Lowering use of freshwater in basins that are constrained (including in the case of a temporary drought) can contribute to maintaining ecosystem health. |

Further Information**Module: Sign Off****Page: Sign Off****W10.1****Please provide the following information for the person that has signed off (approved) your CDP water response**

| Name | Job title | Corresponding job category |
|--------------|--|-----------------------------------|
| Lois Garrett | Vice President, Corporate Responsibility | Other: Vice President |

W10.2**Please indicate that your organization agrees for CDP to transfer your publicly disclosed data regarding your response strategies to the CEO Water Mandate Water Action Hub.****Note: Only your responses to W1.4a (response to impacts) and W3.2c&d (response to risks) will be shared and then reviewed as a potential collective action project for inclusion on the WAH website.****By selecting Yes, you agree that CDP may also share the email address of your registered CDP user with the CEO Water Mandate. This will allow the Hub administrator to alert your company if its response data includes a project of potential interest to other parties using water resources in the geographies in which you operate. The Hub will publish the project with the associated contact details. Your company will be provided with a secure log-in allowing it to amend the project profile and contact details.**

No

Further Information

CDP: [D][-,][D2]