January 28, 2022

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Nunavut Securities Office

RE: Notice and Request for Comment – Proposed National Instrument 51-107 Disclosure of Climate-related Matters

Dear Sirs/Mesdames:

Tourmaline Oil Corp. ("Tourmaline") is Canada's largest natural gas producer, with approximately 500,000 boepd of production and a market capitalization exceeding CDN$14 billion.

Tourmaline is pleased to provide comments regarding the Consultation on Climate-related Disclosure Update and the Canadian Securities Administrators ("CSA") Notice and Request for Comment on Proposed National Instrument 51-107 Disclosure of Climate-related Matters.

Tourmaline supports many aspects of the proposal. In our most recent sustainability report, we incorporated TCFD recommendations – except for scenario analysis and Scope 3 emissions. Our concerns are regarding the accuracy and reliability of the data, especially when many assumptions are required for the disclosure. The CSA has mentioned that it is "sensitive to concerns related to the regulatory burden and additional cost of mandatory climate-related disclosure", and we believe the cost and/or burden to undertake scenario planning and Scope 3 reporting does not exceed its perceived benefit to the user.

Scenario Planning/Climate-Related Targets

Scenario planning requires making significant assumptions to forecast a full range of future scenarios based on multiple possibilities, including assumptions made on the advancement of future technologies, energy consumption and financial costs related to the changing climate. For shareholders, these broad assumptions mean scenario analysis would not be robust enough to provide relevant information or could potentially result in the reliance on inaccurate/misleading

data. For reporting issuers, this process would only add significant regulatory burden. Therefore, we applaud the CSA for not requiring the disclosure of scenario analysis.

Scope 3

We support the CSA approach to allow issuers the option to opt out of a specific scope of GHG emissions. We believe that the issuer should be mandated to explain why it is not reporting for Scope 1 and Scope 2 – but that same requirement should not apply to Scope 3 emissions. Scope 3 emissions are impractical for oil and gas issuers. In a joint IPIECA/API paper entitled *Estimating petroleum industry value chain (Scope 3) greenhouse gas emissions overview of methodologies*, they highlight that "emissions from fuels that are combusted in the production of goods or services will typically be a component of a purchased product's cradle-to-gate emissions (Category 1). Category 1 emissions may therefore be double counted in Category 11 (use of sold products) for companies that sell fuels or products that become fuels. Some companies elect not to include fuel emissions in Category 1 if these fuel-specific emissions are included in Category 11, as illustrated in section 2.3.3. However, it may be difficult to determine the extent to which Category 1 emissions are already presented in Category 11. For example, it could be difficult to determine the proportion of the purchased product's cradle-to-gate emissions that is associated with combustion of the fuels ultimately derived from the company's products versus other emissions sources (e.g. coal used in energy production or process emissions, rather than gas)."[1]

Sector Specific

A one-size-fits-all approach is not appropriate for climate-related disclosure, as each specific sector/industry is unique. Scope 1 emissions are the predominant focus for an oil and gas issuer because these emissions are what its management team and board of directors can control based on its operations. Scope 2 emissions are more difficult to control, given that these encompass an issuer's power source, which may be beyond the control of management in certain operating locations. As discussed above, Scope 3 emissions require significant assumptions which may be relied on by investors resulting in them making investment decisions on estimates and high-level and potentially inaccurate assumptions.

Request Reponses by Question:

Experience with TCFD recommendations

1. For reporting issuers that have provided climate-related disclosures voluntarily in accordance with the TCFD recommendations, what has been the experience generally in providing those disclosures?

   Tourmaline has incorporated the recommendations from TCFD in its most recent sustainability report, except for the reporting of Scope 3 emissions and scenario analysis. We believe the governance and strategy component is critical for investors to

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[1] IPIECA-API (2016) Estimating petroleum industry value chain (Scope 3) greenhouse gas emissions Overview of methodologieshttps://www.api.org/~/media/Files/EHS/climate-change/Scope-3-emissions-reporting-guidance-2016.pdf

understand and that a strong governance regime will assist in the reporting of related climate-change items.

Disclosure of GHG Emissions and Scenario Analysis

2. For reporting issuers, do you currently disclose GHG emissions on a voluntary basis? If so, are the GHG emissions calculated in accordance with the GHG Protocol?

As described above, Tourmaline has provided voluntary disclosure of its Scope 1 and 2 emissions in its sustainability reports.

Oil and gas issuers, including Tourmaline, report emissions based on what their respective provincial/federal governments require. GHG emissions for facilities > 10,000 tonnes CO_2e are reported annually according to provincial regulations and reporting standards into ECCC SWIM (single window information manager), which satisfies both provincial regulations and the federal (ECCC) Greenhouse Gas Reporting Program (GHGRP). Provincial GHG emission reporting is described below:

- AB: GHG emissions for conventional oil and gas operations in Alberta are reported under different reporting regulations and related protocols depending on the emissions source. Tourmaline's combustion emissions at conventional oil and gas operations are reported to- and third-party verified under the Technology Innovation and Emissions Reduction (TIER) Regulation; the reporting protocol used is the Alberta Greenhouse Gas Quantification Methodology (Version 2.2). Facilities emitting > 10,000 tonnes CO_2e are reported annually under the AB Specified Gas Reporting Regulation (SGRR); combustion, flaring, venting and fugitive emissions are in scope of these reporting requirements which are found in the Specified Gas Reporting Standard. Venting and fugitive emissions are reported annually to the Alberta Energy Regulator under AER Directive 060, using AER Manual 15 guidance.
- BC: GHG emissions for conventional oil and gas operations are reported and verified as per the BC Greenhouse Gas Industrial Reporting Act and Greenhouse Gas Emission Reporting Regulation, and follow the Western Climate Initiative (2012 and 2013) quantification protocols for natural gas production and processing. GHG emissions from all sources (combustion, venting, flaring, and fugitive emissions) are included in the scope of reporting at facilities and wells. All facilities and wellpads > 1,000 tonnes CO_2e are reported separately in ECCC SWIM and sites < 1,000 tonnes are compiled and reported in SWIM as an aggregate. The total of all emissions for an organization's natural gas production and processing operations are compiled, reported, and third-party verified as Linear Facility Operation (LFO), which is also reported in SWIM. Facilities emitting > 10,000 tonnes CO_2e that are reported in SWIM also satisfies the federal Greenhouse Gas Reporting Program (GHGRP).

As a result, our data is sufficient and should be similar, but it may not be in accordance with the GHG protocol. An issuer should be able to use the appropriate regulatory framework for reporting with disclosure instead of GHG Protocol if there is appropriate disclosure of the methodology or reference to the regulatory requirements.

3. For reporting issuers, do you currently conduct climate scenario analysis (regardless of whether the analysis is disclosed)? If so, what are the benefits and challenges with preparing and/or disclosing the analysis?

> Tourmaline has started to develop climate scenario analysis but, due to the significant number of assumptions, we do not feel encouraged or compelled to disclose it externally. Scenario analysis would not be robust enough to provide comfort to shareholders and may be misleading and would add significant regulatory burden to reporting issuers.

4. Under the Proposed Instrument, scenario analysis would not be required. Is this approach appropriate? Should the Proposed Instrument require this disclosure? Should issuers have the option to not provide this disclosure and explain why they have not done so?

> We applaud the CSA for not requiring the disclosure of scenario analysis. We believe this data will not have the same rigor as financial data because the numerous assumptions. This would impair its credibility and may result in investors thinking it encompasses a future state. We strongly believe that CSA should not require scenario analysis and issuers should not have to explain why it has not disclosed scenario analysis.

5. The TCFD recommendations contemplate disclosure of GHG emissions, where such information is material.

- The Proposed Instrument contemplates issuers having the option to disclose GHG emissions or explain why they have not done so. Is this approach appropriate?

  We believe this is appropriate for Scope 1 and Scope 2. We believe that Scope 3 should not be included under this requirement, meaning an issuer that does not disclose Scope 3 should not have to explain why. This is because for oil and gas issuers, as mentioned on page 1, there is not sufficient consensus on the boundaries between Scope 2 and 3 which impairs the ability to compare between issuers. SASB (Value Reporting Foundation) only requires oil and gas issuers to report Scope 1 emissions, whereas TCFD is overreaching by requiring Scope 3.

- As an alternative, the CSA is consulting on requiring issuers to disclose Scope 1 GHG emissions. Is this approach appropriate? Should disclosure of Scope 1 GHG emissions only be required where such information is material?

  Yes, we believe that Scope 1 is the most important reporting metric for oil and gas issuers because it is based on an issuer's operations and what it can control. This is in alignment with the SASB Scope 2 and Scope 3, which are more difficult to reduce. For example, Scope 2 is from the indirect energy an issuer consumes and, in areas with limited renewable energy, it is impractical to reduce those emissions. Scope 3 requires significant assumptions (e.g. distance staff travel each day and their mode of transportation) which result in the data being less accurate than Scope 1 emissions.

Furthermore, in Alberta and BC, third-party verification is required based on regulations as described in question 2 is currently required under the regulatory regime, resulting in more accurate data for investors.

- •Should disclosure of Scope 2 GHG emissions and Scope 3 GHG emissions be mandatory?

  No, we believe that Scope 1 GHG emissions are the most important consideration for investors because that is what an issuer's board and management can directly control in the oil and gas sector.

- For those issuers who are already required to report GHG emissions under existing federal or provincial legislation, would the requirement in the Proposed Instrument to include GHG emissions in the issuer's AIF or annual MD&A (if an issuer elects to disclose these emissions) present a timing challenge given the respective filing deadlines? If so, what is the best way to address this timing challenge?

  The timing of when we release the Annual Information Form and Annual MD&A is too early to be able to release accurate emission data for the prior year because these filings are filed in the first three months after year end. We have confidence in the accuracy of our emission data in May/June, as our reporting deadline for the Alberta and British Columbia governments is at the end of June each year.

  The best way to address this timing challenge is by creating a new filing for disclosure or allowing issuers to use sustainability reports or other types of materials to disclose their climate change related metrics.

6. The Proposed Instrument contemplates that issuers that provide GHG disclosures would be required to use a GHG emissions reporting standard in measuring their GHG emissions, being the GHG Protocol or a reporting standard comparable with the GHG Protocol (as described in the Proposed Policy). Further, where an issuer uses a reporting standard that is not the GHG Protocol, it would be required to disclose how the reporting standard used is comparable with the GHG Protocol.

  Tourmaline reports based on the requirements of the jurisdictions in which it operates, which are currently Alberta and British Columbia. Protocols used are described in Question #2. We believe that the disclosure should mention the framework utilized per provincial and federal regulations. An investor can use that information to research the differences, however, it is an additional regulatory burden for reporting.

- As issuers have the option of providing GHG disclosures, should a specific reporting standard, such as the GHG Protocol, be mandated when such disclosures are provided?

  The issuer should report based on the jurisdiction's regulatory requirements. The additional cost of another methodology outweighs the benefit for disclosure purposes. Each issuer should disclose the frameworks they incorporate in their reporting. The investor should be informed of the methodology of the calculation but requiring the GHG protocol is ill-advised.

- Is the GHG Protocol appropriate for all reporting issuers? Should issuers be given the flexibility to use alternative reporting standards that are comparable with the GHG Protocol?

  It is not. A one-size-fits all approach does not work with climate change disclosure as each specific industry is unique. For example, Scope 1 emissions are what oil and gas issuers can manage and be accountable for, whereas tech issuers have low scope 1 emissions due to most of their emissions being Scope 3.

  Reporting standards should be specific to each sector and broad enough that protocols used in various jurisdictions and reporting programs will be acceptable, which is in alignment with SASB Standards (Value Reporting Foundation).

7. The Proposed Instrument does not require the GHG emissions to be audited. Should there be a requirement for some form of assurance on GHG emissions reporting?

   No, not in the near term. Assurance may be difficult for many small public companies and may result in less active issuers in Canada.

   Tourmaline reports its emissions based on the requirements of the jurisdictions in which it operates, which are currently Alberta and British Columbia. The Alberta and British Columbia regulations require third party verification.

   SASB requires energy issuers who are compliant to disclose the percentage covered under emissions-limiting and emissions-reporting regulations.

   Mandatory assurance is a significant burden when companies are developing more robust controls in the next couple of years around ESG reporting data due to the significant interest from investors, governments and other stakeholders.

8. The Proposed Instrument permits an issuer to incorporate GHG disclosure by reference to another document. Is this appropriate? Should this be expanded to include other disclosure requirements of the Proposed Instrument?

   Tourmaline supports allowing the issuer to incorporate GHG disclosure by reference to another document. For example, the AIF can reference the previous year's sustainability report to achieve disclosure compliance.

9. What climate-related information is most important for investors' investment and voting decisions? How is this information incorporated into these decisions? Is there additional information that investors require?

   A one size fit all approach is not appropriate as each sector has certain climate-related metrics that are unique to their business. Our view is that investors reward companies that not only actively manage their ESG risk and opportunities, but also their overall business risk all while focusing on investor returns. The investors' confidence is self-evident based on the voting results of the Board of Directors.

10. What are the anticipated benefits associated with providing the disclosures contemplated by the Proposed Instrument? How would the Proposed Instrument enhance the current level of climate-related disclosures provided by reporting issuers in Canada?

The proposed instrument would provide the opportunity for more comparability between issuers. However, that comparability may be limited to industry-specific sectors.

In the energy sector, this proposed instrument reflects the reality of existing reporting that most issuers provide voluntarily through sustainability reports.

This proposed instrument will not impact larger issuers, however, it could add further regulatory burden that would result in less active Issuers.

11. What are the anticipated costs and challenges associated with providing the disclosures contemplated by the Proposed Instrument?

Tourmaline has reported in its most recent sustainability report the TCFD recommendations. This proposed instrument will have incremental cost related around assurance and legal review.

This proposed instrument may become too burdensome for smaller companies and may result in less issuers in Canada over time. The IFRS foundation is actively working on providing comparability, we believe it's prudent to see that standard in order to avoid duplication of efforts or risk having contradicting requirements.

12. Do the costs and challenges vary among the four core TCFD recommendations related to governance, strategy, risk management, and metrics and targets? For example, are some of the disclosures more (or less) challenging to prepare?

Yes.

Any disclosure that is not governance related requires significant involvement from numerous parties for the corresponding issuer.

As noted, Tourmaline is compliant with TCFD except for Scope 3 reporting and scenario analysis due to the significant assumptions required to compile which jeopardizes the credibility of the information for the average investor.

13. The costs of obtaining and presenting new disclosures may be proportionally greater for venture issuers that may have scarce resources. Would more accommodations for venture issuers be needed? If so, what accommodations would address these concerns while still balancing the reasonable information needs of investors? Alternatively, should venture issuers be exempted from some or all of the requirements of the Proposed Instrument

Requirements about governance and strategy (excluding scenario analysis) could be required for these issuers. This is because governance and strategy are important for shareholders to understand that the issuer is aware and is developing systems to manage their data.

We have no recommendation on the way to determine what venture issuers are required to report as this is industry specific.

14. We have provided guidance in the Proposed Policy on the disclosure required by the Proposed Instrument. Are there any other tools, guidance or data sources that would be helpful in preparing these disclosures that the Proposed Policy should refer to?

SASB (Value Based Accounting) should be referenced because SASB standards are assisting with comparability of ESG data.

15. Does the guidance set out in the Proposed Policy sufficiently explain the interaction of the risk disclosure requirement in the Proposed Instrument with the existing risk disclosure requirements in NI 51-102?

No. The risk disclosure requirements for NI 51-102 would cover the issuers risks which results in redundant reporting burden.

16. Form 41-101F1 Information *Required in a Prospectus* does not contain the climate-related disclosure requirements contemplated by the Proposed Instrument. Should an issuer be required to include the disclosure required by the Proposed Instrument in a long form prospectus? If so, at what point during the phased-in implementation of the Proposed Instrument should these disclosure requirements apply in the context of a long form prospectus?

No. Investors understand specific industry risk and opportunities surrounding climate change. Adding additional information to prospectus, would be onerous and may result in less new issuers in Canada.

17. The Proposed Instrument contemplates a phased-in transition of the disclosure requirements, with non-venture issuers subject to a one-year transition phase and venture issuers subject to a three-year transition phase. Assuming the Proposed Instrument comes into force December 31, 2022, and the issuer has a December 31 year-end, these disclosures would be included in annual filings due in 2024 and 2026 for non-venture issuers and venture issuers, respectively.

- Would the transition provisions in the Proposed Instrument provide reporting issuers with sufficient time to review the Proposed Instrument and prepare and file the required disclosures?

  We would suggest that the Proposed instrument allow an issuer to avoid reporting requirements for one year if they disclose why they were unable to achieve the regulatory requirement.

- Does the phased-in implementation based on non-venture or venture status address the concerns, if any, regarding the challenges and costs associated with providing the

disclosures contemplated by the Proposed Instrument, particularly for venture issuers? If not, how could these concerns be addressed?

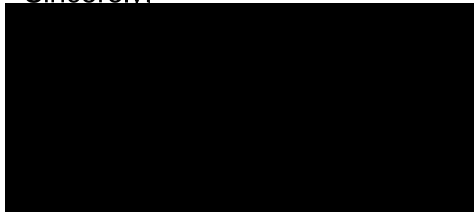
Refer to question 13.

18. In its comment letter to the IFRS Foundation's consultation paper published in September 2020, the CSA stated that developing a global set of sustainability reporting standards for climate-related information is an appropriate starting point, with broader environmental factors and other sustainability topics to be considered in the future. What broader sustainability or ESG topics should be prioritized for the future?

We believe that the regulators should wait for IFRS Foundation to report the requirements. Each industry has unique reporting requirements surrounding ESG metrics. A one size approach does not fit for all issuers in Canada.

Thank you for the opportunity to provide Tourmaline's perspective on this matter. Please do not hesitate to reach out if you have questions or wish to discuss anything further.

Sincerely,



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