

TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURE



Crescent Point

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Crescent Point strives to provide decision-useful information to the investment community in regards to climate related risk. Crescent Point voluntarily submits to the Carbon Disclosure Project (CDP) Climate and Water questionnaires annually. As part of our continued efforts to improve transparency regarding our ESG strategy and performance, we are pleased to expand our disclosure to include the Taskforce for Climate-related Disclosure (TCFD).

GOVERNANCE OF CLIMATE-RELATED ISSUES

Environment, Health and Safety Committee of the Board

Our Environmental, Health and Safety (EH&S) Committee is responsible for oversight of climate-related issues. This committee regularly reviews our policies, standards and practices with respect to corporate responsibility, including climate-related topics, and reports findings to the Board of Directors. To ensure the committee is well informed on climate-related issues and their potential impact to our company, our Vice President, Engineering and EH&S, Manager, Environment and Manager, Regulatory provide climate-related updates to the EH&S Committee at all regularly scheduled meetings. Additionally, the committee meets quarterly with our Chief Executive Officer (CEO), Chief Operating Officer (COO), Vice President, Engineering and EH&S, Vice President, Operations and Technology, Manager, Health and Safety, Manager, Environment and Manager, Regulatory to discuss issues and initiatives related to climate.

The climate-related responsibilities of the EH&S Committee include:

- Ensuring that the company has the necessary tools to measure environmental performance and compliance with applicable regulations;
- Reviewing environmental performance; and
- Ensuring that environmental risk management procedures in place are functioning effectively

Leadership

Our Board's EH&S Committee meets quarterly with our CEO, COO, Vice President, Engineering and EH&S, Vice President Operations and Technology, Manager, Environment, Manager, Regulatory, Manager, Health and Safety and Director, Operations. Management updates are provided to the EH&S Committee regularly regarding emissions key performance indicators (KPIs), major emission reduction initiatives, significant emissions trends, and applicable climate change policies and legislation and the potential impacts of such policies and legislation on Crescent Point.

Environment and Regulatory Team

The Environment and Regulatory teams are responsible for managing emissions and other climate-related data. They also bring forth suggestions for reduction initiatives that can be analyzed in our emissions-tracking model.

GOVERNANCE OF CLIMATE-RELATED RISK

Audit Committee of the Board

We track climate risks as part of our enterprise risk management process. These risks are identified, included in our risk register and communicated to the executive team and the Audit Committee of the Board on a quarterly basis.

Leadership

Internally, climate risks are reviewed and updated quarterly with the Risk Management Committee (RMC), comprised of six senior executives and C-suite officers. Additionally, the daily management of climate risk is owned by the relevant Vice President given their expertise and authority to ensure that all risks in their areas have been identified and that management plans are in place to address such risks.

Risk and Insurance Team

As part of our enterprise risk management process, we approach all risks, including those which are climate-related, in the same manner. Risks associated with climate change and environmental impacts identified at the corporate and asset levels are monitored by our Risk and Insurance group on an ongoing basis and managed in our corporate risk register. The Risk and Insurance group meets quarterly with each risk owner to discuss any changes or updates to their risks and to review new or emerging trends in their individual areas.

MANAGING CLIMATE-RELATED RISKS

Our Environment, Regulatory and Engineering teams are responsible for managing our climate-related risks and opportunities. They explore ways to economically reduce emissions, electricity and fuel consumption, increase efficiency, and work toward generating clean power throughout our operations. They identify and execute projects to mitigate our exposure to carbon and methane costs in the near and long-term, including through low-carbon power generation, reducing flaring and venting and lowering the emissions and operating costs of our truck fleet.

As the majority of our climate-related risks stem from regulatory uncertainty and new regulations affecting our capital and operational expenditures, we have individuals within our Environment, Regulatory, and Government and Stakeholder Relations teams who frequently engage policy makers in the areas in which we operate. The efforts of these individuals are targeted toward achieving pragmatic and cost-effective policies that increase emission reductions and meet (or exceed) government mandates and targets. For example, we have been working with SaskPower (Saskatchewan crown corporation governing electricity generation in the province) to develop programs that support independent small-scale power generation (natural gas and solar) on oil and gas lease sites. These actions are aimed at both cleaner electricity production and reducing the risk associated with increased financial costs from higher electricity prices and carbon taxes. Individuals from our Environment, Regulatory, and Government and Stakeholder Relations teams also directly engage the Saskatchewan Ministry of Environment and Ministry of Energy and Resources to support the development of emission reduction policies that cover all sectors with an output-based performance standard (OBPS) and emission reduction requirements specific to the oil and gas industry, respectively. These efforts are designed to help to mitigate regulatory uncertainty by supporting the development of regulations that will achieve real, measurable emission reductions.

To mitigate the impact of changes in physical climate parameters, we have business interruption insurance and property insurance that designed to reduce the financial impact of events such as flooding and extreme temperatures. We have also put in place robust emergency response plans (ERPs) for all of our operations and facilities, include clearly stated processes that must be followed in emergencies to ensure the safety of our workers, communities and the environment.

IDENTIFYING CLIMATE-RELATED RISKS

The impacts of all risks are quantified and assessed against our corporate risk matrix, considering potential human, environmental, financial and reputational consequences. The likelihood of occurrence within our industry and company is then determined and an inherent level of risk (high, medium or low) is applied. Based on the mitigation intensity and controls in place, we then determine a residual risk-level and prioritize accordingly. Substantive risks are generally defined as having a financial impact greater than \$250 million; however, if the risk imposes significant harm to the environment, people or our company's reputation, the threshold to be considered a significant risk can be lower. Currently, none of the risks listed below meet the \$250 million threshold, but they still have the potential to affect Crescent Point in a financially material way.

TRANSITIONAL RISKS

Current and Emerging regulations

Climate-related regulations typically increase in stringency over time in order to reach established targets. Depending on our compliance obligations at any given time, the risk associated with current regulation could increase in the future. This risk requires regular monitoring and assessment. Our Environment and Regulatory teams have developed models to estimate the financial impact of the regulations, and use the result of their models to assess the related risk against our corporate risk matrix.

Emerging climate-related regulations will require financial expenditures over and above normal course of business, increasing operational costs. Currently, many jurisdictions in which we operate, in particular Saskatchewan, are facing regulatory uncertainty as the provincial governments pursue equivalency with federal methane reduction and carbon pricing regulations. To determine the extent to which this uncertainty should be included in our climate-related risk assessments, our Environment and Regulatory teams built models to measure the expected financial and operational impact from each proposed regulation and continues to update these models as more details are provided. The financial and operational impacts are assessed against our corporate risk matrix to determine the appropriate response and potential mitigation strategies.

Increased Greenhouse Gas (GHG) Pricing

In British Columbia, GHG emissions are regulated under the Greenhouse Gas Emission Reporting Regulation enacted pursuant to the Greenhouse Gas Industrial Reporting and Control Act which imposes GHG emissions reporting requirements upon B.C. facilities emitting 10,000 tonnes or more of GHG emissions per year. Facilities that emit 25,000 tonnes or more of GHGs must have their emission reports verified by an accredited third party. Crescent Point does not operate any facilities that are regulated by the British Columbia GHG emissions regulations.

In Alberta, GHG emissions are regulated under the Emissions Management and Climate Resilience Act and the Technology Innovation and Emissions Reduction ("TIER") Regulation, which came into effect January 1, 2020. The TIER system is mandatory for large emitters (100,000 tonnes CO₂e of GHGs); however, facilities can be voluntarily registered into the system via individual opted-in facilities or creating an aggregated facility (two or more smaller facilities grouped together). Registered facilities are required to reduce their emissions intensity (tCO₂e/boe) by 10% in 2020 based on a historical benchmark, and then by an additional 1% each year after. Companies may meet these required reductions by improving their operations; by purchasing and retiring Alberta-based emission reduction or offset credits; by contributing to the provincial TIER Compliance Fund; or by a combination of these actions. Any facility registered into the TIER system can apply to the Canadian Revenue Agency and receive an exemption from the federal fuel surcharge (carbon tax) on applicable fuel combustion. Crescent Point has an aggregate facility registered in the TIER system.

On January 1, 2019 the Government of Saskatchewan brought into force The Management and Reduction of Greenhouse Gases (Standards and Compliance) Regulations that creates a provincial OBPS program to regulate greenhouse gas emissions from large final emitters that emit >25,000 tCO₂e per year in 2017 or any subsequent year. Facilities that emit >10,000 tCO₂e and <25,000 tCO₂e per year and aggregate facilities (two or more smaller facilities grouped together) may voluntarily register in the program. Upstream oil and gas facilities registered in the OBPS are required to reduce fuel emissions by a 15% reduction of 2018 baseline emission intensity by 2030 (1.25% reduction/yr) or incur a financial

penalty equivalent to the prevailing federal carbon price (set at \$30/tonne in 2020). Crescent Point has two facilities registered in the Saskatchewan OBPS program, one mandatory facility and one aggregate facility.

The anticipated negative financial impact of carbon emission costs to Total Proved plus Probable reserves evaluation as of December 31, 2019 as a result of the implementation of these new programs is \$9.5 MM discounted at 10% before tax, with no impact on reserve level bookings.

All carbon pricing systems in Canada are set to increase in price each year until they reach \$50/tonne, either by federal or provincial authority. We anticipate current and future environmental legislation will require reductions in emissions from our operations and result in increased capital and operational expenditures, which could have material adverse effect on our financial conditions and results of operations.

We have built a carbon cost model to estimate potential carbon taxes applied to each of our individual facilities in Canada, which is updated monthly to reflect changes in operations and production. We use this data to determine potential costs by province, business unit, foreman area, or facility, in terms of absolute dollar values and on a dollar per unit of production basis. Business decisions take into account the impact mitigation efforts we have on potential future costs.

In order to mitigate increased carbon pricing and proactively address federally imposed emissions reductions, our goal is to reduce our direct emissions intensity by 30% by 2025. We've focused our efforts on significantly reducing our methane emissions associated with our operations. Methane is more harmful as a heat trapping gas than carbon dioxide and makes up a large portion of our emissions profile. Using 2017 as a baseline, our plan is to reduce our venting emissions by more than 50% throughout our Saskatchewan operations. We plan to do this in three ways: by drilling no new net venting wells in our core areas (Shaunavon, Flat Lake, Viewfield), by tying in existing venting or flaring facilities and, where tie ins are not possible, by installing combustors. Going forward, plans to tie in single-well batteries will be included in our development budgeting and planning, thereby creating long-term and sustainable reductions in both flared and vented emissions.

In addition to venting and flaring reduction, we are testing fuel switching initiatives for our vehicle fleet, as well as piloting the development of low carbon power (solar and natural gas). To develop these power projects, agreements with SaskPower are required in order to safely tie into the grid. This engagement is underway.

Reduced Market Access

Increased climate change activism by individuals, environmental non-governmental organizations and sub-national governments targeting the Canadian oil industry has negatively affected the sector by reducing market access. This reduced access has resulted due to significant delays in major pipeline projects from numerous legal challenges (e.g. TransCanada's Keystone XL, Kinder Morgan's Trans Mountain and Enbridge's Line 3). In some instances, these delays have forced the cancellation of pipeline projects, including TransCanada's Energy East. Activists have also influenced the Canadian federal government to withhold approval for new pipelines (i.e. Enbridge's Northern Gateway). As a result, Western Canadian oil and gas producers' access to national and international markets has not increased in step with production from the region. As of early 2019, the Enbridge Line 3 project has gained almost all of the required approvals, Keystone XL has received all of its required approvals and the Canadian federal government funded the purchase of the Trans Mountain pipeline from Kinder Morgan to ensure the expansion will continue, though they each continue to encounter new delays and opposition.

These actions have greatly restricted market access for Canadian oil and gas, resulting in higher price differentials for the country's products than are currently present in the US. The federal government added further challenges to the situation by adding more regulatory requirements for these projects and at times modifying the requirements during the approval process, resulting in reduced confidence from the financial investment community, affecting company valuations.

With 86% of our corporate oil and gas production being generated by our Canadian assets, our revenues may be impacted from prolonged price discounts attributed to constrained market access.

Establishing economic access to multiple markets is an inherent risk to our company and the Canadian oil and gas market in general. To manage and mitigate this risk, we have strategically built infrastructure to enable us to deliver a portion of

our crude oil production into diversified refinery markets using rail transportation. The volume we transport by rail varies each year and is dependent on market pricing. We operate two railcar-loading facilities, serving our key producing areas of southeast and southwest Saskatchewan.

By utilizing rail transportation, we have been able to access refining markets in the past that are not pipeline connected to western Canada, which diversifies price and reduces market risk.

In addition to shipping oil by rail, we actively initiate, manage and disclose the effects of our hedging activities to reduce the short-term impact of product price fluctuations on our business. Our strategy for crude oil and natural gas production is to hedge up to 65%, or as otherwise approved by the Board of Directors, of our net of royalty production up to a rolling three-and-a-half-year basis. We also use a combination of financial derivatives and fixed-differential physical contracts to hedge price differentials.

PHYSICAL RISKS

Given our areas of operation, we are sheltered from the risk of many catastrophic weather events such as rising sea levels, hurricanes and major earthquakes; however, our operations may be affected by extreme seasonal events like flooding, droughts and wildfires. We have business interruption insurance and property insurance coverage in place to help mitigate the impact of changes in physical climate parameters. Additionally, these risks have been incorporated into operational planning and facility construction where feasible and when the risk is deemed higher. Our facilities are designed with emergency shut-off systems that can be activated should an emergency occur. We've also deployed remote wellsite monitoring systems that allow us to shut down a well remotely should an event that prevents our ability to access the well directly occur.

CLIMATE-RELATED OPPORTUNITIES

Renewable Power Generation

National and sub-national governments in North America have already begun setting renewable energy generation targets, and we anticipate the legislative frameworks supporting and driving such targets will be strengthened over the coming years. We foresee the opportunity to participate in developing renewable energy generation projects to support the targets if regulators structure the frameworks in a manner that provides for the inclusion of current or new independent power producers. Given the nature of our operations, we already have a geographically diverse land and resource base well suited toward low-carbon power generation, such as solar and wind. Strengthened frameworks to achieve renewable energy targets are likely to include incentives of some form, which will help to improve the economics of these projects and make them more viable.

We've assessed our largest facilities in Saskatchewan to identify opportunities for solar installations. We also regularly engage with the Saskatchewan government and crown corporations (SaskPower, SaskEnergy and TransGas) to help develop and improve current programs to support the development of renewable and low-emissions power generation sources. In addition, we have met with technology developers and suppliers to investigate available technology and potential partnerships with companies to trial and develop technologies.

To date, we have completed two pilot solar power generation projects to determine their effectiveness, reliability, and suitability for our operations: one at an oil production facility (100kW) and one at our Carlyle, Saskatchewan office (90kW). Based on the success of these initial projects, we have applied to SaskPower for an additional 14 installations. As of publication of this report, these applications remain under review .

Fuel Switching

The geographic spread of our operations requires employees to drive vehicles long distances to inspect, operate, and maintain our wells and facilities. Climate change policies in Canada are expected to increase the price of fuel for our vehicles, costs that we will incur directly (i.e. carbon taxes remitted to provincial or federal governments) and indirectly (i.e. price increases by fuel vendors). In 2017, we identified an opportunity to convert our truck fleet from gasoline to propane, beginning with a pilot project in southwest Saskatchewan. By using propane produced at the Viewfield Gas Processing Plant in southeast Saskatchewan, we have been able to reduce our exposure on multiple fronts: scope 1 GHG emissions, carbon pricing, future fuel price increases. To date we have installed propane fuel systems in approximately 70 vehicles.

LOOKING AHEAD

Crescent Point recognizes the importance of incorporating climate-related risks into all aspects of our business plans. We are committed to reducing our GHG emissions and exploring new ways to economically reduce energy consumption and increase efficiency throughout our operations. We will continue to advocate for pragmatic policies that maximize emission reductions in support of government mandates and societal expectations.

While this is our first endeavor to disclose climate-related risks (outside of our annual CDP submission) we believe that taken together with our Sustainability Report, it is an important step in our efforts to increase transparency and performance regarding climate-related risks and opportunities. We look forward to reporting on these risks annually to demonstrate our commitment to effectively managing risk and capitalizing on opportunities to enhance our overall performance.