



# ESG Report 2020

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Environmental, Social and  
Governance Report

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# Letter from the CEO

This year brings unprecedented challenges for the health and welfare of individuals and for companies. The COVID-19 pandemic reinforces the importance of health and safety and for us all to practice team backup, be kind and take care of one another.

The economic turmoil created by COVID-19 and other global factors is testing Husky's resilience. The Company has taken steps to preserve our financial health, including reducing spending and managing debt. We must also remain focused on safety. We are making significant progress towards becoming a High Reliability Organization and top quartile in process and occupational safety by the end of 2022 as measured against industry benchmarks. In 2019 we saw a 55% improvement in our lost time incident rate over the previous year and a 15% improvement year-over-year in the total recordable injury rate.

In a business environment that's largely discouraging at the moment, Husky's safety performance is an encouraging sign of what we can achieve when we set our minds to it.

To further protect Husky's future, and our ability to provide well-paid jobs and returns to shareholders, governments and communities, we must continue to focus on ESG risks and priorities for the Company. While the analysis we undertook in 2019 shows Husky is resilient in different oil and gas demand scenarios, including one where global warming is limited to a less than two-degree Celsius rise, we know we must do more.

As such, we have set a target to reduce our greenhouse gas emissions intensity by 25% by 2025, from our 2015 level, and aspire to achieve net zero emissions by 2050. To support the 2025 target, the performance contracts of our operational Executive Vice Presidents and Senior Vice Presidents require the development of carbon management plans.

While the work we're undertaking to meet our 2025 target puts us directionally on the path to net zero, investing in new technologies and carbon offsets is needed, along with an economy-wide ecosystem that enables cost-effective solutions globally.

Our drive to leverage innovation and technology includes using third-party artificial intelligence which has lowered the steam-oil ratio, and therefore emissions intensity, at our Lloyd thermal projects. After a successful trial at three facilities, we'll be rolling the platform out to the other eight. We are embracing similar innovative technology solutions across our business.

Husky has the opportunity to responsibly produce the energy the world needs while making improvements that start to address climate change. We are acting on that. At the same time we are providing jobs and investing back in our communities through taxes, royalties and our Corporate Citizenship program.

We must ensure our neighbours participate in our success. We are expanding our economic inclusion program, which helps build capacity in Indigenous businesses, and have increased our spend with Indigenous vendors by 65% since 2016.

This year we have been reminded, yet again, that we all have more work to do to confront racism and intolerance in all its forms, and ensure we are moving towards more inclusion and diversity, building on our common bonds.

At Husky, we place the safety of all the people working for us, and the safety of our operations, above anything else.

We have introduced a gender diversity target, with the goal of having women in 25% of positions at the Vice President level and above. We are in a strong position to deliver on this with a deep pipeline of talent in place today.

As a company we will continue to adapt and improve to meet the expectations of our communities and neighbours, our employees and our shareholders. We've taken important steps over the past year and we will follow up on these in future reports.

**Rob Peabody**

# What's New

- ESG strategy section with detail on how topics are prioritized and the strategy is governed.
- A 25% reduction in emissions intensity by 2025 climate target, and information about our use of scenario analysis and alignment with the Task Force on Climate-related Financial Disclosures.
- We aspire to achieve net zero emissions from the energy we produce by 2050.
- A 25% gender diversity target for women in senior executive roles and a closer look at Husky's approach to diversity.
- A direct link between ESG and compensation, including safety and carbon management.
- Government relations and Indigenous relations policies.
- Renewal of community investments, now under the banner of Corporate Citizenship.
- Expanded section on lobbying, including positions on key issues.
- Additional details on specific activities that align with United Nations Sustainable Development Goals (SDGs).
- Our Key Performance Data table indicates where metrics align with the Sustainability Accounting Standards Board and the targets identified under each United Nations SDG.



Innovation highlights can be found throughout the document, indicated by a lightbulb icon.



Alignment with the United Nations SDGs is indicated with the appropriate SDG icon.

# Key Performance Data

Summary of key numbers related to the Company's operations and environmental, social and governance performance.

	Indicator	2019	2018	2017	IPIECA <sup>1</sup>	SASB <sup>2</sup>	UN SDG <sup>3</sup>
Safety and Operations Integrity	<b>Total Recordable Injury Rate</b> <i>Recordable injuries per 200,000 exposure hours</i>	0.48	0.57	0.62	HS3	EM-EP-320a.1 EM-RM-320a.1 RT-CH-320.a.2	8
	<b>Lost-time Incident Rate</b> <i>Number of lost-time incidents per 200,000 exposure hours</i>	0.05	0.11	0.11	HS3		8
	<b>Tier 1 Process Safety Events</b>	5	12	12	HS5	EM-EP-540a.1 EM-RM-540a.1	
	<b>Fatalities</b> <i>Employees and contractors</i>	0	0	0	HS3	EM-EP-320a.1 EM-RM-320a.1 RT-CH-320a.1	8
	<b>Pipeline Incident Rate</b> <i>Number per 1,000 km of pipeline</i>	0.70	1.04	1.03		EM-MD-540a.1	
	<b>Number of Spills<sup>4</sup></b>	167	176	151	E9		
	<b>Volume of Spills – Hydrocarbons<sup>4,5</sup></b> <i>Cubic metres</i>	166	563 <sup>6</sup>	352	E9	EM-EP-160a.2	
	<b>Volume of Hydrocarbons Recovered<sup>4,7</sup></b> <i>Percentage</i>	98	42 <sup>6</sup>	82	E9	EM-EP-160a.2	
<b>Volume of Spills – Other<sup>4</sup></b> <i>(produced process water, refined products, other)</i> <i>Cubic metres</i>	916	4,351	974	E9			



	Indicator	2019	2018	2017	IPIECA <sup>1</sup>	SASB <sup>2</sup>	UN SDG <sup>3</sup>
Economic	<b>Production</b> <i>Thousands of barrels of oil equivalent (boe) per day</i>	290	299	323		EM-EP-000.A	
	<b>Net Earnings<sup>8</sup></b> <i>Canadian \$ millions</i>	(1,370)	1,457	786			
	<b>Cash Flow from Operating Activities<sup>8</sup></b> <i>Canadian \$ millions</i>	2,971	4,134	3,704			
	<b>Funds from Operations<sup>8, 9</sup></b> <i>Canadian \$ millions</i>	3,251	4,004	3,306			
	<b>Free Cash Flow<sup>8, 9, 10</sup></b> <i>Canadian \$ millions</i>	(181)	426	1,086			
	<b>Capital Investment<sup>11</sup></b> <i>Canadian \$ millions</i>	3,432	3,578	2,220			
	<b>Reserves</b> <i>Proved &amp; probable millions boe, before royalties</i>	2,105	2,541	2,437			
	<b>Reserves</b> <i>Proved millions boe, before royalties</i>	1,431	1,471	1,301			
Environmental	<b>Scope 1 GHG Intensity<sup>12</sup></b> <i>Tonnes of CO<sub>2</sub>e/mboe</i>	37.44	NPR <sup>13</sup>	NPR <sup>13</sup>	E2		7, 13
	<b>Total Energy Use<sup>14, 15, 16, 17</sup></b> <i>Gigajoules (GJ)</i>	162,330,000 <sup>18</sup>	172,785,000 <sup>18</sup>	175,640,000 <sup>18</sup>	E2		7, 13
	<b>Scope 1 GHG Emissions<sup>15, 19</sup></b> <i>Tonnes of CO<sub>2</sub>e</i>	9,570,000 <sup>18</sup>	10,265,000 <sup>18</sup>	10,975,000 <sup>18</sup>	E1	EM-EP-110a.1 EM-MD-110a.1 EM-RM-110a.1 RT-CH-110a.1	13
	<b>Scope 2 GHG Emissions<sup>15, 16</sup></b> <i>Tonnes of CO<sub>2</sub>e</i>	1,915,000 <sup>18</sup>	2,035,000 <sup>18</sup>	2,135,000 <sup>18</sup>	E1		13
	<b>Sulphur Dioxide (SO<sub>2</sub>) Emissions<sup>15, 20</sup></b> <i>Tonnes</i>	4,770	5,247	6,241	E8	EM-EP-120a.1 EM-MD-120a.1 EM-RM-120a.1 RT-CH-110a.1	3
	<b>Nitrogen Oxides (NO<sub>x</sub> expressed as NO<sub>2</sub>) Emissions<sup>15, 20</sup></b> <i>Tonnes</i>	7,977	9,319	10,362	E8	EM-EP-120a.1 EM-MD-120a.1 EM-RM-120a.1 RT-CH-110a.1	3
	<b>Volatile Organic Compounds (VOC) Emissions<sup>15, 20</sup></b> <i>Tonnes</i>	3,491	3,884	4,106	E8	EM-EP-120a.1 EM-MD-120a.1 EM-RM-120a.1 RT-CH-110a.1	3
	<b>Filterable Fine Particulate Matter Emissions (PM<sub>2.5</sub>)<sup>15, 20, 21</sup></b> <i>Tonnes</i>	515	607	612	E8		3
	<b>Fresh Water Withdrawal<sup>22</sup></b> <i>Million cubic metres</i>	27.4 <sup>18</sup>	30.5 <sup>18</sup>	31.7 <sup>18</sup>	E6	EM-EP-140a.1 EM-RM-140a.1 RT-CH-140a.1	6
	<b>Asset Retirement Spend<sup>8</sup></b> <i>\$ millions</i>	276	270	136	E11		15

	Indicator	2019	2018	2017	IPIECA <sup>1</sup>	SASB <sup>2</sup>	UN SDG <sup>3</sup>
Social	<b>Number of Employees</b> <i>Permanent</i>	4,802 <sup>18</sup> <i>2019 Only</i>	5,157	5,152			
	<b>Employee Salaries and Benefits</b> <i>Full-time and part-time, Canadian \$ millions</i>	801 <sup>18</sup> <i>2019 Only</i>	827	778			
	<b>Compensation per Employee</b> <i>Canadian \$</i>	167,000 <sup>18</sup> <i>2019 Only</i>	160,000	151,000			
	<b>Employee Turnover</b> <i>Percentage, voluntary and retirements</i>	4.6 <sup>18</sup> <i>2019 Only</i>	4.6	3.9			
	<b>Senior Executive Gender Diversity<sup>23</sup></b> <i>Percentage of women, Canada</i>	16 <sup>18</sup> <i>2019 Only</i>	16	14	SE15		5.5
	<b>Community Contributions</b> <i>\$ millions</i>	3.6	4.5	3.0	SE4		3, 4, 5, 7, 8, 10, 11, 12, 17
	<b>Employee Volunteer Commitment</b> <i>Hours</i>	13,610	12,000	NPR			
		<b>Indigenous Vendor Contracts</b> <i>\$ millions</i>	72	30	30		
Governance	<b>Independent Board Members</b> <i>Percentage</i>	56	56	56			
	<b>Independent Audit Committee Members</b> <i>Percentage</i>	100	100	100			
	<b>Board Diversity</b> <i>Percentage of women</i>	12.5	12.5	12.5			5.5
	<b>Ethics Help Line Reports</b> <i>Number of reports made</i>	107	39	32	SE18		16.3

## Footnotes

### All data as at December 31, unless otherwise stated

- Indicators from IPIECA/API/IOGP oil and gas industry guidance on voluntary sustainability reporting (2015).
- Indicators from Sustainability Accounting Standards Board (SASB) Oil & Gas and Chemicals Standards Version 2018-10. Indicators track partial alignment where data is provided corporately for a given metric.
- Indicators that support the achievement of the United Nations Sustainable Development Goals.
- Spill metrics are reported as of the seventh day following year end, consistent with management monthly reporting and review schedule.
- Includes reportable spills of any volume (including < 1 barrel) for regulations in place as at December 31, 2019. 2018 data adjusted to adopt 2019 regulatory reporting changes for horizontal directional drilling releases. Drilling fluid spills not categorized as "critical" (Saskatchewan) or "emergency" (Alberta) were excluded from 2018 and 2019 numbers.
- Does not include volumes of asphalt related to the Superior Refinery fire in April 2018.
- Volumes recovered during initial response or within seven days; additional volumes are remediated over the longer term.
- Refer to Husky's 2019 Annual Report for further information.
- Refer to the "Non-GAAP Measures" advisory in this document.
- Excludes acquisitions and dispositions.
- Excludes asset retirement obligations, capitalized interest and amounts related to the Husky-CNOOC Madura and Husky Midstream Limited Partnership joint ventures, which are accounted for under the equity method for financial statement purposes.
- Husky's 100% Gross Operated Scope 1 GHG emissions are adjusted for the Company's working interest in Asia Pacific, Atlantic, Sunrise and Toledo assets. The carbon intensity numerator excludes the following emissions: drilling and completions, Pounder Emulsions and dryer emissions from both ethanol plants. The denominator excludes throughput from all Pounder Emulsion facilities and terminals and includes downstream throughput as well as produced and processed volumes for upstream facilities.
- Not previously reported.
- Excludes all gases flared, vented or incinerated as their energy content is not utilized.
- Reported for assets operated by Husky in Canada and the U.S. For any year, assets divested during that year are not included.
- Excludes purchased electricity associated with Husky retail stations and selected offices, based on assets operated.
- Energy calculations are based on fuel High Heating Value (HHV).
- Independent, limited assurance provided by KPMG.
- Scope 1 GHG emissions include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O), reported as CO<sub>2</sub> equivalent (CO<sub>2</sub>e). Scope 1 GHG emissions do not include emissions from biological sources, such as fermentation process emissions at Husky's ethanol plants, and emissions from some on-site transportation, which are unavailable and not material. Fugitive emissions and drilling and completions emissions are estimated and reported as required by jurisdictions.
- SO<sub>2</sub>, NO<sub>x</sub>, VOC and filterable PM<sub>2.5</sub> emissions are reported as the total for all facilities where criteria air contaminant emissions have been reported to the regulator.
- PM10 used as proxy for Superior Refinery as detailed emissions factors are unavailable, resulting in overstated emissions.
- Does not include fresh industrial wastewater.
- Senior executives include the CEO, CFO, COO and Senior Vice President positions.

# ESG Strategy

## Highlights

- Target of reducing GHG emissions intensity by 25% by 2025, from our 2015 level
- Aspire to achieve net zero emissions by 2050
- Carbon management plans and climate targets included in performance contracts for operational EVPs and SVPs
- Third-party reviewed scenario analysis confirms long-term plan resilient to escalations in carbon pricing

## Governance

Husky's ESG Steering Committee guides the implementation of our environmental, social and governance strategy. Members of the ESG Steering Committee are those who are responsible for performance on each of the priority topics. The Chair of the ESG Steering Committee reports to Husky's Board of Directors through the Corporate Governance Committee of the Board. In November 2019 the Board discussed ESG performance and disclosure. As of 2020, ESG is a standing agenda item at all corporate Governance Committee meetings.

Our ESG strategy is integrated with the Company's business plans and risk matrix, and aligned with the Husky Operational Integrity Management System. The Audit Committee of the Board reviews Husky's risk register quarterly.

Husky's ESG 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 of Safety and Operations Integrity, Water Use and Availability, Climate-Related Risks and Air Emissions and Land Use and Reclamation.

To ensure management accountability for ESG performance, the 2020 performance contracts of our operational Executive Vice Presidents and Senior Vice Presidents require carbon management plans to support Husky's carbon target.

Some of our key metrics, including total energy use, Scope 1 and 2 GHG emissions and fresh water withdrawal, are verified through independent, limited assurance. Due to COVID-19 restrictions, assurance over selected performance indicators will be performed and published later in 2020.

## Responsibly Producing the Energy the World Needs

We are an integrated, Canadian-based company with operations in Canada, the United States and the Asia Pacific region. Our first priority is safe and reliable operations. We employ more than 4,800 people across our operations and head office, generating returns for shareholders and governments from investments in a deep portfolio of projects across our Integrated Corridor and Offshore businesses.

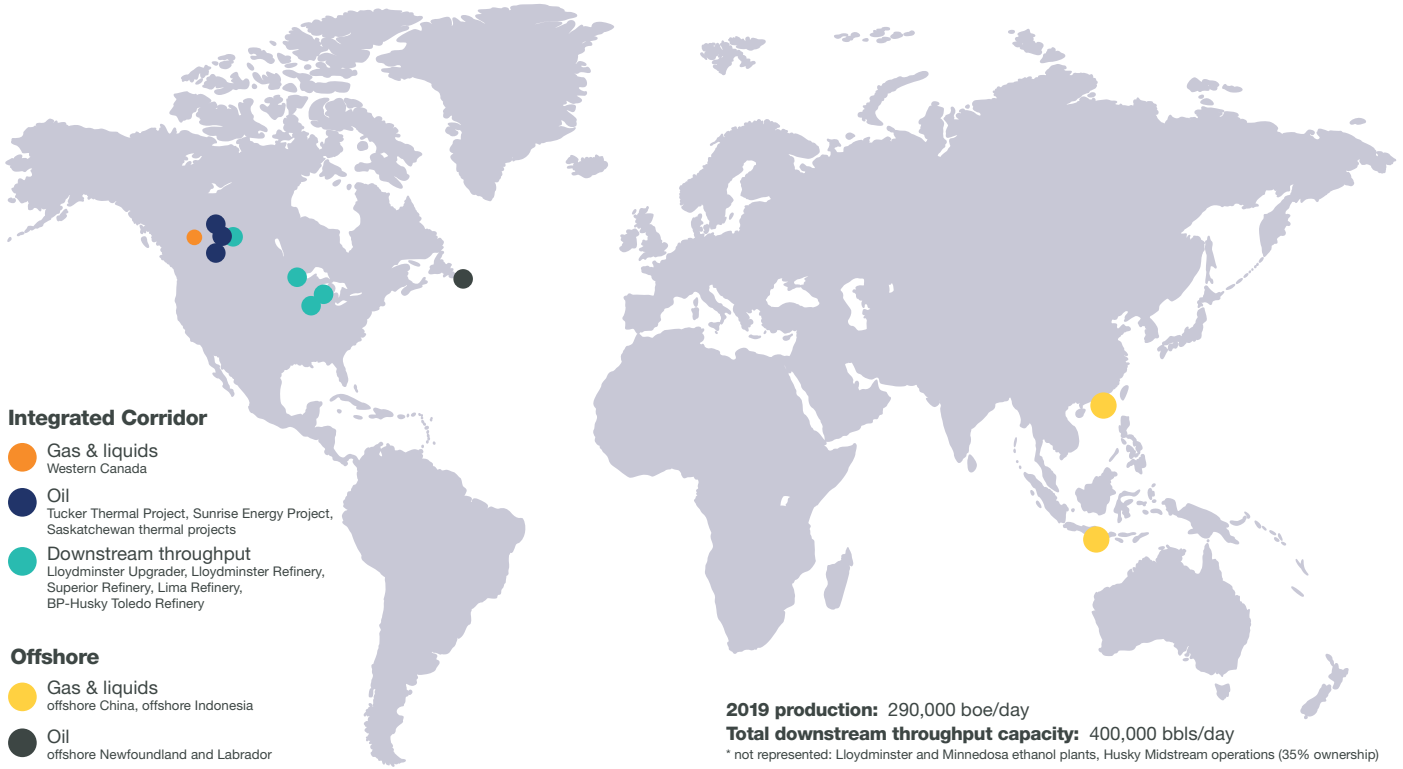
The Integrated Corridor includes bitumen from thermal projects in the Lloydminster area of Saskatchewan and Alberta, along with the Tucker Thermal Project near Cold Lake, Alberta and the Sunrise Energy Project located northeast of Fort McMurray, Alberta. This oil production is integrated into Husky's downstream operations, which includes upgrading, refining and marketing of refined petroleum products.

The Offshore business includes crude oil production offshore Newfoundland and Labrador and natural gas liquids production offshore China and Indonesia. Our Asia Pacific natural gas production provides cleaner-burning energy (compared against coal) to high-demand Asian markets.

Our approach to ESG issues, and the metrics we measure and report, evolves to align with what is important to the Company, our investors and our stakeholders. In 2019 we increased reporting focus on safety and operations integrity, and climate-related risks. Our 2020 ESG Report provides more detail about the actions we've taken to manage the risks and improve performance, and identifies opportunities to implement continuous improvement.

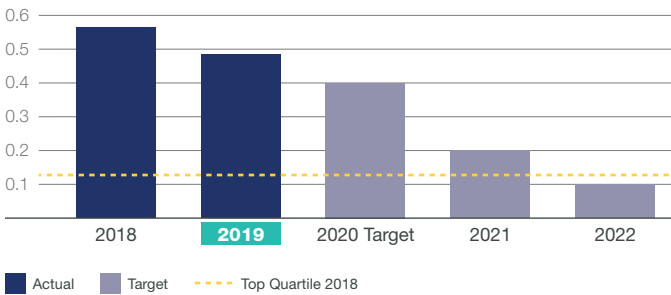


## Map of Equity Production & Throughput

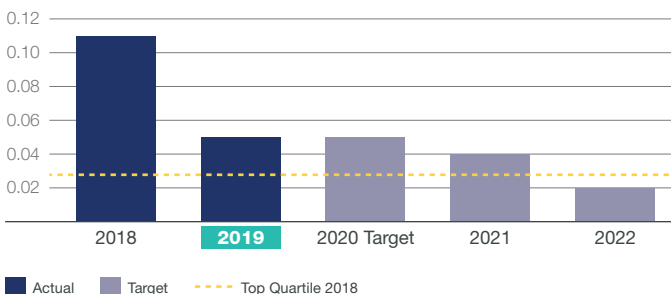


We have established the goal of achieving global top quartile performance in process and occupational safety as measured against industry-standard metrics by the end of 2022. In 2019 we made strong progress towards this goal.

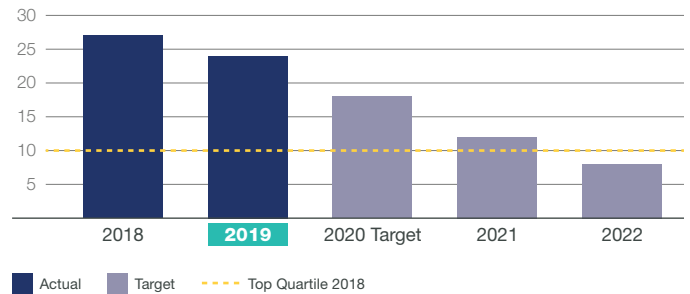
### Total Recordable Injury Rate (TRIR)



### Lost Time Incident Rate (LTIR)



### Process Safety Events Tier 1 & Tier 2 Combined



Another priority area is climate-related risks, including understanding physical risks to our business, changes to market demand for our products and the financial impacts. In 2019 we undertook scenario analysis and stress-testing of our business plans and improved our climate change strategy. In 2020 we set our first near-term carbon emissions reduction target, with the long-term aspiration to achieve net zero emissions from the energy we produce by 2050.

At Husky, whether it's delivering energy each day, improving occupational and process safety, addressing climate change or promoting diversity, we aim to make a positive contribution to society.

We strive to make a positive impact in the communities where we operate: creating well-paid jobs, paying taxes and royalties to governments, using local suppliers, and supporting educational, environmental and other community not-for-profit groups.

To us, a resilient and responsible business is one where we ensure the safety of our people and communities while delivering value for our customers and shareholders. In other words, our role is to responsibly produce the energy the world needs and this report details our progress.

## Approach to Climate Change

We support the Paris Agreement goal to keep the rise in global average temperature this century to well below two degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius.

We are acting to reduce emissions from our operations and to provide cleaner-burning energy products such as natural gas and ethanol to our customers.

We believe more renewable energy such as solar and wind is needed in the future, and that the world will continue to use oil and gas. As such, the oil and gas sector has a large role to play in achieving the Paris Agreement goal, and accelerated innovation and investment in clean technology is required to address climate-related risks while we transition our energy systems and our economies, achieving net zero emissions production over the long term.

## Emissions Targets

Husky has set a target to reduce its Scope 1 greenhouse gas emissions intensity by 25% by 2025, from our 2015 level.

To meet objectives under the Paris Agreement we, along with several other energy companies and governments, aspire to achieve net zero emissions by 2050. Achieving our 2025 target is a start while we continue to invest in new technologies and carbon offsets that will bring us closer to this goal.

## Climate Change Management

Starting in 2020, all Husky business units will maintain a carbon management plan, including requirements to meet or exceed our 2025 25% Scope 1 emissions intensity reduction target. Reporting to the CEO, each operational Executive Vice President and Senior Vice President performance contract includes carbon management plans and climate targets, which are directly linked to executive pay-for-performance compensation.

## Scenario Analysis

Scenario analysis helps assess our resiliency against different oil and gas demand scenarios, including one where global warming is limited to a less than two-degree Celsius temperature rise. In 2019 we undertook a portfolio-wide assessment, referencing the International Energy Agency's Sustainable Development Scenario as interpreted by the Canadian Energy Regulator.



Husky supports the work of the Task Force on Climate-related Financial Disclosures (TCFD). Using the TCFD's categories, our analysis focused on the two elements we deemed most likely to potentially be material: carbon price and commodity price.

As a two-degree scenario suggests the potential for rising carbon prices, we incorporated assumptions about probable carbon pricing into our long-range planning, acquisition and divestment, and investment decisions. Our scenario analysis tested an alternate set of prices and application, based on the International Energy Agency and Canadian Energy Regulator cases. We found that over its 10-year life, our current long-range plan is resilient to escalations in carbon pricing.

While the two-degree scenario shows a plateau in oil demand out to 2050, it doesn't reflect the significant price volatility possible in the near term, as witnessed over the last few years and particularly in early 2020. Our scenario analysis indicated that the commodity price assumptions we use for planning and investment are conservative, and adequately ensure our production is resilient in low commodity price environments. Maintaining our strong balance sheet and preserving optionality for future capital investments protects us from more severe short-term fluctuations.

Our climate scenario analysis work was third-party reviewed, and we will address recommendations and implement what we have learned as we continue to improve our scenario analysis process.

## Priority Topics

ESG topics which can significantly affect Husky's performance and long-term sustainability and/or inform investor assessments and decisions are considered priority topics. We first formally identified topics in 2018 through interviews with internal subject matter experts, facilitated by third-party experts and later confirmed using an internal survey.

Our internal interviews include employees who regularly engage with our stakeholders, including investors, analysts, financial institutions, rating agencies, Indigenous Peoples and other community members, and governments and regulators. We use this input to inform our priorities, which are reviewed by senior executives and approved by our ESG Steering Committee.

Each priority topic is further assessed through the development of a maturity scale, with all nine maturity scales expected to be completed by the end of 2020. The maturity scales document the current status of each topic and identify priority actions to improve performance. We plan to continue refining these topics to focus more closely on those deemed to potentially be material.

We detail in this report our programs that support each of the priority topics, as well as information on our performance. Our performance data table provides quantitative information and is aligned with the voluntary sustainability reporting guidance developed by IPIECA, the International Association of Oil & Gas Producers (IOGP) and the American Petroleum Institute (API). This year we have also indicated where our disclosure aligns with the expectations of the Sustainability Accounting Standards Board (SASB) and the United Nations Sustainable Development Goals (SDGs). We highlight actions in the report where our efforts support the SDGs, illustrated with a symbol, and describe how our strategy is aligned.

Husky continues to monitor the development of external frameworks and supports efforts to standardize and reach consensus on key performance indicators.

## Boundary and Approach

This report includes all operated assets within our Integrated Corridor and Offshore businesses, which are detailed in this section, unless otherwise noted. We do not operate the BP-Husky Refinery, the onshore gas plant associated with our Liwan Gas Project, the BD Project in Indonesia nor the Terra Nova oil field in the Atlantic region.

## Husky's ESG Priority Topics

Topic	Objective
<b>Safety</b>	
<b>Safety and Operations Integrity</b>	<p>Become global top quartile in process and occupational safety by the end of 2022.</p> <p>Promote a safety culture through embedding the principles of a High Reliability Organization and applying our systems, processes and continued learning to prevent employee and contractor injuries and illnesses.</p> <p>Design, maintain and operate facilities and assets focused on process safety and asset integrity to realize strong operational performance.</p> <p>Prepare, plan and practice to respond effectively to incidents with worker and community safety and environmental protection as priorities.</p>
<b>Economic</b>	
<b>Business Resilience</b>	Maintain strong financial discipline, with a focus on generating free cash flow and returns, while investing in higher-margin growth opportunities.
<b>Innovation and Advanced Technology</b>	Identify, evaluate and invest in technology advancements to improve environmental and financial performance.
<b>Environmental</b>	
<b>Climate-Related Risks and Air Emissions</b>	<p>Target to reduce Scope 1 GHG emissions intensity by 25% by 2025.</p> <p>Maintain ongoing management and governance of climate-related risks, with the goal of reducing greenhouse gas emissions and other air pollutants through the development and application of new technology and energy efficiency measures.</p>
<b>Water Use and Availability</b>	Comply with regulations and explore innovative opportunities to responsibly reduce, recycle and re-use as much water as is economically feasible.
<b>Land Use and Reclamation</b>	Manage land use through mitigation and restoration, and avoidance of disturbance.
<b>Social</b>	
<b>Talent Management and Culture of Inclusion</b>	<p>Attract, develop and retain top talent and ensure an inclusive, diverse and respectful workplace.</p> <p>Target of 25% women in executive roles (VP and above).</p>
<b>Community and Indigenous Peoples' Engagement</b>	Contribute positively to quality of life in communities where we operate by reducing negative impacts and creating benefits.
<b>Governance</b>	
<b>Business Ethics and Transparency</b>	Obey the law, report accurately to investors and stakeholders, and act ethically in accordance with the principles of good governance.

# Safety and Operations Integrity

## Highlights

- 0.48 Total Recordable Injury Rate, lowest Husky rate to date
- 0.05 Lost Time Incident Rate, 55% improvement over 2018
- 24 Tier 1 and 2 process safety events, five of which were Tier 1
- Pipeline incident rate of 0.7 incidents per 1,000 km, down from 2018
- 167 reportable release incidents, down from 2018 but above 2016 and 2017 numbers; volumes of hydrocarbon released and other fluids released were down from 2018

## Objectives

- To achieve global top quartile performance in process and occupational safety by the end of 2022.
- Promote a safety culture through embedding the principles of a High Reliability Organization and applying our systems, processes and continued learning to prevent employee and contractor injuries and illnesses.
- Design, maintain and operate facilities and assets focused on process safety and asset integrity to realize strong operational performance.
- Prepare, plan and practice to respond effectively to incidents with worker and community safety and environmental protection as priorities.

Safety is ingrained in our culture and part of every decision through our High Reliability Organization (HRO) principles, systems and processes, and through continued learning. Our facilities and assets are designed, maintained and operated with a primary focus on process safety and asset integrity to realize safe, reliable operational performance. In the event of an incident, community and worker safety and environmental protection are the priorities.

We launched a new safety vision in 2019, to become global top quartile by the end of 2022 in process and occupational safety as measured against industry-standard metrics – or Top Q in '22. We strengthened our centralized organization to provide the systems, standards, tools, oversight and expertise required to achieving this vision.

### Top Q in '22 means:

- Becoming global top quartile in process and occupational safety, as measured against industry benchmarks.
- Being systematic and in control in all high-priority requirements of the Husky Operational Integrity Management System (HOIMS).
- Becoming an HRO.

We have revised our approach to providing safety and operations integrity expertise, standards, systems and oversight. We deploy safety and operations integrity teams in all areas of our operations. Our structure includes a technical authority team with responsibility for technical standards, all integrity engineering, reliability and maintenance, and a continuous improvement team.



We have adopted the attributes of an HRO and are embedding a continuous improvement mindset and structured approach to ensure we remain a rapid-learning company focused on getting better. HROs operate in complex, high-hazard fields for extended periods without serious incidents, and being an HRO is proven to reduce the number and severity of incidents in high-hazard situations. The principles of an HRO are:

- **Knowledge and learning** – we understand facts, interpret our environment and apply knowledge to all our activities. We seek to be a learning organization, learning from our performance and making necessary changes.
- **Standards and procedural compliance** – we capture our knowledge in standards, processes and procedures, which we follow.
- **Questioning attitude** – we always ask whether we understand the hazards and risks, what could go wrong, do we have the right process, procedure or tool.
- **Team backup** – we support and look out for each other, intervening when something isn't right.
- **Integrity** – we do the right thing, the right way, every time.

Husky has developed a six-step Continuous Improvement (CI) methodology. This is a scientific approach using team work to focus on

structured problem solving, removing defects and waste, and closing performance gaps to deliver business results. The six steps are:

- 1 Define the problem
- 2 Go see and assess
- 3 Identify root causes
- 4 Design solutions
- 5 Execute improvements
- 6 Validate and sustain

We are piloting this methodology in several businesses and functions, and are seeing encouraging results in both closing safety performance gaps and developing internal capabilities.

The responsibility to deliver the Top Q in '22 safety vision belongs to everyone in the organization. Husky has defined 15 safety goals critical to achieving our vision, with each of these goals sponsored by a senior executive and led by senior leaders across the organization.

We use a number of rigorous safety programs to strengthen our safety culture by making process and occupational safety improvements on an ongoing basis. Our goal is that no one is injured on the job.





## Life-Saving Rules

We employ the nine International Oil and Gas Producers' Life-Saving Rules, which focus on activities most likely to lead to fatalities or significant life-altering injuries, using a simplified, standardized, industry-wide approach that empowers employees and contractors to stop work when it is unsafe. The rules provide specific actions for workers to follow and make it easier to identify situations that, if not properly managed, may lead to hazardous conditions.

We continually work to reduce the number of incidents, evaluating our performance to identify and address areas of potential risk and ensuring that high potential risks are not repeated in other areas of the Company by sharing what we've learned across the organization and tracking actions to closure.

## Industry-Standard Metrics

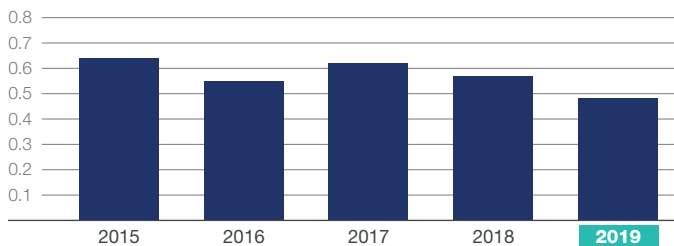
We measure our progress using three globally recognized, industry-standard metrics: Total Recordable Injury Rate (TRIR), Lost Time Incident Rate (LTIR), and combined Tier 1 and Tier 2 Process Safety Events.

### Total Recordable Injury Rate

The TRIR measures lost time, restricted work, medical aid incidents and fatalities per 200,000 hours worked.

In 2019 our TRIR was 0.48, a decrease from 0.57 in 2018, and Husky's lowest TRIR to date.

#### Total Recordable Injury Rate (TRIR)

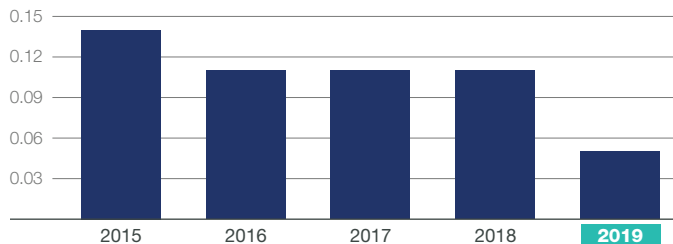


### Lost Time Incident Rate

Lost time incidents are those preventing workers from performing their jobs. We had an LTIR of 0.05 per 200,000 exposure hours in 2019, recording 13 lost time incidents, compared to a plateaued rate of around 0.11 over the previous three years.

Employees and contractors receive ongoing training in safety processes and procedures to continuously drive better performance.

#### Lost Time Incident Rate (LTIR)

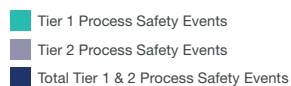
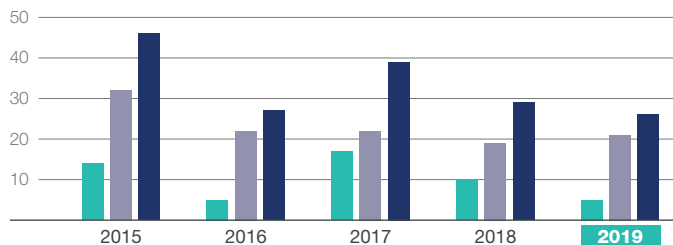


## Combined Tier 1 and Tier 2 Process Safety Events

A process safety event occurs when there is a loss of primary containment at a facility. The impact on people or the environment – injuries or liquid/gas releases – determines the severity of the event, Tier 1 or Tier 2. In keeping with global standards and definitions that align with those of the American Petroleum Institute, the American Institute of Chemical Engineers' Center for Chemical Process Safety and the International Association of Oil & Gas Producers, we track the number of process safety events that occur at our facilities. In 2019 we had 24 combined Tier 1 and Tier 2 process safety events, five of which were Tier 1.

We investigate all Tier 1 and 2 process safety events to determine how to improve process safety, equipment reliability and related operating integrity practices, and to identify barriers to improve the management and mitigation of major accident hazards.

#### Tier 1 & Tier 2 Process Safety Events



## Incident Tracking

We track all incidents and use a company-wide tool to learn from the ongoing monitoring and assessment of reported events. Integrating the reporting and review of events such as injuries, equipment failures and complaints from the public can proactively reduce the likelihood of them happening again. Investigation results, action items and what we've learned are incorporated in our standards and processes to minimize the potential for recurrence.

## Husky Operational Integrity Management System

In 2019 we launched our updated Husky Operational Integrity Management System (HOIMS 2.0). HOIMS 2.0 is a set of interrelated policies, aims, requirements and processes laid out in 15 elements that guide our safe, reliable operations. Each HOIMS element states a specific aim, and a clear set of minimum requirements to achieve it.

In total, the 15 HOIMS 2.0 elements detail the minimum requirements to deliver safe, reliable, compliant and efficient operations at our sites. The HOIMS 2.0 framework guides all operational activity within the organization, including an ongoing cycle of accountability and continuous improvement measures.

### Systematic and In Control

A key part of our Top Q in '22 safety vision is our drive to become systematic and in control. Our safety and operations integrity organization provides expertise in ensuring assurance reviews are completed for each of our assets. Activities are assessed to improve safety and mitigate operational risk. Our aim is to be systematic and in control in all our HOIMS 2.0 elements.



The HOIMS Owners Team, consisting of senior leaders from across the Company, provides direction and guidance to ensure the management system is relevant to operations. It further provides the support and resources necessary for compliance, and shares what is learned and best practices, with the goal of continuous improvement.

To assist in being systematic and in control, we have implemented our Husky Accelerator program, initially rolled out at the Sunrise Energy Project, the Lloydminster Asphalt Refinery and the Hardisty and Lloydminster storage terminals. This program embeds continuous improvement skills and culture in the organization. It includes the use of continuous improvement and operational coaches to review projects, identify and implement sustainable and long-term solutions and develop coaching capacity within the organization.



## The 15 HOIMS 2.0 Elements

- 1 Leadership and accountability:** Leaders manage the risks associated with their business activities. They are role models who are competent, visible, purposeful and systematic.
- 2 Training and competency:** Personnel are trained and competent to perform their role responsibilities.
- 3 Risk management:** Hazards are identified, and associated risks assessed, managed and prioritized to prevent incidents.
- 4 Operational integrity information management:** Operational integrity and process safety information is accurate, current and easily accessible.
- 5 Operating procedures, policies and standards:** HOIMS entities document, maintain and follow operating procedures and standards to meet operational integrity goals.
- 6 Management of change (MoC):** The risks associated with permanent, temporary and emergency changes that impact HSE and operational integrity are managed.
- 7 Emergency management:** Husky is prepared to manage an emergency, business interruption or security event.
- 8 Incident reporting, recording, investigation and learning:** Report, investigate and learn from Husky incidents and other external high impact incidents to prevent recurrence.
- 9 Safe control of work:** Formal processes are in place to allow work to be completed safely. Work includes upstream, midstream and downstream operations, wells, logistics, maintenance, inspection, construction and decommissioning activities.
- 10 Project delivery:** Facilities are designed and built and assets are developed to meet business, HSE, and operational integrity requirements.
- 11 Supply chain and contractor management:** Supplied services and materials meet Husky's HSE and operational integrity requirements.
- 12 Asset operation:** Husky's assets and equipment are operated to meet operational integrity goals, preventing injury to people and damage to the environment.
- 13 Reliability and integrity:** Reliability and integrity are achieved and improved.
- 14 Regulatory compliance:** Protect Husky's privilege to operate through verifying compliance with legal and regulatory, environmental and social governance requirements.
- 15 Assurance, performance and improvement:** Performance meets HSE and operational integrity goals and objectives, and continuously improves.

## Operations Integrity

We design, maintain and operate our facilities and assets with a focus on process safety and asset integrity, to safeguard our employees and contractors, protect the public, minimize potential risks to the environment, and shelter assets from damage or loss.

At all our operations we identify hazards, assess associated risks and work to eliminate or mitigate them. This begins before critical equipment is acquired, with strategic sourcing that ensures teams with appropriate experience participate in procurement evaluations. For example, purchases made in engineering-critical categories – those that include the delivery of services, equipment or materials that have a direct impact on the process safety, integrity and reliability of our facilities – are subject to specific review by engineers during the bid evaluation stage.

We have developed safety cases for all facilities with the potential for major accident hazards, identifying and assuring the control and mitigation measures required to manage the risk are effective.

Performing activities safely and reliably leads to efficient and consistent performance and, as a learning organization, we continually assess whether we are meeting our own expectations and requirements. We conduct audits of business units and major facilities to verify the processes and procedures in place and that they are implemented effectively.

## Road Safety

In-vehicle monitoring of our fleet contributes to safe driving. In 2019 we expanded our program with an additional 465 vehicles across our upstream organization, and in 2020 we will continue to focus on implementing the drive safe program in our downstream operations. In total Husky monitors 983 vehicles under the drive safe program, which provides real time support and coaching on safe driving behaviours and reinforces our commitment to the Life-Saving Rules.

In 2019 there were 14 motor vehicle accidents involving employees and contractors, compared to 9 the previous year. Husky's fleet of approximately 1,400 vehicles covered about 24 million kilometres, an increase from 21 million kilometres in 2018.

## Ground Disturbance Damage Prevention

Our ground disturbance damage prevention program protects worker and public safety, and the environment by deterring contact with underground facilities, such as pipelines. "Line strike" incidents can range from a portion of a line being inadvertently uncovered by farm or other equipment to actual contact with a line. Husky's ground disturbance program clearly defines and communicates our procedures to minimize these risks.

We have had no enforcement line strikes since implementing our damage prevention process in 2013, even in light of increased reporting requirements to federal and provincial regulators. This process has also reduced the number and severity of non-enforcement contacts. We use a risk-based approach to continually strengthen the program.

## Offshore Well Management

Our well management programs offshore Newfoundland and Labrador and at the Liwan Gas Project offshore China start at the planning stage and continue through construction, commission and operation.

Wellbore monitoring, inspection of subsea trees, testing of subsurface safety equipment, plans for blowout mitigation and an inventory of relief well materials are part of the programs. During operations, at least two independent well barriers are in place.

With other area operators we participate in mutual emergency aid partnerships and a number of international safety initiatives, including with the IOGP.

In Indonesia, we have programs and activities in place with our partners who operate facilities in that jurisdiction.

In the Atlantic region, a harsh environment with seasonal sea ice and icebergs, our comprehensive ice management plan mitigates the risk inherent in such an environment with multiple layers of surveillance and a range of ice management techniques. These include towing icebergs and using water cannons to direct them away from operational areas.

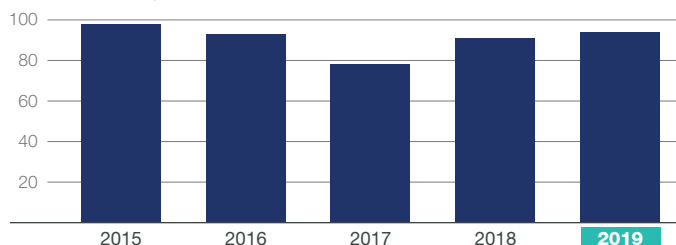
## Industrial Hygiene

We protect our employees and contractors by identifying, assessing and controlling occupational health hazards. Our industrial hygiene program includes ongoing surveillance, assessment and specific control procedures for a number of recognized hazards.

Our facilities use 14 industrial hygiene hazard-specific procedures to control potential risk, including benzene exposure control, hearing conservation, respiratory protection and management of silica, asbestos and chemicals. Site-specific plans and strategies are in place, based on comprehensive assessments that are used to define, communicate and report on industrial hygiene activities.

In 2019 we completed 94 quantitative surveys, including more than 2,010 assessment samples that produced 3,900 results.

### Industrial Hygiene Surveys



Our operations are aligned with the Globally Harmonized System of Classification and Labelling of Chemicals (GHS), placing an emphasis on hazard communication and compliance. We have a formal chemical approval process for new products, with increasing levels of review required for more hazardous chemicals. Less hazardous alternatives are investigated for use, and suitable controls are established prior to chemicals arriving on-site.

Through our water supply integrity program, we ensure the water quality at our rural facilities for our employees and contractors. Water sources at sites, including groundwater wells, tanks and cisterns, undergo maintenance and regular sampling for potable water parameters. This includes any source for washing, including eye wash stations.

## Office Safety Program

We have implemented a safety program across our offices that promotes an understanding and commitment to safety similar to our colleagues in the field. The program provides a consistent approach to minimizing risk and understanding safety. Based on shared responsibility, the program ensures every individual is aware of potential office hazards, how to mitigate them and what to do in the event of an incident or emergency.



### Infrastructure Integrity Monitoring via Satellite

We employ satellite technology to help ensure the integrity of our infrastructure against ground movement. The Interferometric Synthetic Aperture Radar (InSAR) detects ground movement using high-resolution time-lapse images from orbiting satellites. We analyze the data to see ground movement down to millimetre-scale, in almost real-time, allowing engineers to identify potential hazards to pipelines, wells and other assets and take steps to manage the risk and intervene early.

## Pipeline Integrity

We monitor and manage 21,115 kilometres of pipelines, as of March 31, 2020, from the design and construction phases through to operation, maintenance, discontinuation and abandonment. This includes pipelines operated by Husky for Husky Midstream Limited Partnership.

### Pipeline Integrity Management Program

Our Pipeline Integrity Management Program employs a proactive approach to managing integrity, operations and maintenance, factoring in the diverse profile of all Husky-owned and operated pipelines. We review the program regularly for alignment with code and regulatory requirements.

Our pipeline risk assessment process aligns with the safety case approach used for facilities, identifying hazards and associated risks and, dependent on the level of risk, the control and mitigation measures required. The process uses the bow tie methodology to evaluate major accident hazards associated with Husky's pipelines, classifying pipelines according to criticality and demonstrating there are sufficient barriers and safeguards to manage pipeline risks to as low as reasonably practicable.

With the goal of improving integrity and reducing incident rates, we apply the risk-based program throughout the lifecycle of all our pipelines, including:

- Risk assessments that identify potential integrity issues and the appropriate action taken to address them.
- Annual integrity reviews for all pipeline systems, assessing the effectiveness of the integrity programs and making recommendations for improvements where needed.
- Mandatory training for employees involved in pipeline operation and maintenance. The Pipeline Operations and Maintenance Manual sets requirements for the safe operation and maintenance of pipelines.
- Investigation of any incident to establish the root cause, using what is learned to continuously improve our programs.
- Performance targets, set annually and tracked monthly.

## Geohazard Integrity Management Program

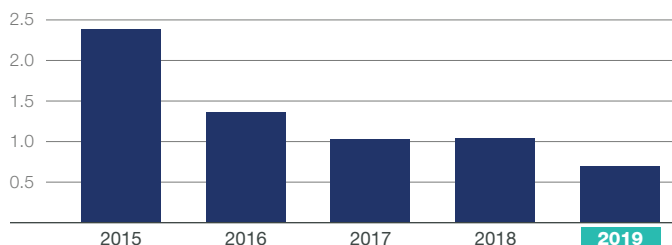
We monitor potential impacts to pipelines from geohazards including natural earth movement so we can identify and mitigate those risks. Fibre optic sensing technology, which has increased capacity and capability for long-distance distributed monitoring is installed on all new large diameter and high consequence area projects. Geohazard baseline assessments have been completed on about 30% of our pipelines, starting with those that have the highest potential consequence.

In 2019 we completed construction on a new pipeline crossing the North Saskatchewan River, replacing the line that was the source of a 2016 release caused by ground movement. A number of integrity measures are in place on the new line, including a geotechnical review as part of the design process and fibre optic monitoring.

## Pipeline Incidents

In 2019 Husky recorded a pipeline incident rate of 0.7 incidents per 1,000 kilometres, a reduction from 1.04 the year before. We have reduced our pipeline incident rate by more than 70% over the past five years.

**Pipeline Incident Rate** *per 1,000 km*



## Spill Management

Preventing spills and, if they occur, immediately detecting and effectively responding, is a priority. We've integrated HRO principles and behaviours to strengthen our spill management approach, evaluating our performance on a regular basis and focusing on how to prevent a recurrence.

When alerted to a spill, we respond by implementing containment and recovery plans while safeguarding workers, the public and the environment, and reporting to the appropriate regulatory authority. Containment and recovery prevent migration of the released product and reduce the potential of an impact to soil or water. In the event of a release our objective is to recover as much of the release as possible. If soil or water have been affected, an assessment is conducted to determine remediation efforts, followed by ongoing monitoring.

Our site-specific spill response plans include recommended practices governing spill management and site remediation. We participate in industry spill response organizations and mutual aid agreements, both onshore and offshore, and share knowledge and best practices to further improve prevention and response. Through mutual aid agreements we can access additional resources if needed.

We track our performance to report key trends to management, continually improving our management of spills through strategic measures such as preventative maintenance and increased monitoring at facilities.

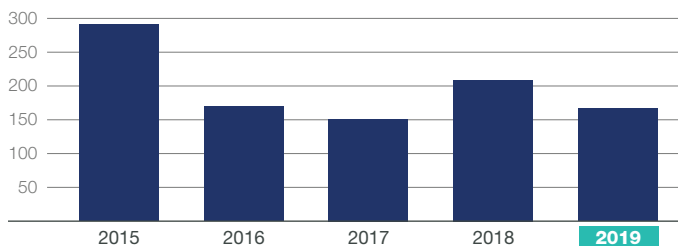
## Release Incidents Count

Reportable releases include those from operating pipelines, wells, facilities and drilling activities. In 2019 we had 167 reportable release incidents, lower than the year before and better than our target of 170. The volume of both hydrocarbons and other fluids (produced process water, refined products and chemicals) released in 2019 also declined compared to 2018.

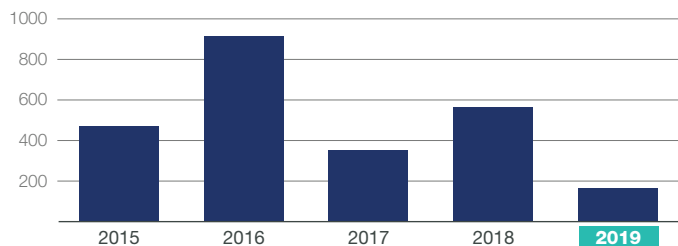
To improve accuracy of reporting, recovered volumes are tracked using vacuum truck flow meters and validated when the fluid is disposed. We recovered 98% of hydrocarbons released in 2019, above our target of 85%.



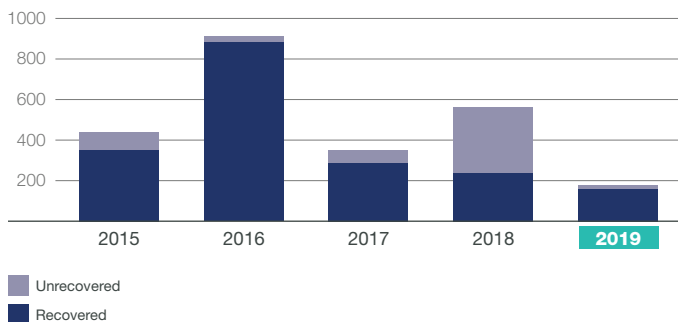
### Reportable Release Incidents



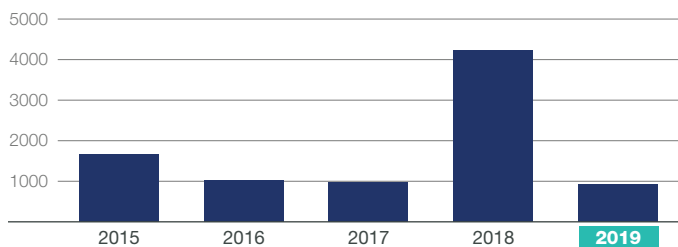
### Reportable Hydrocarbons Released $m^3$



### Released Hydrocarbons Recovered $m^3$



### Reported Other Fluids Released $m^3$



In 2019 the largest spill was 130 cubic metres of oil emulsion, released at one of our Alberta cold heavy oil production with sand (CHOPS) facilities. We contained 90% of the spill on-site and recovered 99% through free fluid recovery and soil excavation. The source of the release was a sales tank that overflowed due to a high-level switch failure. We updated the alarm system and installed a new level transmitter, along with industrial control systems to allow real-time remote monitoring of the tank level.

The largest hydrocarbon spill in 2019 was 90 cubic metres of asphalt from a tank at the Lloydminster Asphalt Refinery, all of which was contained and recovered on-site. We improved the refinery's maintenance procedure and timing of the tank farm monitoring rounds.

## Emergency Preparedness and Response

When an incident occurs that could affect the community, our employees and contractors, the environment, our assets and/or our reputation, our emergency management program facilitates a consistent and effective response.

Our 24-hour emergency line provides the public, emergency responders and customers with immediate access to information and a live dispatcher with the ability to address concerns, liaise with the right people and promptly initiate a response if required. The 1.877.262.2111 emergency number is displayed at all our facilities, included on all public notification material and posted on huskyenergy.com. Some sites post a local 24-hour emergency number and calls to that line receive the same level of information and response as the corporate phone number.

We continually improve our planning and compliance programs, using training and our experience to evolve our practices.



## Preparedness

Our priority is always the safety of the community and our people. To ensure we are prepared to respond to any event, regardless of size, duration or impact, we conduct regular exercises emphasizing safe, reliable, relevant and compliant processes. Our exercises also test our ability to coordinate with third-party emergency responders.

In 2019 we conducted a full-scale response exercise at our Lloydminster Upgrader complex, and our Grande Prairie and Atlantic operations, inviting regulators and other agencies to observe. Husky's Fire Response Teams attended the TEEX Training Center in Texas to practice fire response and further develop tactical skills.

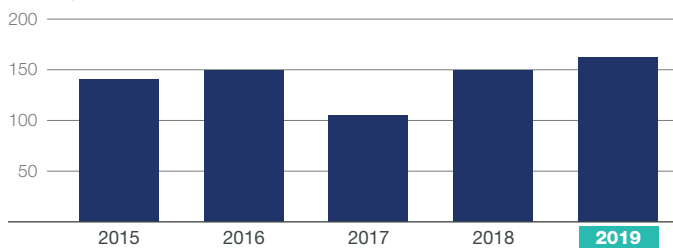
To enhance our readiness at facilities where there is the potential for a higher-consequence event, our comprehensive emergency management program includes an existing hazard review, new hazard identification, mitigation planning, the sourcing of critical equipment and training specific to those sites.

## Assisting Police and Fire Departments in Superior

We rely on our partnerships with first responders in all our communities. In Superior, Wisconsin we funded the purchase of a drone for the Superior fire and police departments. The drone uses thermal imaging to help with rescue and recovery activities, mapping high-traffic areas and improving scene management.



### Emergency Response Exercises



The number of exercises each year varies, depending on whether major exercises are being planned or executed. In 2017, the number of exercises declined with the disposition of Western Canada assets. In 2019 exercises tested Incident Command System knowledge and reached workers on varying shifts.

We share what we've learned, both internally and with our partners, including local authorities and first responders. Reviews undertaken after an incident provide a rigorous framework to analyze events and determine lessons that can be applied in other areas, continually improving our response. We participate in additional training as an active member of spill cooperatives and preparedness programs.

### Response

We evaluate our local response requirements using area-specific hazard and risk assessments, and tailor, test and integrate training and equipment for individual emergency response teams. These site teams include local management and are supported by a multi-discipline corporate support team.

We build internal capacity by ensuring dedicated employees have the knowledge and skills to coordinate a response in the event of an incident involving a water body, including making sure equipment that might be needed is available. These programs incorporate planning, equipment and training to mitigate the effects of a spill.

We base our plans and procedures on the Incident Command System (ICS), the standard model used in Canada and internationally to provide a consistent, proactive and effective emergency response across all operations. It focuses our response so that the most important actions are addressed by priority and under clear accountabilities. More than 750 employees completed various levels of ICS training in 2019, including role-specific courses.

We review, update and test all Emergency Response Plans (ERPs) each year. ERPs for all facilities and operating areas are supplemented with plans for specific hazards, such as geographic response plans for potential spills, pre-wildfire plans and well control plans.

## Recovering and Replacing the South White Rose Extension Flowline Connector

In 2019 we safely recovered and replaced a damaged flowline connector at our South White Rose Extension drill centre offshore Newfoundland and Labrador, following a spill in November 2018. Working with regulators, we used a two-phase approach, first removing the connector and plugging the open ends of the flowline and then later installing a new, modified flowline connector with a higher separation point.

The hazards and associated risks of this activity were thoroughly evaluated. Months of planning using HRO principles involved more than 100 experts including representatives from government and regulatory agencies, to ensure the program would be completed safely and with minimal release of residual oil to the environment.

Hold points were built into the process throughout the operation to ensure each stage was completed successfully and checks conducted prior to commencing subsequent stages.

We employed mitigation measures that included weather limitations on wind and sea states, pre-deployment of spill response equipment, the use of remotely operated underwater vehicles for response and surveillance, on-scene aerial surveillance and regular wildlife observations.

# Economic

## Highlights

- \$3.4 billion on capital projects
- \$3 billion on operational costs: services, materials and equipment, utilities and transportation
- \$801 million in employee salaries and benefits
- \$167,000 average compensation per employee
- Contracts worth \$72 million issued to Indigenous vendors

## Objectives

### Business Resilience

- Maintain strong financial discipline, with a focus on generating free cash flow and returns, while investing in higher-margin growth opportunities.

### Innovation and Advanced Technology

- Identify, evaluate and invest in technology advancements to improve environmental and financial performance.

## Contributing to the Economy

We make progressive investments to improve safety, reliability and our cost structure. Our financial priorities are to maintain the strength of the balance sheet, fund sustaining capital requirements and add value to our shareholders. Through our stability and long-term profitability, we contribute to the economies of the communities where we operate, provide well-paid jobs, use local suppliers, support local not-for-profit groups and pay taxes and royalties.

Indigenous companies are part of our long-term success and a growing part of local supply chains. We're finding new ways to work with

Indigenous companies through our economic inclusion program. In 2019 we issued contracts to Indigenous companies worth \$72 million, an increase from 2016 of about 65%.

In 2019 we spent \$3.4 billion on capital projects in the areas where we operate and \$3 billion to operate, which includes services, materials and equipment, utilities and transportation.

We directly employ about 4,800 people in Canada, the United States and the Asia Pacific region. These well-paid jobs further contribute to the economies of the communities where we operate.

Our key social pillars include:

- Purchasing goods and services from local businesses, including Indigenous vendors.
- Paying royalties and taxes to municipal, provincial, state and federal governments, which support a broad range of public services.
- Contributing to community and not-for-profit organizations.



## Using AI to Improve Emissions Intensity

A pilot program at three thermal projects in Saskatchewan that uses White Whale artificial intelligence to enhance steam utilization and improve our emissions intensity has been successful, reducing steam requirements by about 10% while improving production by approximately 2%. This results in greater operating profitability with less environmental intensity.

Following the pilots at Sandall, Edam East and Edam West, the program is being rolled out at our other Lloydminster thermal projects.

## Business Resilience

Husky has important competitive advantages, including a strong balance sheet, an Integrated Corridor that includes sizeable downstream and midstream assets, and Offshore operations that include long-term gas contracts in the Asia Pacific region.

We incorporate carbon-related costs, based on current and emerging policies in the jurisdictions where we operate, to help us understand the resilience of our current and proposed assets to changes in carbon policy and regulation. We have set a target of reducing our Scope 1 emissions intensity by 25% by 2025, using our 2015 performance as a baseline.

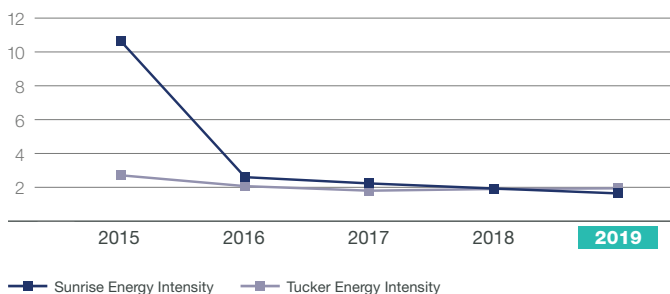
## Energy Use

Improving efficiency, particularly energy efficiency, is important to both our financial and environmental performance. We use fuel, electricity and steam in our operations and exclude all gases flared, vented or incinerated since the energy content is not used. In 2019 our total energy use declined by more than 10 million gigajoules from 2018, primarily due to reduced fuel use. This was largely due to the Alberta government-mandated production curtailment, which led to reduced production at the Sunrise Energy Project. Additionally, the sale of the Prince George Refinery, suspended operations at the Superior Refinery after a 2018 fire and the shutdown of the Lima Refinery to tie-in the crude oil flexibility project contributed to reduced fuel energy use.

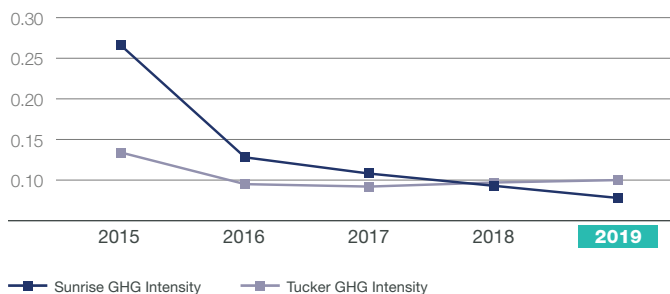
Reducing steam-oil ratios means using less steam for the same oil production, which lowers our energy intensity and reduces both operating costs and air emissions intensity, including GHGs.

Since 2015, production at our Sunrise and Tucker operations has grown at a rate greater than our energy use, resulting in overall declines in both total energy use intensity and Scope 1 emission intensity.

Total Energy Use Intensity GJ/BOE



Scope 1 GHG Intensity Tonnes CO<sub>2</sub>e/BOE



## Innovation and Advanced Technology

Our investments in innovation and technology, totaling about \$38 million in 2019, target improved safety and environmental performance, lower costs and increased resource recovery.

While focusing on developing and implementing technology that offers the highest potential value for our business, we also collaborate with our peers. With our new membership in Canada's Oil Sands Innovation Alliance (COSIA), we aim to maximize the benefit of our environmental work, along with that of other members, by cooperating to reduce GHG emissions, minimize water use and develop more efficient land reclamation.

We are a member of the Clean Resource Innovation Network (CRIN), which applies technology and innovation to making the oil and gas industry more effective, efficient and carbon competitive. We are also a member of the Petroleum Technology Alliance of Canada (PTAC), collaborating on the research and development of technology solutions for industry challenges such as environmental stewardship, operational efficiencies and cost reduction. And through the Sprint Robotics consortium we look at how to develop and apply robotics techniques to improve the quality and safety of our maintenance and inspections.



We draw on the knowledge and expertise of our employees in various ways, encouraging their ideas and increasing their knowledge and skills through training and hands-on experience. Our critical competency networks connect people across business units, exposing them to different technologies employed by colleagues and driving collaboration. These networks focus on innovation and best practices in areas such as air emissions, water management, reservoir recovery, geoscience integration and business analytics.

Our Innovation Gateway program builds on the expertise of our technical chiefs and other out-of-the-box thinkers, and leverages the knowledge of our technology partners, providing a coordinated approach that fosters innovation across the Company. It hosts targeted internal challenges to solve issues faced by colleagues, with results given wider exposure at the Technical Forum held for employees every other year. In 2019 the forum invited select innovative suppliers to showcase relevant technology and ideas. We also run external challenges that see technology companies propose solutions for environmental priorities, including a carbon capture and storage innovation challenge at the Globe 2020 conference.

Using technology to manage and analyze data is an important part of identifying opportunities for improvements. We have implemented a search feature in our data catalog that allows users to easily find what they need and understand what they've accessed. Our safety and regulatory reports and analysis automatically collect the most up-to-date numbers from our data services.



## Technology Reducing Diluent Requirements

At our Sunrise Energy Project, we completed the Husky-patented diluent reduction pilot. We believe the technology could reduce the amount of diluent required, increasing effective pipeline capacity and the quality and quantity of recovered bitumen. The project received partial funding from Natural Resources Canada and Emissions Reduction Alberta.

## 2019 Operational Highlights

### Integrated Corridor

- Startup of 10,000 barrel-per-day Dee Valley thermal bitumen project, ahead of schedule.
- Reduced steam requirements at Sandall thermal project by 10%, improving production by 2%.
- Completion of Lima Refinery crude oil flexibility project, increasing heavy oil capacity at the refinery to 40,000 bbls/day.
- Installation of a water re-use unit at the Lima Refinery, using reverse osmosis to remove impurities and recycling the water for use in the facility.

### Offshore

- Advanced work on the Lihua 29-1 field at the Liwan Gas Project in the Asia Pacific region, with expected first production by the end of 2020.
- Progressed construction of the West White Rose Project in the Atlantic region.
- Employed hybrid supply vessels to support operations offshore Newfoundland and Labrador.



## Enhancing Cyber Security

We are investing in enhanced cyber security measures, recognizing data must be protected and that information technology is evolving rapidly. From spam emails to phishing schemes to attempts at malware attacks, cyber defense is critical to safe operations.



# Environmental

We take steps to minimize our impact on land and habitat, air and water, actively seeking ways to both mitigate and further reduce our environmental footprint.

We provide environmental expertise, standards, systems and oversight, through teams deployed in all areas of our operations. Our structure incorporates elements such as technical standards capability, with technical authority and a continuous improvement team.

## Climate-Related Risks and Air Emissions

### Highlights

- Target of reducing Scope 1 GHG emissions intensity by 25% by 2025, from our 2015 level
- Scope 1 GHG emissions intensity of 37.44 tonnes of CO<sub>2</sub>e/mboe
- Aspire to achieve net zero emissions by 2050

### Objectives

- Maintain ongoing management and governance of climate-related risks, with the goal of reducing greenhouse gas emissions and other air pollutants through the development and application of new technology and energy efficiency measures.
- Target to reduce Scope 1 GHG emissions intensity by 25% by 2025.

Our operations generate greenhouse gases and other air emissions. We recognize these emissions can affect local air quality and contribute to climate change. Our emissions are generated by combustion equipment, venting to atmosphere, the flaring of waste gases, and fugitive emissions.

Air emissions management programs collect the data needed to meet regulatory requirements, manage risk and explore opportunities to economically improve emissions performance and minimize the impact on our neighbours. This is supported by our Environmental Performance Reporting System, which provides transparency and consistency of data.

Our carbon management approach and metrics are detailed in annual submissions to the CDP Climate Change Program. In 2019 we maintained our grade of B, which exceeds the North American average and is based on our disclosure of: governance, risks and opportunities, business strategy, targets and performance, emissions methodology, emissions data, emissions breakdown, energy, additional metrics, verification, carbon

pricing and engagement. In 2019 our CDP response was reviewed by members of the executive team and signed by the Chief Operating Officer.

Our air emissions-related initiatives include:

- Public disclosure of air emissions
- Fugitive emissions management
- Methane conservation projects
- Evaluating and testing CO<sub>2</sub> capture technology
- Carbon capture at our Lloydminster Ethanol Plant for use at CO<sub>2</sub> enhanced oil recovery locations
- Generation of carbon offsets through beyond compliance emission reductions at our Tucker Thermal Project and early action on methane emissions reduction at our assets in Western Canada
- Contributing to joint industry air emissions management initiatives and research, such as through the Petroleum Technology Alliance of Canada
- Improvement of shared data related to air emissions
- Engaging with regulators to provide feedback on proposed regulations at local, regional and corporate levels

## Emissions Targets

We have set a target to reduce our Scope 1 greenhouse gas emissions intensity by 25% by 2025, from our 2015 level and aspire to achieve net zero emissions by 2050. Achieving our 2025 target is a start while we continue to invest in new technologies and carbon offsets that will bring us closer to this 2050 goal.

## Climate Change and Greenhouse Gas Emissions

We recognize the social, environmental and economic risks posed by climate change as outlined in the Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming of 1.5 degrees Celsius. The risks and opportunities inherent to a lower global emissions pathway are built into our Enterprise Risk Management process.

Husky believes there is a significant role for government to provide incentives and direct support in the development and commercialization of technologies that reduce industry emissions. Revenues generated through carbon policy and regulation should be made available to support industry research, including the development and deployment of innovative practices and technology that improve efficiency and reduce carbon emissions. Emission reduction regulations should apply a price on carbon and we support the development of a market for environmental attributes such as emissions offset credits.

We monitor changing expectations related to carbon and climate performance and disclosure, including the Task Force on Climate-related Financial Disclosures and the Sustainability Accounting Standards Board.

Through both voluntary and mandatory reporting mechanisms, we demonstrate our management of ESG risks, including climate change.

## Hybrid Vessels Offshore Newfoundland and Labrador

We are reducing the carbon footprint of the supply vessels supporting offshore operations in the Atlantic region, using ships with diesel-electric and hybrid diesel-electric power generation as part of the regional fleet. The new power management systems on these vessels use fuel more efficiently, resulting in significantly lower fuel consumption and emissions than older power management systems. We continue to monitor daily fuel use through Husky-developed database management, allowing us to optimize vessel operations and further reduce our impact on the environment.

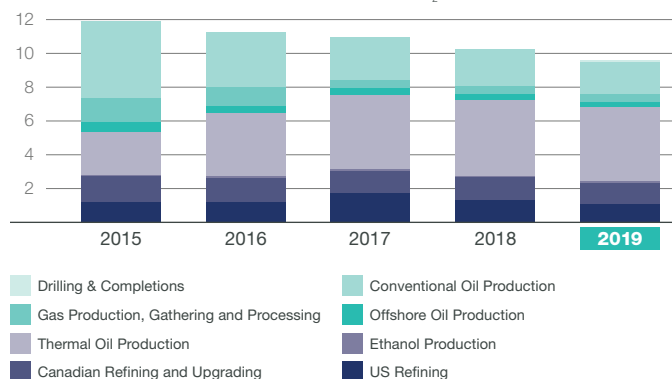
We continuously engage with our investors and other stakeholders about their expectations related to climate change disclosure, to understand and address their priorities.

Husky follows the Greenhouse Gas Protocol for Scope 1 and 2 GHG estimation methodology, adjusted using IPIECA guidance where relevant. Under new regulatory reporting requirements, more than 60% of our 2019 Scope 1 emissions will be assured by a third party, to a reasonable level. The rest of the 2019 Scope 1 emissions are subject to independent limited assurance. All Scope 2 emissions and our total energy use receive independent limited assurance. Due to COVID-19 restrictions, assurance over selected performance indicators will be performed and published later in 2020.

## Scope 1 and 2 GHG Emissions Performance

Our 2019 Scope 1 GHG emissions decreased almost 700,000 tonnes of CO<sub>2</sub>e compared to 2018, due to natural declines in conventional oil production, the shutdown of the Lima Refinery to tie-in the crude oil flexibility project, sale of the Prince George Refinery, operations at the Superior Refinery remaining suspended due to a 2018 fire and the shut-in of the *SeaRose* floating production, storage and offloading vessel for part of the year.

Scope 1 GHG Emissions Million tonnes of CO<sub>2</sub>e



Our Scope 1 GHG emissions intensity in 2019 was 37.44 tonnes of CO<sub>2</sub>e/mboe.\*

Scope 2 GHG emissions, consisting of emissions from purchased electricity and steam, decreased 6% in 2019, or more than 100,000 tonnes, primarily due to the need for less electricity. This is due to natural declines in conventional oil production, operations at the Superior Refinery remaining suspended due to a 2018 fire, Alberta government-mandated production curtailment that led to reduced production at the Sunrise Energy Project, a turnaround at the Rainbow Lake Gas Plant and the shut in of a Saskatchewan thermal project, which is being decommissioned.

## Carbon Offsets

Under Alberta's *Carbon Competitiveness Incentive Regulation* in 2019, the Tucker Thermal Project will use both emission performance credits generated in previous years and emission offset credits to reduce total compliance costs. These credits were earned by reducing Tucker's GHG emissions below regulatory requirements.

## Renewable and Low Carbon Production

Renewable energy is a growing part of the global energy mix and we assess opportunities to use renewable energy where it makes economic and operational sense. Almost 30 years ago Husky helped pioneer ethanol production for use in ethanol-blended gasoline. We currently operate two ethanol plants, in Minnedosa, Manitoba and Lloydminster, Saskatchewan. With total production of up to 300 million litres per year, we are Western Canada's largest manufacturer and marketer of fuel-grade ethanol.

## Carbon Capture and Storage

At the Lloydminster ethanol plant, we capture up to 250 tonnes a day of carbon dioxide (CO<sub>2</sub>) to aid in enhanced oil recovery, which involves CO<sub>2</sub> being injected into reservoirs to increase oil production. From 2012 to 2019, 531,000 tonnes of CO<sub>2</sub> were captured. The use of this technology allows us to produce some of the lowest carbon intensity ethanol in Canada.

We continue to evaluate additional carbon capture technologies, including at our Pikes Peak South thermal project where we have been testing Svante technology that captures CO<sub>2</sub> from a once-through steam generator. We started in 2015 with a 0.5 tonne-per-day pilot and in 2019 commissioned a 30 tonne-per-day system. We believe these technologies have the potential to reduce carbon capture costs and reduce the carbon intensity of bitumen production.

Options to reduce GHG emissions from our upstream and downstream operations are compiled and evaluated using a Marginal Abatement Cost Curve (MACC). The MACC catalogues the size of emissions reduction possible and return on investment for various options. This allows us to

\* Husky's 100% Gross Operated Scope 1 GHG emissions are adjusted for the Company's working interest in Asia Pacific, Atlantic, Sunrise and Toledo assets. The carbon intensity numerator excludes the following emissions: drilling and completions, Pounder Emulsions and dryer emissions from both ethanol plants. The denominator excludes throughput from all Pounder Emulsion facilities and terminals and includes downstream throughput as well as produced and processed volumes for upstream facilities.

prioritize resources and achieve reductions at the most efficient cost per tonne of CO<sub>2</sub>e. The MACC also helps different areas of the Company share information about emissions reduction options.

We prepared a carbon management plan for our Sunrise facility in 2017. The annually renewed carbon management plan helps us engage with our joint venture partner on options to improve emissions performance. In 2020 carbon management plans were added to the annual performance contracts of operational Executive Vice Presidents and Senior Vice Presidents, which will be used to update and track progress against our carbon target.



Testing a high-efficiency incinerator to combust methane.

## Lowering Carbon Intensity of Conventional Operations

We are testing the use of a high-efficiency incinerator that employs aerospace technology to combust methane at our CHOPS operations, instead of venting to atmosphere. Trial results from a pilot in 2019 are being evaluated by the vendor and will be applied to a second pilot site. This project is partially funded by Emissions Reduction Alberta.



## Lowering Steam-Oil Ratios

Pilots at the Sunrise Energy Project and the Pikes Peak South thermal project are testing the use of non-condensable gases to lower steam-oil ratios. Improved steam utilization helps to improve our emissions intensity.

## Methane

Husky supports provincial regulations requiring the reduction of methane emissions from oil and gas operations in Alberta and Saskatchewan by 45% by 2025. These regulations came into effect on January 1, 2020 and provide new methodologies on how to report fuel, flare and vent volumes, which will result in a change in our reported venting emissions for 2020.

Initiatives to reduce methane emissions include the conversion of pneumatic devices, gas conservation and incineration technology. To further enhance our ability to manage and reduce methane emissions, we are gathering equipment data from our upstream operations in Western Canada. As of June 2020 our Methane Reduction Retrofit Compliance Plan in Alberta covers most of our operations. This data is critical to determine how to effectively reduce methane from our operations and

meet the intent of the new regulations. We have visited more than 3,200 locations, with more than one million data points confirmed, and have continued to gather data in 2020.

## Gas Conservation

We are redesigning our CHOPS operations to use multiple horizontal wells from a central location, instead of scattered vertical wells. This results in the associated gas from many wells produced to a single location where it is more easily conserved, resulting in less venting and flaring.

## Criteria Air Contaminants/Hazardous Air Pollutants

We measure, monitor and report emissions of criteria air contaminants through regulations outlined in the *Canadian Environmental Protection Act*, under Environment and Climate Change Canada, and hazardous air pollutants through regulations outlined under the U.S. Environmental Protection Agency. This allows us to evaluate and manage emissions at the corporate and individual facility level, forecast emissions associated with future operations and achieve regulatory compliance.

Environment and Climate Change Canada's *Multi-Sector Air Pollutant Regulations* (MSAPR) require us to meet NO<sub>x</sub> limits within our inventory of stationary engines and heaters. Large stationary engines and heaters



installed after 2017 must meet low NO<sub>x</sub> performance requirements and our MSAPR program will ensure that we meet the regulatory timeline of 2025.

Our facilities are designed to meet the ambient air quality objectives in Alberta and Saskatchewan for NO<sub>x</sub>, SO<sub>2</sub> and particulate matter. Our continuous emissions monitoring systems monitor NO<sub>x</sub> at Sunrise and Tucker and SO<sub>2</sub> at the Lloydminster Upgrader, to ensure we do not exceed regulatory requirements.

In 2019 there was a reduction of between 10% and 15% in all criteria air contaminants, primarily due to changing operating conditions.

The sulphur recovery unit installed at the Rush Lake thermal project in mid-2018 is reducing our sulphur emissions, responsible for more than 60% of the 2019 over 2018 decrease. Due to the sale of the Prince George Refinery in 2019, those emissions were not reported, offset by increased sulphur emissions at two of our Saskatchewan thermal projects.

Total NO<sub>x</sub> emissions decreased by 14% in 2019, due primarily to the shut-in of the *SeaRose* FPSO for part of the year, less drilling in the Atlantic region and the shutdown of the Lima Refinery to tie-in the crude oil flexibility project.

The 10% decrease in 2019 VOCs is primarily due to the sale of the Prince George Refinery and operations at the Superior Refinery remaining suspended. The 15% decrease in 2.5 micron Particulate Matter over 2018 is due to the shut in of the *SeaRose* FPSO for part of the year and operations at the Superior Refinery remaining suspended.

## Fugitive Emissions Management Program

We have two programs to manage fugitive emissions, the Fugitive Emissions Management Program (FEMP) for upstream and midstream facilities, and the Leak Detection and Repair (LDAR) program for downstream facilities. Fugitive emissions, including methane and 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.

These programs detect and ensure timely repair of fugitive emissions from equipment. FEMP and the LDAR program improve safety through early detection and repair of emission sources, reducing exposure to potentially hazardous gases, reducing GHG emissions and VOCs, improving overall air quality, increasing operational efficiency and conserving marketable gas.

Several techniques are used to detect leaking components, including specialized infrared cameras that provide a view of normally inaccessible locations such as tank seals and overhead piping from a distance, organic vapour analyzers to detect airborne hydrocarbons, and ultrasonic leak detection. Vapour analyzers and ultrasonic measurements can be used to quantify equipment leaks. A third-party database is used to track all survey results and implement corrective actions.

In 2019 our Canadian upstream and midstream facilities followed the Canadian Association of Petroleum Producers (CAPP) Best Management Practice for Fugitive Emissions, conducting surveys quarterly at all large gathering and processing facilities and at least once a year at others.

Our downstream facilities conduct ongoing LDAR monitoring. Within our Canadian downstream facilities we monitor almost 54,000 components and have more than 200,000 data points since the inception of the LDAR program in 2011. We monitor about 125,000 components at the Lima Refinery and approximately 70,000 at the Superior Refinery. Improvements in our LDAR program have resulted in a leak rate of 0.12% for Canadian downstream facilities, consistent with our Lima operations which are subject to more frequent testing requirements.





# Water Use and Availability

## Highlights

- 27.4 million cubic metres of fresh water withdrawn
- Water source: 26% fresh, 18% saline, 56% third-party waste or produced
- 2% of fresh water withdrawals in areas of high baseline water stress
- Non-saline water use at Lima Refinery declined 51% due to water re-use project

## Objective

- Comply with regulations and explore innovative opportunities to responsibly reduce, recycle and re-use as much water as is economically feasible.

We manage water use throughout our operations by exploring and implementing innovative opportunities to responsibly reduce, recycle and re-use as much water as is economically feasible. Our water management approach is detailed in annual submissions to the CDP Water Security Program, including metrics for water intensity, discharge and recycle. In 2019 we received a grade of B, an improvement from B- the year before. This reflects our progress on water security through water accounting, governance and stewardship activities.

Our water-related initiatives include:

- Identifying, assessing and managing water risks at a local level
- Monitoring surface water and groundwater, ensuring impacts from operations are negligible or mitigated
- Recycling produced water
- Protecting groundwater using established well casing and cementing practices
- Measuring and publicly disclosing water use
- Ensuring acceptable domestic water quality standards for employees at remote facilities through our Water Supply Integrity Program
- Contributing to joint industry water management initiatives and water research
- Participating in multi-operator agreements and water sharing
- Participating in watershed planning and advisory councils

## Identifying and Managing Water Source Risks

The withdrawal of fresh water is regulated and licensed in the areas where we operate, to ensure surface water and groundwater supplies are not affected negatively. In considering a water source for our operations, we evaluate risks, including reliability of supply, technical feasibility, net environmental effect, economics, and regulatory and stakeholder concerns. Mitigation plans are developed and implemented to manage the risk.

We monitor surface water and groundwater to ensure operations are not negatively impacting the environment. To better understand hydrogeological systems in the northern Alberta oil sands region we participate in the COSIA Monitoring Working Group, a joint industry initiative working on technical issues related to the design, implementation and ongoing refinement of the Oil Sands Monitoring Program, and the COSIA Aquifer Working Group.



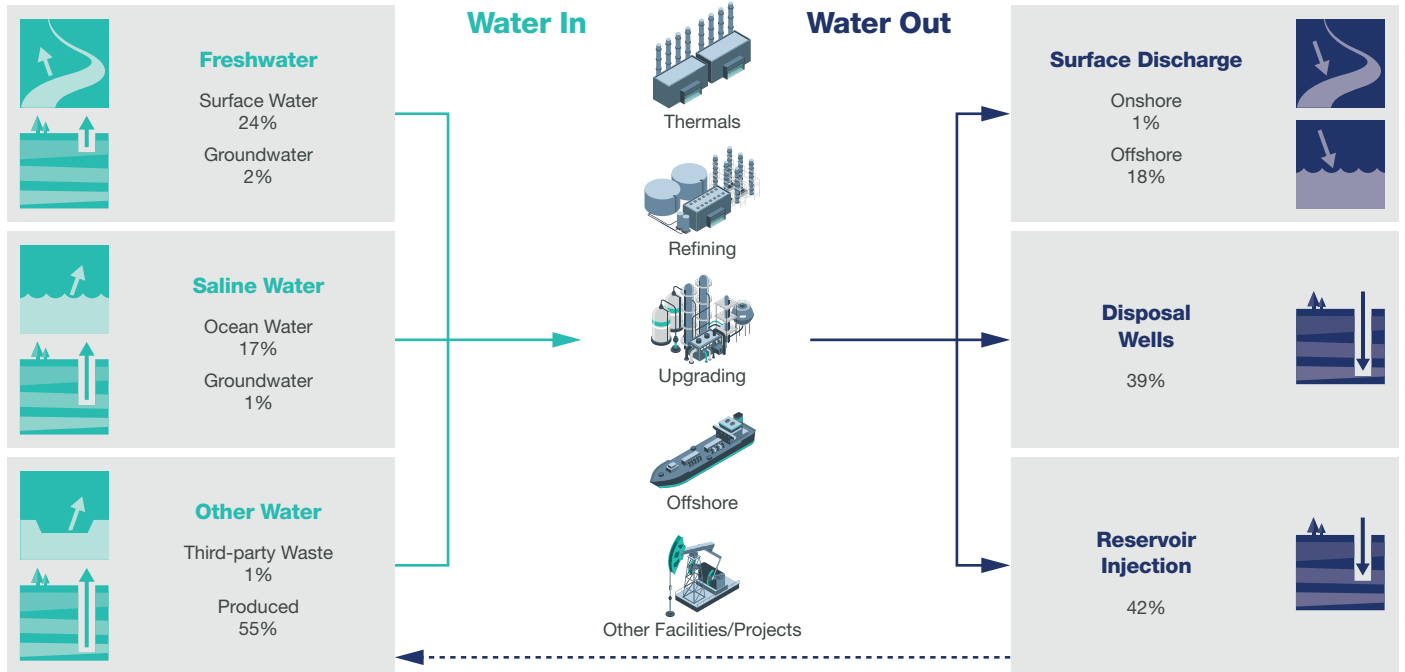
## Enhancing Water Management

We recycle produced water at the Sunrise Energy Project and the Tucker Thermal Project. At Sunrise we use process-affected water from a neighbour's tailings ponds as a water source, a mutually beneficial agreement that reduces our demand for groundwater. At Tucker we source highly saline groundwater as an alternative to shallow groundwater or surface water. Both strategies support UN SDG 6.5: implement integrated water resource management.

Husky is a member of the COSIA Water Technology Development Centre, a field-scale laboratory which is testing new water treatment and recycling technologies for oil sands development, and participates in the COSIA Water Committee.

Through PTAC's Water Innovation Planning Committee, we participate in joint industry projects related to water management for hydraulic fracturing, part of the Alberta Upstream Petroleum Research Fund.

## Husky Water Use (In and Out)



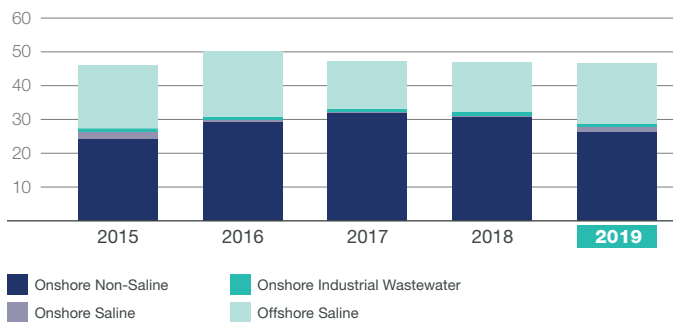
## Water Performance

Water metrics are tracked across all business units using our Environmental Performance Reporting System. By participating in national and international water reporting programs we help drive better measurement and transparency of water use and issues across the industry.

We withdraw water for industrial use from saline and non-saline sources, including non-saline industrial wastewater. We report volumes for facilities we operate, for the time operated within the report year. Overall, non-saline water withdrawal in 2019 decreased compared to the previous year, a result of using less water at the Lima Refinery, where a water reuse system was implemented.

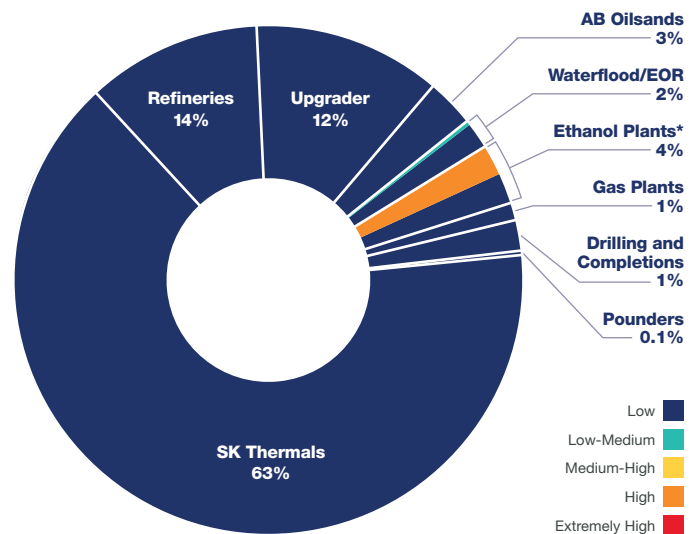
Our fresh water withdrawals have been assessed on the World Resources Institute (WRI) Aqueduct Baseline Water Stress map, which measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. Two percent (or about 0.5 million cubic metres) of Husky's fresh water withdrawals for industrial use in 2019 occurred in areas of high baseline water stress, where water supplies may be limited. More than 97% of our fresh water withdrawals for industrial use occur in areas with low to low-medium baseline water stress, where water availability is good. This includes all Saskatchewan thermal facilities, Sunrise, Tucker, the Lloydminster Upgrader and Asphalt Refinery, the Lima Refinery and operations at Rainbow Lake.

**Water Withdrawals for Industrial Use** Million m<sup>3</sup>



Non-saline (fresh) water is defined as having a total dissolved solids concentration of less than 4,000 mg/L.

**Fresh Water Use by Operation 2019**



\* High segment applies to Minnedosa plant

## Water Use in Our Operations

### Thermal Projects in Alberta

Water volumes at Sunrise and Tucker are reported to the Alberta Energy Regulator and included in its Water Use Performance Report.

#### Sunrise

At Sunrise, produced water is recycled for steam generation, supplemented with two water sources that are considered alternatives to fresh water by the Alberta Energy Regulator: process-affected water from a neighbour's tailings ponds and basal McMurray groundwater which is in contact with bitumen.

In 2019 recycled produced water provided 80% (7.7 million cubic metres) of the total water used for steam generation. The remaining 20% was from the basal McMurray groundwater and process-affected water sources.

#### Tucker

At Tucker we use low-quality saline groundwater as a makeup water source, with a total dissolved solid concentration of about 19,000 mg/L. This is about 40 times more saline than water considered acceptable for household use.

In 2019 recycled produced water accounted for 85% (4.9 million cubic metres) of the water used to generate steam, up from 82% in 2018. The remaining 15% (0.9 million cubic metres) was from saline groundwater.



### Water Technology Development Centre Up and Running

The COSIA Water Technology Development Centre began operations in 2019, testing water treatment technologies to reduce water, land footprint, waste and GHG impacts at a thermal plant. The dedicated test facility, shared by Husky and three peer companies, can test five technologies simultaneously and will help accelerate the development and implementation of new water processes.

### Thermal Projects in Saskatchewan

Our Lloyd thermal projects rely on an available supply of water from the North Saskatchewan River to produce steam for operations.

Water licences for our thermal projects represent approximately 0.3% of the North Saskatchewan River annual average flow. Water withdrawals under these licences were higher in 2019 at 17.2 million cubic metres, compared to 15.9 million cubic metres in 2018. This was due to the startup of the Dee Valley thermal project and the first full year of production at the Rush Lake 2 facility, both of which partially offset the decrease in water demand related to shutting in the Pikes Peak plant in 2019. As a result, the overall water intensity for Lloyd thermal projects was comparable year-over-year.

Our detailed water sourcing risk assessment for this area, conducted in 2017, drew on technical expertise from hydrologists, geomorphologists, engineers, hydrogeologists and geochemists to better define water sourcing risks. The water availability was determined to be more than sufficient to meet our current and future needs, through all seasons, while not affecting other users. This is consistent with the Aqueduct Baseline Water Stress ratio of low for this portion of the North Saskatchewan River watershed. Water management plans for our Lloyd thermal projects are updated considering new water demands and water availability risks.

Potential sources of water for new thermal projects are assessed to ensure we select the most appropriate for each, considering a balance of factors. We are advancing technologies to improve our water efficiency at current and future projects.

### Re-Using Water at the Lima Refinery

The Lima Refinery has implemented a water re-use project, which uses filtration, softening and reverse osmosis to remove suspended solids, oil, grease and other oil-related elements and compounds from process water. The treated water is recycled for use in the refinery. As a result, non-saline water use at the refinery decreased by approximately 51% in 2019, compared to the previous year. This has also reduced the refinery's discharge volume to the Ottawa River, maintaining discharge limits that are protective of river water quality.

### Resource Plays

In Western Canada our resource plays include the Spirit River formation in the Ansell and Kakwa areas and the Montney formation in the Karr and Wembley areas. These are being developed with hydraulic fracturing technology.

Water management plans for each area identify and mitigate water risks over the long term, promoting responsible water stewardship by evaluating re-use opportunities, source alternatives and wastewater disposal solutions. Water risks are characterized in the context of reliability, technical feasibility, net environmental effects, regulatory and stakeholder interests and economics. We also assess water management components, including transportation, storage and treatment.

The amount of water required for each resource play depends on the reservoir characteristics, as well as the amount and quality of water produced from the reservoir and the timing of operations. We evaluate water re-use opportunities using these factors and implement them where possible. In 2019 we recycled water at three of 23 wells that were hydraulically fractured.

All flowback and produced water resulting from our hydraulic fracturing operations is either re-used in those operations or discharged to deep well disposal. None of the flowback or produced water is discharged to land or surface water. We publicly disclosed fracturing chemicals for all wells hydraulically fractured in 2019 on FracFocus.

Husky recognizes concerns regarding groundwater quality close to hydraulic fracturing and we have proactively implemented an industry-recommended practice for completing baseline quality and quantity tests for domestic groundwater wells located in proximity to our hydraulic fracturing operations.

At our Wainwright waterflood project we recycle all produced water, reinjecting it into the formation. We use saline groundwater and produced water from other operations in the area as makeup water, reducing non-saline groundwater withdrawals.

### Downstream

We report water withdrawals for the Upgrader, refineries and ethanol plants that we operate. Non-saline water withdrawal for refining decreased by more than 50% in 2019 compared with 2018, a reduction from 8.0 million cubic metres in 2018. This significant reduction was largely due to the implementation of a water re-use system at the Lima Refinery. As a result, the intensity of water withdrawn for refining also decreased in 2019.

### Offshore

At our operations in the Atlantic region we withdrew 18.2 million cubic metres of seawater for oil production in 2019, offset by 16.5 million cubic metres of cooling water discharged back, with 1.8 million cubic metres used for injection to support production. Seawater withdrawn for marine operations, such as ship engine cooling, is excluded.

## North Saskatchewan River Update

As part of our commitment to monitor and assess the North Saskatchewan River and its shoreline following a pipeline incident in 2016, we obtained water and sediment samples in 2019. We continued to work with the Saskatchewan Water Security Agency, the Saskatchewan Ministry of the Environment, Environment and Climate Change Canada and third-party experts to determine the impact to the river.

In 2018 and 2019, monitoring detected no surface water exceedances of regulatory criteria related to the spill. Detectable levels of product from the spill were observed in sediment samples within 27 kilometres of the point of entry. Overall, residual concentrations of product have consistently declined year-over-year and results are nearing background/reference levels.

From 2016 to 2019, we collected more than 6,000 water samples and 2,000 sediment samples. Through our monitoring programs in 2019 no items requiring additional action were identified and, consistent with the trends we have seen to date, further improvements were observed.

## Using Tree Ring Data to Study Climate Impacts to Water Supplies

In 2019 Husky launched a research project that uses hydrologic variability derived from tree ring data dating back to the 1300s to better understand the natural water flow of the North Saskatchewan River. Projections can be made based on historic data, and a variety of climate scenarios can be modeled to understand the risks of extended periods of drought in the next 50 years. The study, *Climate Impact to Industrial Water Supplies on the North Saskatchewan River*, is being conducted by Dr. David Sauchyn and the Prairie Adaptation Research Collaborative (PARC) at the University of Regina.

With valid scenarios of changing water availability, Husky and other river stakeholders can better understand long-term water risks, determine timelines and plan mitigation strategies for potential low water availability scenarios. The study is funded by the National Sciences and Engineering Research Council (NSERC) in collaboration with industry partners, SaskPower and Husky.



## Environmental

# Land Use and Reclamation

## Highlights

- 390 reclamation certificates from provincial regulators, 99% approval rate
- 761 acres of new development, 2,088 acres certified
- 80,000 trees removed for new development, 542,640 trees planted on 247 sites
- Area Based Closure program received Environmental Services Association of Alberta Industry Award
- Remediation techniques in Rainbow Lake area received CRIN's Novel Land and Wellsite Reclamation Innovation Award

## Objective

- Manage land use through mitigation and restoration, and avoidance of disturbance.

We strive to avoid disturbing the land before we begin operations and restore the land when we cease operations. From planning to an asset's retirement, we identify potential impacts so they can be avoided, minimized or mitigated.

## Biodiversity and Ecosystems

Our operations have potential impacts to aquatic and terrestrial habitats, and the biodiversity these ecosystems support. Our Corporate Biophysical Standard outlines expectations about how we manage and conserve biodiversity, including sensitive species and habitats, invasive species and avoiding human wildlife conflict.

Our biodiversity initiatives, which support UN SDG 15: Life on Land, include:

- Wildlife management plans
- Protocols related to aquatic invasive species, clubroot and whirling disease awareness and management
- Migratory bird pre-construction mitigation procedure
- Oiled wildlife response plans
- Wildlife deterrent guidance
- Regional biodiversity monitoring programs

## Project Planning

We manage our construction and development activities to minimize our footprint, maintain healthy, functioning ecosystems and the wildlife and habitat they support, and reduce our impact on ecologically and culturally-sensitive areas, using the existing footprint where possible.



We are collaborating with Saskatchewan Polytechnic on a lake sturgeon study.



## Biodiversity and Ecosystems

Before obtaining approval for a regulatory application, we conduct a pre-disturbance environmental evaluation, following our policies and government regulations. We identify sensitive species and critical habitats, as well as culturally sensitive areas, with input from local Indigenous communities and their traditional knowledge studies. We flag potential sensitive habitats, or areas with sensitive species during initial desktop analysis, then confirm through field surveys. These include identifying wildlife features such as mineral licks, raptor nests and active dens, before clearing land or starting construction. If a sensitive wildlife feature is identified, we work with the regulator to apply appropriate setbacks to minimize any disturbance. Appropriate mitigations are put in place to minimize any potential impacts and provide for low-impact placement of new facilities.

Activities such as vegetation clearance and ground preparation are scheduled to minimize the risk of disturbing wildlife particularly during sensitive periods, including migratory and breeding windows. Nest surveys and setback distances from active nests are also applied along with deterrents to keep birds from high-risk areas and prevent nesting on infrastructure.

### Research and Collaboration

Scientific research and collaboration are important to increase our understanding of habitat and biodiversity. We fund and/or participate in regional initiatives and industry committees that contribute directly or indirectly to species and habitat research, monitoring and mitigation, consistent with recognized priorities and regulations.

We support initiatives that improve our understanding of biodiversity conditions in the areas we operate. For example, our collaborative effort with Saskatchewan Polytechnic focuses on the endangered lake sturgeon population in the North Saskatchewan River. Research will use ultrasound technology to monitor the lake sturgeon's reproduction and the availability of spawning habitat. Insights gained will have significant conservation value, allowing Husky and our peers to be more aware of, and mitigate, potential impacts to lake sturgeon.

In the Atlantic region, working with the Department of Fisheries and Oceans and the Atlantic Salmon Federation, we have deployed receivers at our White Rose field to track the migratory routes of salmon.

Part of the Department of Fisheries and Oceans Authorization for the North Saskatchewan River water intake included a condition to offset the loss of habitat caused by the construction and operation of the intake. Offsetting measures included willow live-staking of riparian habitat for bank stabilization, preventing further degradation of the bank by using fencing to keep cattle away and using cobble and gravel substrate for stabilization and spawning habitat. We will conduct long-term monitoring of the intake system for potential impacts to fish, as well as the effect of the offsetting measures.



### Digging Deep

Using an innovative, deep-tillage technique, with guidance from the Northern Alberta Institute of Technology Centre for Boreal Research and ForestSoil Science, we have started reclaiming a former regional airstrip in the Rainbow Lake area. The RipPlow can plow soil to a depth of almost one metre, loosening the compacted earth, while minimizing the amount of mixing that occurs between the topsoil and the ground beneath. The technique restores hydrological function and creates surface micro-sites for seedling development, establishing more sustainable forest systems. We have identified other reclamation sites where this technique can be used.

### Restoring Fish Habitat in Saskatchewan

To restore fish access to Eagle Creek, a tributary to the North Saskatchewan River, we removed a significant fish passage barrier and installed a rock riffle and single-span bridge. This gave fish access to 136 linear kilometres of creek and more than 2,500 square kilometres of watershed.

## While Operating

We continue to monitor habitat while operating, managing surface water through the use of containment systems to prevent soil erosion and help prevent water quality impacts. Vegetation control is used to inhibit the spread of weeds and minimize fire hazards. Our waste tracking system monitors and verifies the type and volume of waste generated, how it is handled and whether it is disposed of, treated or recycled.

Wildlife monitoring plans are prepared and implemented to ensure mitigations are effective, in accordance with regulations. Monitoring results are reviewed and used to improve our mitigation programs. We use enhanced regional monitoring programs 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 our Environmental Assessment commitment, we conduct seabird observations three times a day.

To accelerate the reclamation timetable when feasible, work is undertaken on lands no longer required for operations, even if the project is ongoing. Progressive reclamation allows for work to begin sooner, to return land to its pre-disturbance condition and reduce maintenance costs.



## End of Life and Asset Retirement

When we cease operations at a well or facility, the asset must be retired in a responsible manner. Area Based Closure (ABC) is a program-based approach that makes asset retirement activities more efficient and cost effective. Larger and neighbouring areas are addressed at the same time, starting remediation work and the restoration of land and habitat more quickly. With the support of the Alberta Energy Regulator, we have shared the ABC approach with our peers to assist with better management of inactive sites liability for all of industry. The program exceeds regulatory requirements for abandonment, remediation and reclamation of inactive sites, reducing the risk of orphaned wells.

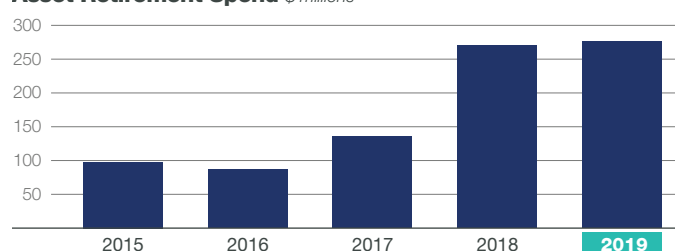
This aligns with the UN SDG 15: to protect, restore and promote the sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.

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 program allow Husky to complete more asset retirement activities. We track progress against the plan, key progress updates, milestone achievements, major risks and mitigation measures and significant regulatory changes that may impact the business. Our annual spending includes onshore and offshore asset retirement activities.

Asset Retirement Spend \$ millions

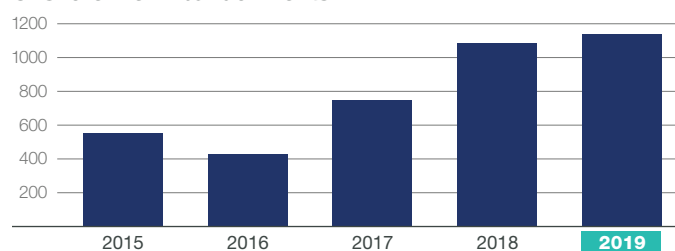


## Well Abandonment

The process of retiring a well begins with properly abandoning both the downhole and surface components. Our long-term, proactive abandonment program leads to the timely and effective retirement of inactive sites that have no future production potential. We abandon multiple wells in a single area, which allows for a coordinated effort to decommission associated pipelines and facilities.

In 2019 Husky abandoned more than 1,100 wells in Western Canada. Many of these wells were part of ABC programs, which led to a faster reclamation process in the majority of our operating areas. The number of wells abandoned was more than three times the number of wells drilled. In 2020 we will be reducing the number of well abandonments to focus on reclamation work at previously abandoned well sites, to restore land to its native state.

Onshore Well Abandonments



## Pipeline Abandonment

Properly abandoning inactive pipelines reduces the risk of spills from those segments. The inactive pipelines are first assessed, including length, the product it contained, whether there is pressure on the line and its proximity to development or environmentally sensitive areas.

By abandoning multiple segments in an area as a single project, using the ABC approach, we reduce ground disturbance and associated activities. An improvement to the technology used to remove risers has also resulted in the need for less excavation.

In 2014 we began working with the Alberta Energy Regulator to develop a five-year plan to tackle our inventory of 1,976 inactive pipeline segments in the province, and this work was successfully completed in 2019. From 2015 through 2019, the Alberta Energy Regulator approved status changes to “abandoned” for more than 4,000 pipeline segments, representing more than 3,900 kilometres of pipeline.



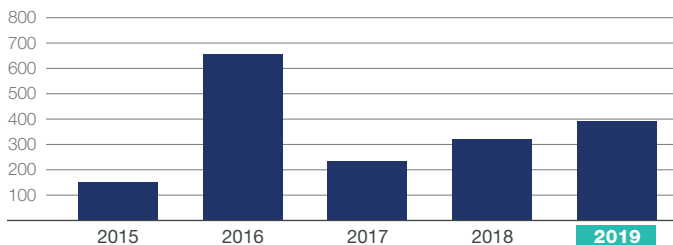
## Remediation and Reclamation

Remediation involves assessing the site for environmental impacts due to operational activities and mitigating any that are found. In 2019 we conducted 2,264 remediation assessments to move sites towards reclamation, where disturbed land is returned to a capability equivalent to before development.

Following initial reclamation the site is monitored until it meets regulatory criteria, when an application for regulatory closure can be submitted. The average time from initial reclamation to site closure for a well is five years. For some ABC areas we have been successful in achieving site closure within one year.

In 2019 we received 390 reclamation certificates from provincial regulators, with a 99% approval rate on submissions. This accounted for 12% of certificates issued in the province of Alberta and represented 10% of Husky's inventory of sites ready for reclamation. We certified 2,088 acres in 2019, compared to new development on approximately 761 acres. Over the past eight years, we have certified almost 2,400 sites and associated facilities, such as access roads and log decks, reclaiming approximately 9,600 acres of land.

### Reclamation Certificates



In 2016 Alberta regulators processed a large number of legacy applications awaiting approval.

Our tree planting program supports UN SDG 15.2: promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally. We 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, lodgepole and jack pine, larch, poplar, dogwood and willow. Approximately 80,000 trees were cleared for new development in 2019. We anticipate the number of trees planted will decline in the next few years as planned well abandonments shift from primarily forested areas to cultivated land. Over the past 11 years we have planted more than two million trees on our reclaimed assets.

Returning land to equivalent capacity involves restoring habitat, especially for species at risk, and supports UN SDG 15.5, which includes halting the loss of biodiversity. Of the areas we certified in 2019, almost all were in regions that are home to species on Environment Canada's Committee on the Status of Endangered Wildlife in Canada (COSEWIC) list. These include wolverines, northern leopard frogs, bison, bullsnakes, Great Plains toads, grizzly bears, ferruginous hawks and monarch butterflies. More than 15% of the areas certified is woodland caribou habitat. Caribou is an umbrella species for boreal forest biodiversity, where other species that share the same habitat requirements benefit from the reclamation and restoration work.

## Remediating a Former Sulphur Storage Site

An innovative approach to remediate and reclaim a former sulphur handling facility near Whitecourt, Alberta, which was used to store and ship sulphur from a third-party gas plant, is progressing. A Class 2 landfill on-site is being used to consolidate soil with any sulphur impacts, reducing the affected area from 40 hectares to two hectares. In 2019 we contained 8,600 cubic metres of elemental sulphur waste and 100,000 cubic metres of affected soil in the landfill. About 48,000 cubic metres of impacted soil were treated using limestone and will be re-used to restore the site.



## Real-time Soil Analysis

The ability to obtain soil analysis results while still in the field means better and more effective decision making. We applied an advanced spectroscopy sensing tool that provides real-time soil analysis of salinity and petroleum hydrocarbons at sites. Husky also endorsed a Product Demonstration Program Grant through Alberta Innovates to implement a trial of the tool.

## Facility Decommissioning

When we determine a facility has no future production value, it is designated for retirement. We have a range of facility sizes in our asset base and strive to decommission all in a safe, orderly, timely and cost-effective manner. Options to manage surface equipment and other infrastructure depend on the scale and location of the facility. When developing a site decommissioning plan, we make every effort to re-use, sell, transfer, salvage and recycle, before sending items to the landfill.

In 2019 we abandoned and removed equipment from more than 550 well sites and completed decommissioning and demolition of 13 major facilities. Nearly 100% of all metal, totalling more than 8,500 tonnes of steel, tin, aluminum and copper, was recycled at local scrap metal recycling facilities. Hazardous materials, including asbestos, were safely contained, removed and disposed of prior to demolition, in accordance with occupational health and safety regulations and disposal requirements. Construction and demolition waste, which comprised less than 10% of total waste, was disposed of in local landfills. By using local facilities, and re-using materials locally, we reduced the transportation fuel and related trucking emissions associated with disposal.

We work with specialized vendors to ensure efficient sorting, processing and handling of waste materials to obtain the highest value possible for our scrap metal recycling. For large-scale demolition activities our vendor selection process includes criteria that specifically address these capabilities and we implement steel credit programs to provide an incentive to maximize the volume of recycled waste.

## Recognition for Husky's Reclamation and Remediation

Our work to more efficiently and effectively reclaim and remediate sites has been recognized by various groups. The Area Based Closure program received the 2019 Environmental Services Association of Alberta Industry Award for innovative vision and leadership. Our use of multiple, forward-thinking remediation techniques to address sites in the Rainbow Lake area won the CRIN's Novel Land and Wellsite Reclamation Innovation Award.

## Decommissioning an Original Thermal Plant

Pikes Peak was Husky's original thermal plant, beginning operations in 1980 and reaching the end of its life in 2019, when it was shut in. With four plant sites and 17 major well pads, as well as extensive equipment and piping, it will be our largest single-facility abandonment to date.

We expect removing the facility will take about two years, coordinated with field abandonment of more than 285 wells and 130 pipelines to maximize efficiencies.

In 2019 we disconnected and removed copper and high-value equipment to reduce the safety risks associated with theft and trespassing. Any pipes in sensitive aquatic habitats were cleaned and removed in accordance with an approved Aquatic Habitat Protection Plan. Demolition and equipment and infrastructure removal occurred at three high-priority sites, while hazardous materials on-site were identified and assessed so that safe handling and disposal plans could be developed.

We will re-use all pumpjacks and tanks from the site, and any material that can't be re-used will be sent to local scrap metal recycling facilities.





# Social

Our employees and contractors drive our business through innovation, supported by a diverse and inclusive workplace. We want to contribute positively to the quality of life in the communities where we operate, reducing impacts and creating benefits.

## Our People

### Highlights

- Target of 25% women in executive roles (VP or above)
- Lloydminster employees marched in Pride parade, joining staff in Calgary and St. John's
- Doubled annual individual coverage for psychological services
- Office in St. John's received Accessibility Certified Gold rating from the Rick Hansen Foundation

### Objectives

- Attract, develop and retain top talent and ensure an inclusive, diverse and respectful workplace.
- Target of 25% women in executive roles, VP and above.

### Talent Management and a Culture of Inclusion

A culture of inclusion, respecting differences of thought and perspective, is the foundation of a better and more productive working environment. Husky aims to create a workplace that reflects the communities where we work, where people are treated with dignity and respect, free of harassment, and where diversity is valued in all its forms.

Husky recognizes that shareholders, employees, prospective employees and other stakeholders assess our Company's diversity and inclusion culture, in part, on who succeeds at our most senior levels.

Recognizing the need to improve the representation of people from diverse backgrounds at senior levels, in 2020 we took the step of setting a gender diversity target of 25% women at or above the Vice President level. This target is achievable through our existing talent management and development programs, combined with targeted recruiting to ensure our talent pipeline continues to include women and people of diverse backgrounds.

Managers and leaders across Husky play a key role in meeting and exceeding this target. Each business performance contract, against which pay-for-performance compensation is evaluated, includes diversity and inclusion plans and goals. These targets are supported by other corporate human resources programs, employee career development plans, education, training, mentorships and sponsorships designed to help employees achieve their potential and contribute strongly to Husky across their careers.



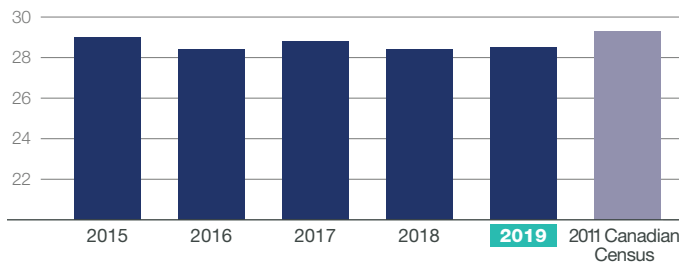
We support programs such as Women in Science and Engineering (WISE), encouraging careers in STEM.



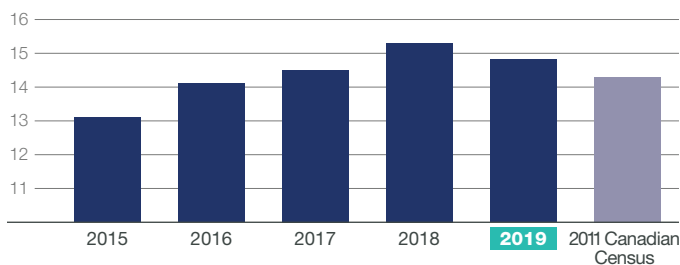
## Recruiting Talent

We seek to attract the best talent, building a workforce that is innovative and resilient. A fundamental component is increasing representation from diverse groups, including women, Indigenous Peoples, Black people and other people of colour, and persons with disabilities. This includes encouraging candidates from these groups to consider Husky as an employer of choice, and we participate in targeted forums, conferences and career fairs, forming strategic partnerships with organizations such as Catalyst and the Canadian Centre for Diversity and Inclusion. We reserve a number of our power engineering scholarships at Saskatchewan Polytechnic and Lakeland College for Indigenous and female students, and provide a mentorship program.

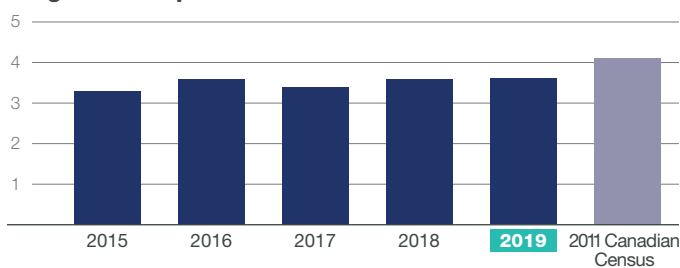
**Women** % of workforce



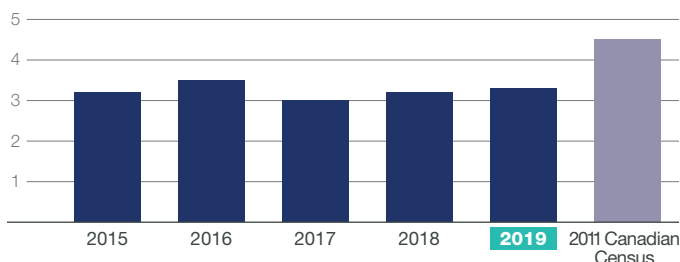
**Visible Minorities** % of workforce



**Indigenous People** % of workforce



**Persons with Disabilities** % of workforce



As part of our gender equity strategy, we look to increase female participation in careers related to science, technology, engineering and math (STEM), and work with Networking Empowering Women, Women in Science and Engineering (WISE) and the Canadian Centre for Women in Science, Engineering, Trades and Technology (WinSETT). In Alberta we work with Operation Minerva, where girls in Grade 8 shadow women who have careers in STEM.

We are building a strategy to ensure inclusion of lesbian, gay, bisexual, transgender, queer and two-spirited employees and potential employees. In 2019 employees from the Lloydminster region marched in the Pride parade for the first time, joining staff from offices in Calgary and St. John's who supported local events the previous two years.

The Diversity and Respectful Workplace Council provides local representation across all areas of our operations, organizing employee events to increase awareness and understanding. Our education and mandatory training programs increase employee knowledge and encourage a respectful work environment.

Our employee resource groups align with corporate objectives, and are open to any Husky employee whether a member of the designated group or an ally. These include the Women's Leadership Network, which has chapters in Calgary and St. John's, the Indigenous Community Sharing Circle and the Lesbian, Gay, Bisexual, Transgender, Ally Network, with chapters in Calgary and Lloydminster. The Fusion Network reflects the cultural diversity of employees across the Company. The enABLE group promotes education and understanding for employees with disabilities, both visible and not.

## Total Rewards

A workforce that is physically, emotionally and financially healthy means employees who can focus on safely completing the job at hand, contributing to a more productive workplace. We support this through a competitive total rewards package for employees and their families, including a base salary and a fully-funded, comprehensive benefits package with supplementary medical and dental care, income protection (life and accident insurance, short and long-term disability coverage), registered retirement programs, a savings plan, vacation and paid time off. We also offer a fitness allowance, service awards, dependent scholarships and children's summer camp reimbursement.

We encourage employees to access financial literacy information offered by the Company, including financial education opportunities, access to financial planning resources and one-on-one retirement planning sessions. Retiring employees may qualify for a comprehensive retiree health-benefit program.

An annual personalized Total Rewards Statement provides employees with a complete picture of how they benefit from, and can maximize, their rewards programs.



## Increasing Wellness Through Access to Care

We are removing barriers to healthcare through Wello, a virtual program that gives employees and family members access to a nurse practitioner within 20 minutes of placing a call. About 25% of employees registered with the program in the first month, citing the convenience of receiving a diagnosis and filling prescriptions without having to leave the office.

## Health and Wellness

We invest in the health and wellness of our employees and their families by providing access to online resources and counselling services through our Employee and Family Assistance Program, including solutions for better work-life balance, career counselling and health coaching.

Recognizing that mental health is vital to a person's overall wellbeing, we strive to reduce the stigma associated with mental health issues and help employees access services more quickly. The Working Mind program, developed by the Mental Health Commission of Canada, promotes awareness of mental health in the workplace, educates employees on how to recognize changes in behaviour in themselves and others, and provides resources to help maintain good mental health. About half of our employees have participated in the program. We have also doubled our annual individual coverage for psychological services.

Additional health and wellness information is provided to employees through the myHealth website, where resources, programs and upcoming events are outlined.

Should an employee have a medical-related absence, we provide an integrated disability management program with a focus on early intervention. When coming back to work is recommended, the employee and their supervisor, along with health practitioners and human resources personnel, work together to facilitate a safe and productive return.

## Professional Development

Husky offers a wide range of training, mentoring and professional and technical development programs and resources to all employees. Qualified candidates are eligible for tuition reimbursement and a subsidized master's degree program.

Employees are encouraged to create and maintain a professional development plan, considering their personal long-term career goals along with Husky's business objectives. Annual performance and operational goals and objectives are set at the executive leadership level and then cascade through the organization so that individual goals are aligned with those of their manager and the business strategy. Employees participate in informal performance discussions throughout the year, and a formal annual review based on these goals. We encourage at least two additional career development conversations during the year.

## Human Rights

We are committed to supporting and promoting the protection of human rights and designated protected groups at Husky. Any potential human rights violation can be reported to Human Resources or through our Ethics Help Line, and each complaint is investigated, with violations acted on by the appropriate level of leadership. Husky also seeks to support and promote the protection of human rights in our sphere of influence.

We adhere to the United Nations Universal Declaration of Human Rights and all applicable human rights laws in the jurisdictions where we operate.

## Freedom of Association

We respect an employee's right to freedom of association and to negotiate through relevant representative bodies.

## Building Accessibility into the Workplace

Our office building in St. John's, Newfoundland and Labrador was designed with accessibility in mind. The kitchens have numerous seating arrangements and heights for people of varying abilities, while the coffee stations have recessed sinks that can be accessed by someone using a wheelchair. Aisles and interior spaces have generous widths. Each floor is colour coded (walls, signs, furniture) indicating where you are. In 2019 our office space and the building in which it's housed earned an Accessibility Certified Gold rating under the Rick Hansen Foundation Accessibility Certification program.

# Community and Indigenous Peoples' Engagement

## Highlights

- Implemented Indigenous Relations policy
- 15 new Indigenous vendors added to contractor list
- Value of Indigenous vendor contracts up 65% since 2016

### Objective

- Contribute positively to quality of life in communities where we operate by reducing negative impacts and creating benefits.

### Community and Indigenous Peoples' Engagement

Husky respects the rights of Indigenous Peoples, including their right to self-determination and to maintain their culture, identity, traditions and customs. Our practices and policies recognize Indigenous rights and reconciliation, including the Aboriginal and Treaty rights of First Nations, Métis and Inuit peoples embedded in Canada's Constitution. Husky recognizes the diversity of Indigenous Peoples and communities in the areas where we operate.

We work with Indigenous communities to build mutually-beneficial relationships founded in respect, cooperation and economic inclusion. This is reinforced through our leadership and outlined in our agreements, Indigenous Relations Policy and Indigenous Economic Inclusion guidelines.

Our Indigenous Relations Policy, implemented in 2020, outlines our approach and defines roles, responsibilities and expectations for Husky employees and contractors around engagement, consultation, relationship building and participation in our business.

### Economic Inclusion

We strive to contribute to reconciliation with Indigenous Peoples and communities in Canada by seeking opportunities to work together for mutual benefit. We continue to expand how Indigenous businesses can access work and take advantage of economic inclusion opportunities, developing a wider network of both vendors and employees. We connect our non-Indigenous suppliers in Saskatchewan and Alberta with potential employees.

A focus on building capacity in Indigenous businesses establishes competitiveness and develops entrepreneurs. We create opportunities for goods and services to be provided on a competitive basis, with

contracts awarded on technical and safety criteria, as well as price. Safety is always the primary consideration and all vendors must meet the appropriate Husky safety standards and requirements.

We brought on 15 new partners in 2019 and signed contracts with Indigenous vendors worth \$72 million, an increase of about 65% since 2016.

The wording in our bid evaluations ensures Indigenous economic inclusion is fully considered as part of our procurement strategy and Indigenous companies currently provide our operations with security, safety and medical services, janitorial services, crane operations, general labour, mechanical services, fluid hauling and catering. We seek to add additional companies to our supply chain by attending business and vendor events.

### Developing Land Use Planning Skills Using Traditional Knowledge

Working with X-Terra Environmental Services, a Thunderchild Energy Services Company, we provided an opportunity for up to eight Indigenous students to participate in an introductory land use planning course. The training focused on classroom sessions, including speakers addressing Traditional Knowledge, and a field component that provided wildlife and vegetation identification, protocols and processes, with the students also sharing their knowledge, including Cree names, traditional harvesting protocols and traditional uses of wildlife and vegetation. The students, from Thunderchild First Nation, Onion Lake Cree Nation, Makwa Sahgaiehcan and Ministikwan Lake Cree Nation received certificates of completion and are set up for success in an assistant-level job position within the industry.



## Education and Employment

We support long-term academic success for Indigenous students through funding, scholarships, mentoring, summer employment and apprenticeship positions resulting in potential career opportunities. We believe academic opportunities lead to more varied career options, positively affecting students and their communities.

Scholarships are awarded on academic merit, community and cultural involvement and work experience. Peer support is available through Husky's Indigenous Community Sharing Circle.

### Field Training Partnership With Battlefords Agency Tribal Chiefs

Through our Greenhands Program, Indigenous participants gain remediation and reclamation field experience, with the ability to take that practical training and apply it to a post-secondary program. Greenhands complements an existing training program Battlefords Agency Tribal Chiefs has developed with First Alliance Energy Services, and Lakeland College in Lloydminster will recognize credits earned by participants should they choose to seek further, formal education.

## Community Involvement

We see value in promoting mutual understanding and respect through the sharing of cultures. We support, and where appropriate participate in a variety of community events. In 2019 these included:

- Thunderchild First Nation Annual Pow Wow
- Thunderchild First Nation Treaty Days
- Saulteaux First Nation Treaty Days
- McMurray Metis Elders' Christmas Dinner
- Fort McKay First Nation Treaty Days

### Developing Indigenous Leadership

Developing strong leadership in communities helps strengthen their resiliency. We support the Banff Centre's Indigenous Leadership Program, granting scholarships in 2019 to leaders from 14 communities in Alberta and Saskatchewan. The program provides leaders with an opportunity to reinforce the knowledge and skills necessary to run effective organizations and build communities with sustainable economies.



# Corporate Citizenship

## Highlights

- Renewal of Corporate Citizenship program with four priority areas
- Priorities aligned with UN Sustainable Development Goals
- Donations above \$10,000 require audited or reviewed financial statements from partners
- \$3.6 million in donations

Our Corporate Citizenship program is strategic, collectively taking action and adopting approaches that align business interests with community needs to deliver shared value. We maximize our impact by focusing our efforts and resources on key social and environmental issues, aligned with Husky's broader business goals and commitment to responsibly produce the energy the world needs.

Our approach is comprehensive: mobilizing our funds, assets and people to spark meaningful and lasting change in the communities where we live and work. We're tackling key social, economic and environmental issues by:

- Strategically investing cash donations and in-kind contributions, sponsoring events aligned with our priorities and forming key partnerships.
- Driving impact on key issues in priority areas:
  - Education and Skills – increasing access to knowledge, skills and education for Indigenous Peoples, women and youth to help prepare them for the energy sector jobs of today and tomorrow.
  - Environment and Sustainability – supporting local and regional initiatives to reduce environmental footprints and drive innovative solutions to create a sustainable and vibrant planet.
  - Safety and Resilience – providing the training, tools and on-the-ground supports needed to enhance readiness, respond to challenges and build healthy, safe, resilient communities.
  - Community Priorities – supporting priority initiatives that meet critical needs and contribute to local economic or social prosperity.

- Activating our core business assets to benefit communities.
- Collaborating with cross-sector partners to achieve greater impact.
- Harnessing and mobilizing our team's passions, skills and expertise.

In 2019 we conducted a full review of our citizenship strategy and donations portfolio, defining a more effective approach to harness resources and capabilities. We conducted community perception surveys in larger markets where we operate, to develop and inform regional community engagement plans.

To increase transparency about the impact of our investments and demonstrate continuous improvement of our measurement and evaluation practices, in 2020 we will develop criteria for our priority areas and gather data from our major partners.

## Policies, Practices and Governance

Husky works with charitable and not-for-profit organizations and other partners that share our goal of making a difference in the communities where we operate. We follow a rigorous evaluation process to ensure our funds are allocated responsibly, requiring all partners who request donations of more than \$10,000 to provide audited or reviewed financial statements. Detailed guidelines on how we select the organizations we support are available at [www.huskyenergy.com](http://www.huskyenergy.com).

Our Community Investment Policy outlines the rules, guidelines and strategy to ensure our investments align with Husky's principles and reflect our priority areas and issues. The policy is reviewed and approved by Husky's senior leadership team and supported by local corporate citizenship representatives in the areas where we operate.



## Aligning Our Priorities to the UN SDGs

Husky has strategically aligned our corporate citizenship efforts to the UN Sustainable Development Goals, providing us with a global reporting standard and framework.

Priority Areas	SDG Alignment
Education and Skills	
Environment and Sustainability	
Safety and Resilience	
Community Priorities	
Employee Programs	

## HuskyGives

The most valuable asset of any company is its people, and central to our approach is creating opportunities for employees to get involved as individuals and as part of a team. Through our strategic review we re-designed our employee giving program, making it easier to inspire employees to act and elevate their impact.

## HuskyGives

Launched in early 2020, HuskyGives allows employees to contribute their expertise and passion to issues they care about and to the Company's priorities. Enabled by a digital platform, this more flexible and accessible program supports employees in:

- Volunteering their time and skills as individuals and on a team.
- Being recognized and rewarded for their volunteerism.
- Enhancing their giving through a corporate matching program (Canada only).

### Helping Youth Explore STEM Skills and Careers

MakerFest, an annual STEM-based competition and regional job fair for youth in Lima, Ohio, gives 1,500 students from 36 schools the chance to engage with local employers and learn more about careers in various sectors, including energy. As a lead supporter, we assisted high school students in developing future skills as they participated in team-based STEM competitions.



## HuskyGives Demonstrates the Power of Us in 2019

- Employees accessed about \$500,000 in corporate funding in recognition of their fundraising and volunteering efforts.
- Employees volunteered more than 13,500 hours through individual and team efforts.
- 240 individual volunteer grants were awarded to employees who volunteered 50 hours or more with a community organization.
- In the United States, an annual employee giving campaign raised more than \$250,000 in support of local charities, with a participation rate of 39%.

## Sparking STEM Aspirations in Young Women

Through our partnership with Technovation, the world's largest global technology entrepreneurship competition for girls, we help young women have an impact. Seventy people from across southern Alberta participated in the 2019 competition, hosted at the University of Calgary. The winning concept, an app to promote mental health and designed by the Robot Unicorns from Arbour Lake School in Calgary, earned a spot in the finals, competing in Silicon Valley against teams from 57 countries. In addition to our financial support, Husky employees volunteer as mentors and judges.

## Performance Metrics

Performance	2019	2018
Cash donations	\$2,781,359	\$4,173,034
In-kind donations	\$64,102	\$328,300
Community sponsorships	\$766,149	N/A*
<b>Total</b>	<b>\$3,611,610</b>	<b>\$4,501,335</b>

Employee Program	2019	2018
Donations raised by employees	\$262,913**	\$669,247
Corporate contribution to support employee campaign and volunteer programs	\$489,748***	\$942,053
Employee hours volunteered (#)	13,610	12,000
Employee individual grants (#)	240	234

\*Community sponsorships were included as part of donations in 2018 reporting period

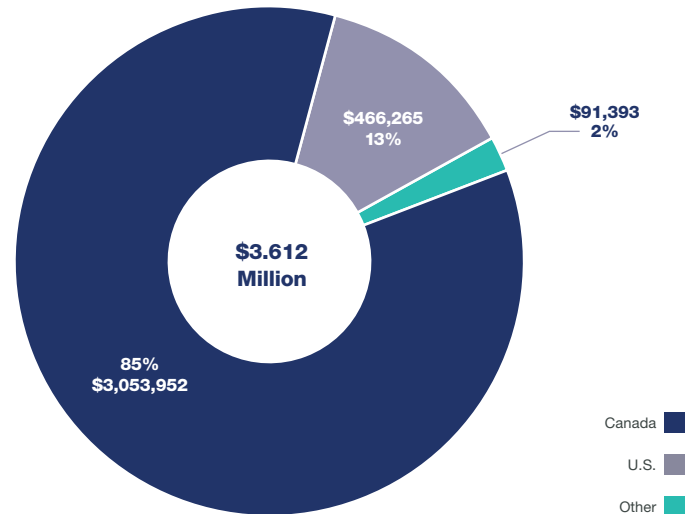
\*\*Our Canadian operations did not run an employee campaign in 2019 as we transitioned to a new employee giving program

\*\*\* Our Canadian operations did not run an employee campaign in 2019 as we transitioned to a new employee giving program, and this amount is included in the cash donations total

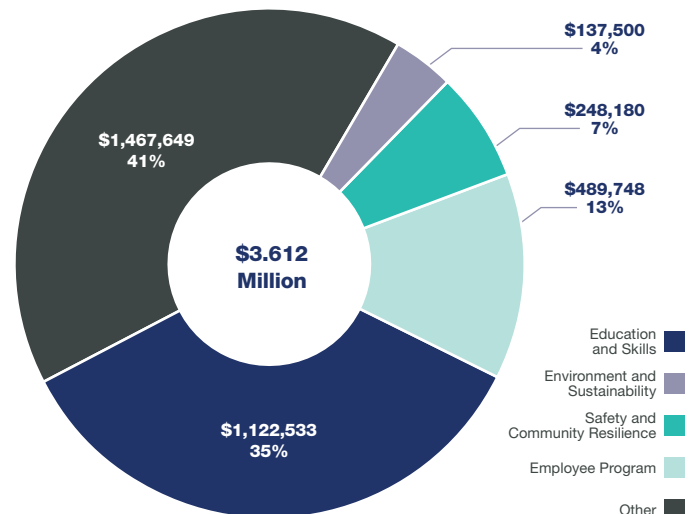
### Enhancing Harsh Environment Research

We partnered with Memorial University of Newfoundland to help establish the Harsh Environment Research Facility in St. John's. The facility will be instrumental in strengthening regional and national infrastructure and expertise operating in harsh environments, with research benefiting the marine, energy, shipping and aerospace sectors. In addition to our \$1 million investment, Husky employees will provide expertise on the steering committee, which defines and directs the research focus areas.

### Investment by Region \$ CDN



### Investment by Priority Area \$ CDN



### Helping STARS Land

Since the official opening in June 2019, the new STARS helipad at the Lloydminster Hospital in Saskatchewan, built with Husky's support, was used by local emergency responders for 37 missions.

# Governance

## Highlights

- Finalized Government Relations policy
- All employees trained on Code of Business Conduct
- All political donations prohibited
- 107 reports through the Ethics Help Line

### Objective

- Obey the law, report accurately to investors and stakeholders, and act ethically in accordance with the principles of good governance.

Husky as a company acts ethically, in accordance with the principles of good governance and expects the same of our employees and contractors.

### Risk Management

The Husky Corporate Risk Management Standard outlines our approach to assessing and managing risks. Our Enterprise Risk Management program, modelled on the Committee of Sponsoring Organizations of the Treadway Commission, employs a risk matrix with seven probability factors and a scale of the severity of events to identify and assess potential hazards and risks that could impact the health and safety of people, the environment, property and our reputation. This analysis provides greater certainty for shareholders, customers and suppliers that risks are well managed, and leads to increased confidence in the communities where we operate.

Regularly throughout the year, the Corporate Risk Management group undertakes an internal assessment/risk review to better identify and manage risk, understand risk drivers within the organization and industry, and promote a culture of risk awareness. The assessment determines who is accountable for the management and mitigation of each risk and identifies any emerging issues. The potential health, safety, environmental, financial and reputational impacts of each risk are assessed, with critical risks reported to the Board of Directors.

### Managing Risk in Our Supply Chain

We select and pre-qualify suppliers who align with our criteria for quality, health, safety, operational integrity, environmental and technical competence, and taking into consideration ethics and compliance, corporate social responsibility and financial and other metrics. We also look at employment practices, such as working hours and freedom of association, as well as diversity policies and practices. Audits of suppliers include visits to facilities, where we evaluate health, safety and environment information.

Before being allowed to start work at any Husky site or facility, all contractors are required to complete Life-Saving Rules awareness, our corporate safety orientation, as well as a site-specific orientation. These orientations, as well as a validation check of required certifications, help ensure safety knowledge for everyone working at our sites.

Over the life of the contractual relationship there is ongoing monitoring and assessment of contractor performance against previously agreed upon key performance indicators, including safety, environment, health, quality, cost, schedule and technical compliance.

We also have systems in place to ensure contractors have adequate insurance based on the risk exposure level determined by the pre-qualification questionnaire, as a form of risk transfer. If a contractor fails to provide evidence of, and maintain, sufficient insurance coverage, they are prohibited from accessing Husky sites, performing work for us or being awarded contracts.



## Business Continuity

We develop business continuity plans, identifying critical processes for each business unit, to mitigate impacts should a business-interrupting event occur. In 2020 we updated the plans to include site-specific pandemic guidance, including identification of critical staff and mitigation measures.

Plans for individual departments are updated and tested to confirm information and contingency strategies, and prepare staff. We conduct exercises across multiple departments to improve efficiencies and identify any gaps in our process.

## Code of Business Conduct

Husky employees are expected to conduct themselves in an ethical manner, with a high degree of personal integrity, in accordance with Husky's Code of Business Conduct. Employees take mandated training every year to ensure they are aware of their responsibilities.

This includes adhering to regulations around lobbying in the jurisdictions where we operate, and reporting all lobbying activities as required.

## Ethics Help Line

Husky has 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 Navex Global, an independent service provider. Reports can be made through EthicsPoint, using an online form or by calling a toll-free phone number 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, safety and operations integrity, 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. In 2019, 107 reports were made through the Ethics Help Line.



End-of-day debrief for land use planning course.



## Approach to Lobbying

We act ethically and are transparent about both the lobbying we do with governments on topics that are critical to our business and the payments we make to governments. We observe and respect all laws concerning political donations and we do not provide donations for municipal elections, leadership contests, individual candidates or riding/constituency associations. As of May 1, 2020 all political donations are prohibited. We encourage and support both employee engagement and understanding of the policy positions of candidates on a personal level and parties on issues of importance to Husky and our industry.

We are a reporting entity under the *Extractive Sector Transparency Measures Act* (ESTMA), which came into effect on June 1, 2015. The Act requires extractive entities across Canada to publicly disclose, on an annual basis, specific payments made to all governments in Canada and abroad.

Through industry associations, we have an opportunity to collaborate on issues and concerns shared by our peers. We have compared our climate position to those of our largest industry associations, which is discussed in detail in our CDP report. If our positions were significantly opposed, we would withdraw our membership.

Our industry association membership fees which exceed \$100,000:

- Canadian Association of Petroleum Producers
- Canadian Fuels Association (not a member as of 2020)
- American Fuel and Petrochemical Manufacturers

To be transparent in our lobbying and disclosures, we outline here our positions on key issues, which are updated at least annually.

Key Issue	Position
<b>Climate Change</b>	Husky believes climate change is real, and action must be taken to address it. We believe industry has an important role to play in responsibly producing the energy the world needs, while the world transitions to a lower carbon economy. Policies will be required to facilitate this transition: they should be lowest cost, and recycle revenue to stimulate emission reductions and technology development. In implementing policy, governments must consider and mitigate for the potential of carbon leakage in emission-intense, trade exposed sectors.
<b>Carbon Price</b>	Husky supports a price on carbon. Tax revenues should be recycled to promote emission reductions and technology development. Husky supports the creation of carbon credit markets to allow for lowest cost emission reductions.
<b>Energy Transformation</b>	Husky plays a role in the transformation of the global energy system by investing in next generation technology and innovation that drives us towards our aspiration of net zero GHG emissions by 2050, and by advocating for policy that enables and motivates progress towards the lower carbon economy.
<b>United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)</b>	Husky endorses UNDRIP as the framework for Reconciliation with Indigenous Peoples. We support the implementation of its principles in a manner consistent with local law and, in Canada, the Constitution.
<b>Free, Prior and Informed Consent (FPIC)</b>	Husky will seek to achieve FPIC, as set out in Article 32, and understands FPIC as an important set of principles to ensure the protection of Indigenous rights through the process of meaningful engagement and consultation. We understand FPIC to mean that decisions by Indigenous Peoples are made freely and without coercion, in advance of project decisions and before impacts occur, and with appropriate information and consultation on development plans.
<b>Regulatory Efficiency and Effectiveness</b>	Husky advocates for regulatory policy that is clear, consistent, nonduplicative, and allows for flexibility and innovation in meeting compliance objectives.

## Safety and Sustainability Groups and Industry Organizations

Husky participates in sustainability groups and industry associations to better understand existing and emerging environmental, safety and social issues. We benefit from, and contribute to, industry innovation and best practices.

### Community

Lakeland Industry and Community Association (LICA)  
Shawnee Industrial Neighbors Group (SING)

### Environment

Allen County Environmental Citizen's Advisory Committee (ECAC)  
Calgary Region Airshed Zone (CRAZ)  
Canada's Oil Sands Innovation Alliance (COSIA)  
Canadian Brownfields Network (CBN)  
Canadian Emission Reduction Innovation Consortium (CanERIC)  
Canadian Standards Association (CSA)  
Canadian Technical Asphalt Association (CTAA)  
CDP  
China Offshore Environmental Services (COES)  
CHWMEG Inc.  
Clean Resource Innovation Network (CRIN)  
Environmental Studies Research Funds (ESRF)  
Foothills Research Institute  
Foothills Stream Crossing Partnership  
Industry Footprint Reduction Operations Group (iFROG)  
Ministry of Ecology and Environment of the People's Republic of China (MEE)  
Monitoring Avian Productivity and Survivorship (MAPS)  
Natural Sciences and Engineering Research Council (NSERC) FlareNet Network  
North Saskatchewan Watershed Alliance  
Ohio Chemistry Technology Council (OCTC)  
Oil Sand Monitoring (OSM)  
One Ocean  
Orphan Well Association  
Ottawa River Coalition (ORC)  
Parkland Airshed Management Zone (PAMZ)  
Petroleum Research Newfoundland and Labrador (PRNL)  
Red Deer Air Quality Advisory Group  
Saskatchewan Environmental Industry and Managers Association (SEIMA)  
Saskatchewan Petroleum Industry Government Environmental Committee (SPIGEC)  
Well Abandonment and Integrity Society (WIA)  
Western Yellowhead Air Management Zone (WYAMZ)  
Wood Buffalo Environmental Association (WBEA)

### Industry Association

American Fuel and Petrochemical Manufacturers (AFPM)  
Canadian Association of Petroleum Producers (CAPP)  
Canadian Fuels Association (CFA)  
Canadian Land Reclamation Association (CLRA)  
Canadian Society for Unconventional Resources (CSUR)  
Environmental Services Association of Alberta (ESAA)  
Indonesian Petroleum Association (IPA)  
Industrial Power Consumers Association of Alberta (IPCAA)  
International Marine Contractors Association (IMCA)  
International Oil & Gas Producers Association (IOGP)  
IPIECA  
Newfoundland and Labrador Oil and Gas Industries Association (NOIA)  
Ohio Manufacturer's Association (OMA)  
Oil Companies International Marine Forum (OCIMF) North American Regional Marine Forum  
Petroleum Technology Alliance Canada (PTAC)  
St. John's Board of Trade  
Saskatchewan Industrial Energy Consumers Association (SIECA)  
World Petroleum Council

### Safety and Emergency Preparedness

Alberta Industrial Fire and Emergency Management Association (AIFEMA)  
Allen County Local Emergency Planning Committee (LEPC)  
Center for Chemical Process Safety (CCPS), an American Institute of Chemical Engineers (AIChE) Technological Community  
China Offshore Oil Operation Safety Office (COOOSO) Under Ministry of Emergency Management of the People's Republic of China  
China's Marine Safety Administration (MSA)  
Clearwater Mutual Aid CO-OP  
Conference Board of Canada – Council on Emergency Management  
Douglas County Local Emergency Planning Committee (LEPC)  
Eastern Canada Response Corporation (ECRC)  
Edson Mutual Aid Committee (EMAC)  
Emergency Response Assistance Canada (ERAC)  
Energy Safety Canada (ESC)  
Hardisty Mutual Aid Plan (HMAP)  
Land Spill Emergency Program (LSEP)  
Lima Area Security and Emergency Response Task Force (LASER)  
Lloydminster Emergency Preparedness Stakeholder Group  
Mackenzie Delta Spill Response Corporation (MDSRC)  
Mutual Aid Alberta  
Oil Spill Response Limited (OSRL)  
RM Wood Buffalo Mutual Aid Group  
Strathcona District Mutual Assistance Program (SDMAP) Emergency Response Assistance Agreement  
Superior Petroleum Partners  
Transportation Community Awareness and Emergency Response (TRANSCAER)  
Western Canada Marine Response Corporation  
Western Canadian Spill Services (WCSS)  
Western Lake Superior Port Area Committee

# About This Report

This report focuses on performance for the 12-month period ended December 31, 2019, unless otherwise noted.

All financial data is reported in Canadian dollars and excludes discontinued operations. Please refer to Husky's 2019 Annual Report and other reporting documents at [huskyenergy.com](https://www.huskyenergy.com) for detailed information on financial and operational performance.

Quantitative information may be reported on either an equity or a gross operated basis, as indicated in footnotes.

This report covers 2019 activities and metrics, with reference to activities before 2019 or in 2020 when they provide more context around our performance. This report uses gross operated information for assets where Husky was the operator during 2019 or for any portion of that year. All air emissions and energy numbers are the exception, where we report gross operated information for assets where Husky was the operator as at December 31, 2019, unless otherwise noted. Intensity metrics are adjusted for net equity share in Asia Pacific, Atlantic, Sunrise and Toledo assets.

## Monitoring and Measurement

Asset retirement obligation data, energy, emissions to air and water, groundwater quality and greenhouse gas data are estimated and recorded as per Husky's Environmental Performance Reporting System.

Quantifiable data for operations is presented to meet or exceed regional jurisdictional and reporting requirements. Excluded data is footnoted.

## Verification

The data in this report has been reported, reviewed and approved in accordance with internal measurement and verification practices, and reflects information relevant to Husky's business sustainability and its shareholders. An internal audit team has reviewed key safety and asset integrity numbers in the report to verify data and processes.

KPMG LLP provided independent limited assurance on select 2017, 2018 and 2019 performance indicators disclosed in this report.

### To the management of Husky Energy Inc:

We have been engaged by the management of Husky Energy Inc. (Husky Energy) to undertake a limited assurance engagement, in respect of the year ended December 31, 2019, on certain quantitative performance information disclosed in Husky Energy's ESG Report 2020 (the Report) as described below.

### Subject Matter Information and applicable criteria

The scope of our limited assurance engagement, as agreed with management, comprises the following performance information (the "Subject Matter Information"):

- Total Energy Use (gigajoules)
- Scope 1 GHG Emissions (tonnes of CO<sub>2</sub>e)
- Scope 2 GHG Emissions (tonnes of CO<sub>2</sub>e)
- Fresh Water Withdrawal (million cubic metres)
- Employee Salaries and Benefits (Full-time and part-time, Canadian \$ millions)
- Compensation per Employee (Canadian \$)
- Number of employees (permanent)
- Employee Turnover (Percentage, voluntary and retirements)
- Senior Executive Gender Diversity (Percentage of women, Canada)

The Subject Matter Information, contained within the Report and indicated with the footnote "18" in the Performance Data section, have been determined by management on the basis of Husky Energy's assessment of the material issues contributing to Husky Energy's sustainability performance and most relevant to their stakeholders.

There are no mandatory requirements for the preparation, publication or review of sustainability performance metrics. As such, Husky Energy applies its own internal reporting guidelines and definitions for sustainability reporting in preparing the Subject Matter Information which can be found in the About this Report section and relevant footnotes in the Report.

### Management's responsibilities

Management is responsible for the preparation and presentation of the Subject Matter Information in accordance with Husky Energy's internal reporting guidelines and definitions for sustainability reporting, current as at the date of our report. Management is also responsible for determining Husky Energy's objectives in respect of sustainability performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

### Our responsibility and professional requirements

Our responsibility in relation to the Subject Matter Information is to perform a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) and International Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements (ISAE 3410), issued by the International Auditing and

Assurance Standards Board. ISAE 3000 and ISAE 3410 require that we plan and perform our procedures to obtain the stated level of assurance, in accordance with the applicable criteria.

### Independence, quality control and competence

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement was conducted by a multidisciplinary team which included professionals with suitable skills and experience in both assurance and in the applicable subject matters.

### Assurance approach

We planned and performed our work to obtain all of the evidence, information and explanations we considered necessary in order to form our conclusion as set out below. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Subject Matter Information, and applying analytical and other evidence gathering procedures to the Subject Matter Information, as appropriate. Our procedures included:

- Inquiries of management to gain an understanding of Husky Energy's processes for determining the material issues for Husky Energy's key stakeholder groups;
- Inquiries with relevant staff at the corporate and business unit level to understand the data collection and reporting processes for the Subject Matter Information;
- Where relevant, performing walkthroughs of data collection and reporting processes for the Subject Matter Information;
- Comparing the reported data for the Subject Matter Information to underlying data sources;
- Inquiries of management regarding key assumptions and, where relevant, the re-performance of calculations; and,
- Reviewing the presentation of the Subject Matter Information in the Report to determine whether it is consistent with our overall knowledge of, and experience with, the sustainability performance of Husky Energy.

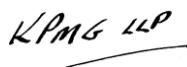
The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is obtained.

### Inherent limitations

Non-financial information, such as that supporting the Subject Matter Information, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as well as the measurement criteria may change over time.

### Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that for the year ended December 31, 2019, the Subject Matter Information, as described above and disclosed in the Husky Energy ESG Report 2020, has not been prepared and presented, in all material respects, in accordance with Husky Energy's internal reporting guidelines and definitions for sustainability reporting as at the date of our report.



Chartered Professional Accountants, Licensed Public Accountants  
December 24, 2020  
Vancouver, Canada



# Reader Advisories

## Forward-Looking Statements and 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 annual report 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”, “scheduled” and “outlook”). In particular, forward-looking statements in this document include, but are not limited to, references to: the Company’s general strategic plans and growth strategies; the emissions reduction target by 2025; ambitions to achieve net zero emissions target by 2050; expectations, targets and goals regarding the Company’s future safety performance; the Company’s use of technology to lower steam-oil ratios and emissions at thermal projects; opportunities to make improvements to address climate change; the belief that more renewable energy is needed and that the world will continue to use oil and gas; results of the Company’s scenario analysis; the Company’s ESG priority topics and objectives, including

those for Safety and Operations Integrity, Economic, Environmental, Social and Governance; the timing to finalize maturity scales for priority topics and plans to continue refining such topics; the expected benefits of the Company’s new diluent reduction technology; the timing of first production at Lihua 29-1; the belief that carbon capture technologies have the potential to reduce carbon capture costs and reduce the carbon intensity of heavy oil production; the advancement of technologies to improve the Company’s water efficiency; the focus on reclamation work at previously abandoned well sites; the goal to decommission facilities in a safe, orderly, timely and cost-effective manner; the timing for decommissioning of Pikes Peak; average time frames for site closures under the ABC program; and the Company’s approach to lobbying, including its positions on key issues.

In addition, statements relating to “reserves” are deemed to be forward-looking statements as they involve the implied assessment based on certain estimates and assumptions that the reserves described can be profitably produced in the future. There are numerous uncertainties inherent in estimating quantities of reserves and in projecting future rates of production and the timing of development expenditures. The total amount or timing of actual future production may vary from reserves and production estimates.

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, including assumptions regarding the Company’s successful

implementation of measures to reduce emissions. 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, 2019 and other documents filed with securities regulatory authorities (accessible through the SEDAR website [www.sedar.com](http://www.sedar.com) and the EDGAR website [www.sec.gov](http://www.sec.gov)) describe some of the 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.

## Non-GAAP Measures

This document contains certain terms which do not have any standardized meanings prescribed by International Financial Reporting Standards ("IFRS") and are therefore unlikely to be comparable to similar measures presented by other issuers. None of these measures is used to enhance the Company's reported financial performance or position. The non-GAAP measures included in this document are funds from operations and free cash flow. These non-GAAP measures are considered to be useful as complementary measures in assessing the Company's financial performance, efficiency and liquidity.

Funds from operations is a non-GAAP measure which should not be considered an alternative to, or more meaningful than, cash flow – operating activities as determined in accordance with IFRS, as an indicator of financial performance. Funds from operations is presented in the Company's financial reports to assist management and investors in analyzing operating performance of the Company in the stated period. Funds from operations equals cash flow – operating activities excluding change in non-cash working capital.

Free cash flow is a non-GAAP measure which should not be considered an alternative to, or more meaningful than, cash flow – operating activities as determined in accordance with IFRS, as an indicator of financial performance. Free cash flow is presented to assist management and investors in analyzing operating performance by the business in the stated period. Free cash flow equals funds from operations less capital expenditures.

Free cash flow was restated in the fourth quarter of 2018 in order to be more comparable to similar non-GAAP measures presented by other companies. Changes from prior period presentation include the removal of investment in joint ventures. Prior periods have been restated to conform to current presentation.

The following table shows the reconciliation of net earnings to funds from operations and free cash flow, and related per share amounts, for the periods indicated:

## Reconciliation of Cash Flow

(\$ millions)	2019	2018	2017
Net Earnings	(1,370)	1,457	786
Items not affecting cash:			
Accretion	106	97	112
Depletion, depreciation, amortization and impairment	5,496	2,591	2,882
Inventory write-down to net realizable value	15	60	–
Exploration and evaluation expenses	355	29	6
Deferred income taxes (recoveries)	(974)	396	(359)
Foreign exchange loss (gain)	(26)	(6)	(4)
Stock-based compensation	(2)	44	45
Gain on sale of assets	(8)	(4)	(46)
Unrealized market to market loss (gain)	44	(150)	56
Share of equity investment gain	(59)	(69)	(61)
Gain on insurance recoveries for damage to property	(207)	(253)	–
Other	12	21	16
Settlement of asset retirement obligations	(276)	(181)	(136)
Deferred revenue	(42)	(100)	(16)
Distribution from joint ventures	187	72	25
Change in non-cash working capital	(280)	130	398
Cash flow — operating activities	2,971	4,134	3,704
Change in non-cash working capital	280	(130)	(398)
Funds from operations	3,251	4,004	3,306
Capital expenditures	(3,432)	(3,578)	(2,220)
Free cash flow	(181)	426	1,086

## Disclosure of Oil and Gas Information

Unless otherwise indicated: (i) reserves estimates have been prepared by internal qualified reserves evaluators in accordance with the Canadian Oil and Gas Evaluation Handbook, have been audited and reviewed by Sproule, an independent qualified reserves auditor, have an effective date of December 31, 2019 and represent the Company's working interest share; (ii) historical production volumes provided are gross, which represents the total or the Company's working interest share, as applicable, before deduction of royalties; (iii) all Husky working interest production volumes quoted are before deduction of royalties; and (iv) historical production volumes provided are for the years ended December 31, 2019, 2018 and 2017, as applicable.

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.

The following table provides the full product breakdown for production, before royalties, for the periods indicated:

	Twelve Months Ended		
	Dec. 31 2019	Dec. 31 2018	Dec. 31 2017
Production			
Light crude oil & medium (mbbls/day)	25	31	51
Heavy crude oil (mbbls/day)	30	37	44
Bitumen (mbbls/day)	129	124	119
Natural gas liquids (mbbls/day)	23	23	18
Conventional natural gas (mmcf/day)	501	507	539
Total equivalent production (mboe/day)	290	299	323

(1) Numbers in the table may not add due to rounding.

## Note to U.S. Readers

The Company reports its reserves information in accordance with Canadian practices and specifically in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, adopted by the Canadian securities regulators. Because the Company is permitted to prepare its reserves information in accordance with Canadian disclosure requirements, it may use certain terms in that disclosure that U.S. oil and gas companies generally do not include or may be prohibited from including in their filings with the U.S. Securities and Exchange Commission.

All currency is expressed in Canadian dollars unless otherwise indicated.



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