

# Board Diversity Policy

Effective: February 11, 2019, amended and restated March 5, 2021

## 1. INTRODUCTION

PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**") recognizes the benefits of having a diverse board of directors ("**Board**"). Nomination and appointment of candidates which provide for multiple perspectives, knowledge, skills, expertise, education, industry experience and personal characteristics such as age, gender, ethnicity and other distinctions, all contribute to the continued success of the organization. At PrairieSky, these differences will be considered in determining the optimum composition of the Board and when possible will be balanced appropriately.

This Board Diversity Policy is intended to set out the framework for PrairieSky's approach to Board diversity and outline the key criteria for the composition of the Board that promotes PrairieSky's commitment to diversity and inclusion.

## 2. COMMITMENT AND POLICY STATEMENT

The governance and compensation committee of the Board ("**Governance and Compensation Committee**") oversees the evaluation, assesses and considers the effectiveness, of the Board as a whole, the committees of the Board and the contribution of individual members on a periodic basis. The Governance and Compensation Committee in conjunction with the Board also reviews the experience, qualifications and skills of PrairieSky's incumbent directors to ensure that the composition of the Board and committees and the competencies of the members are in line with those that the Governance and Compensation Committee considers that the Board and respective committees should possess.

In considering suitable candidates for appointment or re-election to the Board, or whether to accept the deemed resignation of a director pursuant to PrairieSky's *Board Renewal Policy*, the Governance and Compensation Committee shall:

- consider all aspects of diversity including, but not limited to, those described above, in order to enable the Governance and Compensation Committee to discharge its duties and responsibilities effectively;
- assess the skills and backgrounds collectively represented on the Board to ensure that they reflect the diverse nature of the business environment in which PrairieSky operates;
- consider candidates on merit against objective criteria having due regard to the benefits of diversity on the Board; and
- engage, as deemed necessary, qualified independent external advisors to identify and assess candidates that meet the Board's skills and diversity criteria.

### **3. BOARD GENDER DIVERSITY TARGET**

PrairieSky has committed to achieve and maintain a Board composition by 2025 in which at least thirty percent (30%) percent of its directors are women. In line with this Board Diversity Policy and when identifying potential candidates for appointment to the Board in order to achieve this objective, the Governance and Compensation Committee shall:

- consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board;
- maintain an evergreen list of potential candidates for election to the Board, which list would include parity between men and women candidates from a broad range of organizations;
- periodically assess the effectiveness of the nomination process designed to achieve the Company's diversity objectives outlined in this Board Diversity Policy; and
- in order to support the specific objective of gender diversity, consider the level of representation of women on the Board and ensure that women are included in the short list of candidates being considered for a Board position.

In addition to its own search, the Governance and Compensation Committee may engage an outside executive search firm to assist the Governance and Compensation Committee in identifying candidates for appointment to the Board. The Governance and Compensation Committee and the Board will give significant consideration to fulfilling its diversity targets, and specifically female candidates who otherwise bring an additive skill set to the Board, in the event of an earlier planned or unplanned retirement.

The considerations above are in addition to the responsibilities of the Governance and Compensation Committee set out in the Company's *Governance and Compensation Committee Mandate*.

### **4. DIVERSITY AND INCLUSION IN THE ORGANIZATION**

The Board and PrairieSky are committed to ensuring a diverse and inclusive culture across the organization, including at the executive level, by promoting equality of opportunity. The Board will encourage and support the Company in its efforts, including seeking external independent advisory services as appropriate, to foster a collaborative and innovative workforce. The Company is committed to maintaining an inclusive work environment that is focused on providing advancement opportunities to persons of all genders, ethnicities and orientations, based on merit. In addition to the foregoing and the positions of Section 3 hereof, the Board shall endeavour to foster inclusivity of persons who identify as ethnic, racial and indigenous within the organization, including at the Board level, over time.

### **5. REVIEW, MONITOR AND REPORT**

To assess PrairieSky's effectiveness in promoting a diverse Board which includes an appropriate number of women directors, the Governance and Compensation Committee will periodically review the skills, expertise, experience, independence and background of the Board, committees and each of its individual directors.

In addition, each year the Committee will:

- assess the effectiveness of the Board diversity policy and related objectives;
- monitor and review PrairieSky's progress in achieving its Board gender diversity target;
- monitor the implementation of this Board Diversity Policy; and
- report to the Board and recommend any revisions that may be necessary.

This Board Diversity Policy will be made publicly available on PrairieSky's website.