

Canadian Securities Administrators – Proposed National Instrument 51-107 *Disclosure of Climate-related Matters*

Trican Well Service Ltd.'s Comments

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?

Trican has not used the TCFD recommendations in its climate-related disclosures.

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?

Trican does not currently disclose GHG emissions.

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?

Trican does not conduct climate scenario analysis.

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?

Mandatory scenario analysis disclosure should not be required for the following reasons:

- Scenario analysis can be very subjective
- Timing of the impacts of scenarios is uncertain and likely far out into the future
- Scenario analysis could be too easily manipulated to produce targeted/desired results
- Multiple scenarios introduce additional complexities and uncertainties

Trican does not support an option to not provide the scenario analysis disclosure and explain why they have not done so.

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?

Trican believes that 'disclose or explain' is appropriate at this point; especially since such data is subject to general materiality standards.

- 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?

Requiring Scope 1 GHG emissions disclosure would meet the goal of promoting comparability and consistency across companies and sectors. However, all information should remain subject to materiality standards.

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

Scope 2 emissions are somewhat more readily measurable and relevant to stakeholders than Scope 3 emissions. To support the goal of promoting comparability and consistency across companies and sectors, Trican would support disclosure of Scope 2 GHG emissions. However, all information should remain subject to general materiality standards.

Scope 3 emissions are more difficult to accurately measure, quantify and may prove less relevant to stakeholders as a result. In addition, there is the potential for double counting of certain emissions as the producer of the Scope 3 emissions would likely be reporting them as their own scope 1 emissions. However, to support the goal of promoting comparability and consistency across companies and sectors, Trican would support the disclosure of Scope 3 GHG emissions. However, all information should remain subject to general materiality standards.

- 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?

This would depend on the timing of the issuer's existing reporting cycle (ie. calendar year end vs. non-calendar year end) and how it relates to their GHG emissions reporting. Depending on that timing, this requirement could increase the burden on and around AIF and/or annual MD&A preparation. However, Trican believes that with sufficient adoption/phase in timing issuers will be able to adapt.

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.

- 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?

With the goal of promoting comparability and consistency across companies and sectors, Trican supports a defined reporting standard (such as the GHG Protocol) being mandated.

- 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?

Trican is not able to comment on the appropriateness of the GHG Protocol for all issuers at this time. Trican is supportive of issuers utilizing an alternative standard subject to additional disclosure requirements regarding the comparability of the alternative standard and an explanation of the rationale for selecting it.

- Are there other reporting standards that address the disclosure needs of users or the different circumstances of issuers across multiple industries and should they be specifically identified as suitable methodologies?

Trican is not currently aware of other such reporting standards.

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?

With the goal of promoting comparability and consistency across companies and sectors, Trican supports a move towards some form of assurance being required for GHG emissions reporting over time.

We would note that requiring assurance will be more difficult if multiple standards or protocols are available to issuers to select from in their reporting. In addition, there are a limited number of resources and experts to provide such assurance at this time, which could result in unnecessary delays in reporting finalized information.

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?

Subject to the requirements outlined in the proposed instrument, Trican considers disclosure of GHG emissions data by reference to be appropriate. Incorporation of GHG emissions data by reference may also provide additional flexibility with respect to the timelines referred to in question 5.

Trican's position is that all other mandatory disclosures should be reported in one place and therefore incorporation by reference is not appropriate.

Usefulness and benefits of disclosures contemplated by the Proposed Instrument

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?

Trican is of the view that both the proposed qualitative and quantitative disclosures contemplated will be utilized and scrutinized by investors as part of their investment and voting decisions composed of a broad range of comparable data/metrics.

Trican does not have a view with respect to potential additional information.

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 set a consistent standard for what information should be disclosed and how it should be reported and thereby help in promoting comparability and consistency across companies and sectors.

The resulting information should therefore help reduce opportunities for “greenwashing”.

This will provide issuers focused on the Canadian energy industry and those in support of the Canadian energy industry a platform upon which to illustrate and disclose the significant environmental progress made to date and various initiatives under way to drive improvements to climate change issues.

Costs and challenges of disclosures contemplated by the Proposed Instrument

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

Measurement, tracking and compilation of the necessary data will, in many cases, require incremental investments in systems, people, and processes to provide consistent, accurate and measurable results.

As outlined previously, harmonizing the timing with respect to gathering and reporting the required disclosure may result in a more intense year end reporting cycle with respect to the timelines referred to in question 5.

Future requirements with respect to the requirement for assurance of this information will require additional engagement with external parties (auditors, etc.) resulting in increased costs referred to in question 7.

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?

The governance, strategy and risk management related areas are more qualitative in nature; as a result, there would be less challenges to incorporate into an issuer’s ongoing governance practices. The metrics and targets area requires more quantitative data and, therefore, will likely require additional systems and processes which will result in additional costs being incurred. All areas will require additional focus and attention from both management teams and Boards.

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?

Trican is of the view that the goal of promoting comparability and consistency across companies and sectors needs to remain in focus. The transition provisions outlined in the proposed instrument provide additional implementation and transition time for venture issuers and should serve as sufficient accommodation. With that in mind, no further accommodations or exemptions for venture issuers would be required.

Guidance on disclosure requirements

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?

Trican is not aware of other tools, guidance or data sources that would be helpful in preparing these disclosures at this time.

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?

Trican believes this is sufficiently explained.

Prospectus Disclosure

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?

Trican's position is that once the requirements are fully in place, climate-related disclosures as contemplated by the Proposed Instrument should be required disclosure in the long form prospectus.

In the interim, a scaled down version of the climate-related disclosures, excluding the metrics and data components may be appropriate, subject to the requirement for full disclosure to be required in an issuer's first annual reporting cycle.

Phased-in implementation

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?

Trican feels that the transition provisions outlined in the Proposed Instrument provide sufficient time to accommodate effective implementation. However, as noted earlier harmonizing the data in conjunction with our year end reporting schedule will be challenging with respect to the timelines referred to in question 5.

- 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?

There will be incremental costs and efforts required to accomplish any incremental reporting requirements. However, the phased-in implementation schedule is an effective means of addressing this.

Future ESG considerations

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?

A consistent global set of sustainability reporting standards for climate-related information would promote comparability and consistency across companies and sectors globally and is a good starting point for other future topics. However, it is worth noting that the developing world has a much different view of the transition to a low carbon economy than those in the developed world and will likely not be subject to the same degree of scrutiny.

Promoting disclosure in the areas of human rights standards and health and safety with respect to the brands and products we buy and interact with every day could be an area of future focus. Companies can exercise a large amount of influence over the supply chain by encouraging governments and businesses to take action to eradicate fundamental inequities, and unsafe work practices. Disclosures targeted to affect these areas could be helpful.