January 17, 2022

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RE: Climate-related Disclosure Update and CSA Notice and Request for Comment on the Proposed National Instrument 51-107 *Disclosure of Climate-related Matters*

Whitecap Resources ("Whitecap") appreciates the opportunity to provide comments on the Canadian Security Administrators ("CSA") proposed National Instrument 51-107 *Disclosure of Climate-related Matters* ("Proposed Instrument).

Below are comments regarding certain elements of the Proposed Instrument, in addition to responses to questions posed in Part 10 – Request for Comments. Of importance, we believe the Proposed Instrument would increase risk and liability upon issuers in the absence of clearly articulated rules and measurement protocols in place that require compliance. As stated below, this pronounced increase in exposure is premature to impose on issuers where it is evident that no proper and universally agreed measurement, quantification, audit, controls and offset accounting protocols exist to provide an accepted understanding of what constitutes compliance and equivalent and comparable GHG emissions performance data.

General Comments

	Topic	Comment
1	References to "reporting standards"	The GHG Protocol is the global overarching standard used to define scope 1, 2 and 3, set boundaries and identify emissions sources and activities to be included within an issuer's GHG inventory calculations. It does not prescribe *how* to calculate GHG emissions. All other recognized GHG accounting standards, with prescribed calculation methodologies, align with The GHG Protocol (e.g. Alberta Greenhouse Gas Quantification Methodologies). The GHG Protocol is designed to be applicable to any and all industries and is very "high-level". As a result, it provides significant latitude for issuers to select the quantification methodologies it will apply to its GHG emissions calculations. For example, two issuers in the same industry in Canada could be in full alignment with The GHG Protocol yet have markedly different approaches and results to GHG calculations.

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		More specificity is required by the Proposed Instrument in this regard, such as requiring issuers to disclose which reporting standards or methodologies were applied in their GHG calculations (note: there could be many used by one issuer). Without additional detail as to the standards and methodologies employed by an issuer to calculate its GHG emissions, the reader would be unaware as to the comparability of data between issuers and could incorrectly assume they were calculated in the same manner.
2	Reporting boundaries	The GHG Protocol allows reporting entities to select which operational boundary they wish to apply to their GHG inventory: equity-share, operational control or financial control. To ensure reported data is comparable for a reader, consideration should be made to include in the Proposed Instrument a requirement to clearly define the organizational boundary selected by the issuer and how any reported data (e.g. GHG emissions intensity) may differ from data reported elsewhere in core financial disclosure documents. For example, issuers in the oil and gas industry use operational control to set the organizational boundary for GHG emissions reporting, for which the "production" metric utilized for GHG emission intensity calculations will differ from the "production" metrics reported throughout financial disclosures (e.g. gross sales vs. net sales, respectively).
3	Liability increase to issuers	There is a large liability increase to issuers if they are required to report GHG emissions data in core financial documents instead of voluntary disclosure documents such as a sustainability or ESG report. Errors in core financial documents lack the benefit of the defences applicable to an inadvertent error in a voluntary disclosure. This pronounced increase in exposure is premature to impose on issuers where it is evident that no proper and universally agreed measurement, quantification, audit, controls and offset accounting protocols exist to provide an accepted understanding of what constitutes compliance and equivalent and comparable GHG emissions performance data.
4	Disclosure of GHG data: absolute vs. intensity	The Proposed Instrument references only "GHG emissions" and does not specify whether that should be only absolute emissions or include emissions intensity. We recommend including the requirement to disclose GHG emission intensity values, though standardization, or disclosure, of the chosen denominator, or production, metric will be required to ensure the results are comparable. Issuer absolute emissions can vary significantly due solely to output and/or entity size and the availability of an intensity figure allows readers the ability to compare efficiencies between issuers. For example, just because one issuer's GHG emissions are half that of their competitor, it does not necessarily mean they are better performers. Admittedly it would be difficult for the CSA to prescribe an intensity calculation, namely the criteria for the output/denominator, for every potential sector in Canada. Consideration should be made for prescribing it for key, or large, sectors and requiring the other sectors to state how their intensity denominator was calculated. As an example, issuers in the oil and gas sector use a variety of values to represent "production", such as: gross wellhead production, net sales (stated in public and financial reports), and gross sales (the latter technically referred to as *gross dispositions to non-operated entities*). In this scenario, gross sales (or dispositions to non-operated entities) is the most representative for a GHG intensity calculation, though is not yet adopted by the majority of issuers who publicly report GHG data.
5	Reporting deadlines	The Proposed Instrument would require issuers to disclose GHG emissions data by March the following year. This would pose significant challenges for some industries to meet,

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		particularly the oil and gas sector. Due to the timing, availability and complexity of the GHG emissions data and calculations, producing confident data by the end of February would be extremely difficult (note: there may not be a single oil and gas producer that is currently near this time frame). Issuers largely depend on third-party consultants to support and/or complete the work, and industry processes are currently aligned with existing regulatory reporting deadlines, such as June 1. If third-party verification of the data is required, or preferred by the issuer, the timeframe for generating the final GHG dataset would be delayed an additional 6-8 weeks.
6	Greenhouse Gas Reporting Program requirements (Annex B, S.5(2))	The federal Greenhouse Gas Reporting Program only requires issuers to report scope 1 GHG emissions associated with facilities that emit ≥10,000tCO2e in the reporting year. It does not place reporting requirements at the issuer-level, only by facility. Therefore, it should not be expected that all issuers currently meet these requirements, let alone for all their facilities. For example, in the oil and gas sector, an issuer could have thousands of individual facilities yet only be required to report scope 1 GHG emissions under the federal Greenhouse Gas Reporting Program for <100 of those.
7	Scope 3 emissions for inclusion	As defined by The GHG Protocol, scope 3 emissions are comprised of 15 different categories of GHG emissions. It is not feasible for issuers to be expected to report on all 15. Considerations should be made for issuers to voluntarily report GHG emissions associated with the scope 3 categories they determine to be most material and relevant to their industry, should the issuer choose to report any scope 3 data.
8	Sequestered carbon dioxide	Consideration should be given for issuers to report the volume of carbon dioxide (CO_2) sequestered annually. There are many policies, existing and upcoming, encouraging increased CO_2 storage. This activity is also viewed positively by the investment community.

Part 10 – Request for Comments

Question		Response
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 these disclosures?	The TCFD recommendations are written in order to be applicable for an issuer in any sector, globally. With that, it can be difficult for an issuer to understand exactly what is being requested in their disclosure to meet TCFD requirements. Reasonable effort is required initially by issuers to thoroughly interpret and determine what should be reported. Once that expertise is built internally, less effort is required for reporting information relating to the Governance, Strategy and Risk Management sections as those would change less often as compared to the Metrics and Targets information.
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?	Yes, Whitecap Resources has reported scope 1 and 2 GHG emissions data annually since 2017. All reporting frameworks and methodologies used by Whitecap align with The GHG Protocol.

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3	For reporting issuers, do you currently conduct scenario analysis (regardless of whether the analysis is disclosed)? If so, what are the benefits and challenges with preparing and/or disclosing the analysis?	No, we do not currently conduct scenario analysis. The challenge associated with scenario analyses is that there are no defined standards for selecting which scenarios to compare against.
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?	Yes, this approach is appropriate. Currently it is at the discretion of the issuer to decide which scenarios to utilize in a scenario analysis and there are no frameworks to follow to ensure an analysis is completed to a minimum benchmark, or that they would be comparable between issuers within the same sector. It is also at odds with the general avoidance of forward-looking conjecture in disclosures.
5a	The Proposed Instrument contemplates issuers having the option to disclose GHG emissions or explain why they have not done so. Is this approach appropriate?	Yes, this is appropriate for scope 2 and 3 GHG emissions.
5b	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?	This approach is appropriate, that issuers should be required to disclose scope 1 GHG emissions.
5c	Should disclosure of Scope 2 GHG emissions and Scope 3 GHG emissions be mandatory?	Disclosure of scope 3 emissions should not be mandatory. These emissions are not within direct control of the issuer and are entirely the result of another entity's decisions. Very few issuers would have the ability to control and/or influence sources of their scope 3 GHG emissions.
6a	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?	This can be mandated, though The GHG Protocol does not provide near the specificity required to affect how GHG emissions are calculated – it is an overarching framework. Other reporting frameworks or methodologies that a sector would employ would typically be aligned with The GHG Protocol. Since the Proposed Instrument cannot get into the detail required to ensure issuers in every sector report using similar and comparable calculation methodologies, consideration should be taken to require that (1) issuers align reporting with ISO 14064-1 in addition to The GHG Protocol, and (2) issuers provide additional detail as to the quantification methodologies used to generate their GHG inventory.
6b	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?	Yes, The GHG Protocol is appropriate for all reporting issuers. It has been designed to be sector/industry-agnostic. Though it does not provide near the specificity required to affect how GHG emissions are calculated.

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6c	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?	There are additional reporting standards that address the needs of issuers in various industries and provide specific quantification methodologies the issuer should use in their GHG calculations. Due to the number of industries and reporting standards, it may not be feasible for them to be specifically identified within the Proposed Instrument.
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?	The GHG emissions data should be verified by an accredited third-party to a limited level of assurance, at minimum, though the reporting timeframes could make this entirely unfeasible for some industries. For example, the upstream oil and gas sector would have significant difficulty meeting AIF reporting deadlines if the GHG emissions data was to be assured, considering the foundational dataset, production accounting data, isn't available for the entire calendar year until the end of January.
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?	This is appropriate for climate-related governance, strategy and risk management disclosures if the issuer is permitted to file the other document under its SEDAR profile within a period of time after filing the document containing the disclosure required under Form 51-107B, rather than at the same time. Issuers should be permitted to disclose metrics and targets data in another document without reference to it in the core financial document, such as the AIF.
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?	While this is best answered by investors, feedback received from investors suggests that alignment with TCFD and SASB, and the information that results from said alignment, is important for investors. Though to date, this information is factored into investment decision processes on a qualitative-basis only, and not directly included in quantitative financial modeling. Metrics and targets data are used extensively by the investment community to compare issuers within and across industries. Investors also consider sequestered CO_2 volumes to be important, which is currently unaddressed in the Proposed Instrument.
10	What are the anticipated benefits associated with providing the disclosures contemplated by the Proposed Instrument? How would the Proposed Instrument enhance the currently level of climate-related disclosures provided by reporting issuers in Canada?	The Proposed Instrument would enhance the current level of climate-related disclosure in Canada, though it would increase risk and liability upon issuers in the absence of clearly articulated rules and measurement protocols in place that require compliance. This pronounced increase in exposure is premature to impose on issuers where it is evident that no proper and universally agreed measurement, quantification,

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		audit, controls and offset accounting protocols exist to provide an accepted understanding of what constitutes compliance and equivalent and comparable GHG emissions performance data.
Costs and challenges of disclosure contemplated by the Proposed Instrument		
11	What are the anticipated costs and challenges associated with providing the disclosures contemplated by the Proposed Instrument?	The anticipated costs are difficult to quantify, though more resources would be required in order to meet the March reporting deadlines, especially if data assurance is required or preferred by the issuer. Additional costs would be issuer-dependent based on the current maturity of their internal climate reporting programs.
12	Do the costs and challenges vary among the four core TCFD recommendations related to governance, strategy, risk management, metrics and targets? For example, are some of the disclosures more (or less) challenging to prepare?	The metrics and targets disclosures are the most challenging to prepare.
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 needed of investors? Alternatively, should venture issuers be exempted from some or all of the requirements of the Proposed Instrument?	No comment.
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?	The Proposed Policy should also refer to ISO 14064-1 as a reporting standard, in addition to The GHG Protocol.
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 comment.
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	Inclusion of metrics and targets data in a prospectus creates liability for the issuer without sufficient measurement and quantification protocols in place for reporting sectors, and

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	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?	therefore should be avoided at least until clear rules and protocols are established.
Phased-in implementation		
17a	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?	No, there is likely not sufficient time to prepare and file the required disclosures. It should be expected that nearly every issuer would need to implement significant process and system changes, including identifying additional resources, to meet the compressed GHG reporting timeframe required by the Proposed Instrument.
17b	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?	No comment.
Future ESG considerations		
18	In its comment letter to the IFRS Foundation's consultation paper published Sept 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?	No comment.

Please contact the undersigned with any questions regarding the comments noted above. Thank you again for the opportunity to engage on this important topic.

Regards,

[redacted]

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