



**Independent Limited Assurance Report on the selected sustainability information  
included in the PrairieSky Royalty Ltd. 2020 Responsibility Report**

Prepared in accordance with:

International Standard on Assurance Engagements 3000 (revised), *Assurance Engagements other than audits or reviews of historical financial information* ('ISAE 3000 revised') and International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements* ('ISAE 3410')

The contents of this report are strictly confidential, and its use is restricted. Unauthorized use of this report, in whole or in part, is strictly forbidden.

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## **SECTION I. Independent practitioner's limited assurance report on PrairieSky Royalty Ltd. 2020 Responsibility Report "Key Performance Indicators Appendix" and "Greenhouse Gas Emissions Report Appendix"**

**To the Board of Directors and Management of PrairieSky Royalty Ltd.**

We have undertaken a limited assurance engagement of the "Key Performance Indicators Appendix" and the "Greenhouse Gas Emissions Report" (together the "Appendices") prepared in the context of the PrairieSky Royalty Ltd. ("PrairieSky") 2020 Responsibility Report.

### **Selected subject matter**

With reference to the "Key ESG Performance Indicators Appendix", our limited assurance engagement was performed on the following indicators:

- Water consumed
- Waste generated
- Hazardous waste
- Diversion rate for recovered waste
- NOx emissions
- SOx emissions
- VOCs emissions
- Particulate Matter (PM10) emissions
- Methane emissions
- Community Investment
- Percentage of women employees
- Percentage of women managers
- Percentage of women executive
- Percentage of women independent directors
- Fatalities
- Lost-Time Injury Frequency Rate (LTIFR) employees
- Lost-Time Injury Frequency Rate (LTIFR) contractors
- Total Recordable Injury Frequency Rate (TRIFR) employees
- Total Recordable Injury Frequency Rate (TRIFR) contractors

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- Process Safety Events - Tier 1
- Code of Business Conduct Breaches

With reference to the “Greenhouse Gas Emissions Report” (the “Greenhouse Gas statement”), our limited assurance engagement was performed on the following type of emissions:

- Scope 1 GHG emissions location-based
- Scope 1 GHG emissions market-based
- Scope 2 GHG emissions location-based
- Scope 2 GHG emissions market-based
- Scope 3 GHG emissions business travel
- Scope 3 GHG emissions commuting for employees and contractors

#### **Management’s responsibility**

Management is responsible for preparation of the subject matter in accordance with the following criteria, applied as disclosed in the Appendices:

- Global Reporting Initiative Standards (GRI);
- Sustainability Accounting Standard Board (SASB);
- The methodology outlined in the GHG Protocol: A Corporate Accounting and Reporting Standard Revised Edition and GHG Protocol Scope 2 Guidance;
- Management’s internally developed criteria.

Management is also responsible for such internal control as management determines necessary to enable the preparation of the selected subject matter presented in the Report that is free from material misstatement.

#### **Inherent uncertainty**

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for the determining, calculating, sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Greenhouse Gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

#### **Our responsibility**

Our responsibility is to express a limited assurance conclusion on the selected subject matter based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standards on Assurance Engagements (ISAE) 3000, *Attestation Engagements Other Than Audits or Reviews of Historical Financial Information* and International Standards on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*. These standards require us to conclude whether anything has come to our attention that causes us to believe that the selected subject matter is not fairly stated, in all material respects.



A limited assurance engagement involves performing procedures (primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures) and evaluating the evidence obtained. The procedures are selected based on our professional judgment, which includes identifying areas where the risks of material misstatement in preparing the selected subject matter in accordance with the criteria are likely to arise.

Our limited assurance procedures included, but were not limited to the following:

- Through inquiries, obtained an understanding of PrairieSky's control environment and information systems relevant to the key ESG performance indicators and GHG emissions quantification and reporting. Our procedures did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Analytical reviews and trend analysis of reported data for selected ESG performance indicators;
- Evaluated whether PrairieSky's methods for developing estimates are appropriate and consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate PrairieSky's estimates.
- Tested a limited sample of items back to the underlying records for selected ESG performance indicators.
- Reviewed the selected subject matter disclosure in the appendices to ensure consistency with the evidence obtained.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

#### **Our independence and quality control**

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that PrairieSky's "Key Performance Indicators Appendix" and "Greenhouse Gas Emissions Report", prepared in accordance with the criteria for the year ended December 31, 2020, are not fairly stated, in all material respects.



**Purpose of statement and restriction of use of our report**

The selected subject matter has been prepared to assist PrairieSky management and the Board of Directors with reporting on the ESG performance indicators and GHG emissions in accordance with the criteria. As a result, the selected subject matter may not be suitable for another purpose. Our report is intended solely for the use of PrairieSky. We neither assume nor accept any responsibility or liability to any third party in respect of this report.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants**

Vancouver, British Columbia  
May 11, 2021

**SECTION II. 2020 PrairieSky Royalty Ltd. “Key Performance Indicators Appendix”  
and “Greenhouse Gas Emissions Report”**

**PrairieSky Royalty Ltd.  
2020 Responsibility Report  
"Key Performance Indicators Appendix"**

**Introduction**

This document describes the methodology and assumptions related to Key Performance Indicators ("KPIs") presented in PrairieSky's 2020 Responsibility Report which covers the year ended December 31, 2020.

The scope of the KPIs is specified in the table below. This report contains data about PrairieSky Royalty Ltd. referred to in this report as "PrairieSky", "we", "us", "our" or "Company".

Note that all the KPIs below cover our head office in Calgary (our only business location).

<b>KPI</b>	<b>Description</b>	<b>Assertions for the year ended December 31, 2020</b>	<b>Methodology and Assumptions</b>	<b>Criteria</b>
<b>Environment</b>				
Water consumed	Total water consumed from PrairieSky operations in cubic meters	792	Water consumed is provided by our property manager and prorated based on PrairieSky's occupied square footage.	GRI 303-5, EM-EP-140a.1
Waste generated	Total waste generated from PrairieSky operations in metric tons	6.2	Waste generated is provided by our property manager and prorated based on PrairieSky's occupied square footage.	GRI 306-2
Hazardous waste	Total hazardous waste generated from PrairieSky operations in metric tons	0.0	Hazardous waste is provided by our property manager and prorated based on PrairieSky's occupied square footage.	GRI 306-2
Diversion rate for recovered waste	Diversion rate for recovered waste	64%	This KPI is calculated as the quantity of recycled waste materials as a percentage of total waste generated. Recycled and generated waste are provided by our property manager and prorated based on PrairieSky's occupied square footage.	GRI 306-2

<b>KPI</b>	<b>Description</b>	<b>Assertions for the year ended December 31, 2020</b>	<b>Methodology and Assumptions</b>	<b>Criteria</b>
NOx emissions	Total NOx emissions in metric tons of CO2e	0.1186	This KPI is calculated based on the natural gas consumed as provided by our property manager and prorated based on PrairieSky's occupied square footage. NOx emissions are calculated based on the US Environmental Protection Agency's (EPA's) <i>Emissions Factors for Criteria Pollutants and Greenhouse Gases from Natural Gas Combustion applied to PrairieSky's prorated natural gas consumption.</i>	GRI 305-7, EM-EP-120a.1
SOx emissions	Total SOx emissions in metric tons of CO2e	0.0007	This KPI is calculated based on the natural gas consumed as provided by our property manager and prorated based on PrairieSky's occupied square footage. SOx emissions are calculated based on the US Environmental Protection Agency's (EPA's) <i>Emissions Factors for Criteria Pollutants and Greenhouse Gases from Natural Gas Combustion applied to PrairieSky's prorated natural gas consumption.</i>	GRI 305-7, EM-EP-120a.1
VOCs emissions	Total VOCs emissions in metric tons of CO2e	0.0065	This KPI is calculated based on the natural gas consumed as provided by our property manager and prorated based on PrairieSky's occupied square footage. VOCs emissions are calculated based on the US Environmental Protection Agency's (EPA's)	GRI 305-7, EM-EP-120a.1

KPI	Description	Assertions for the year ended December 31, 2020	Methodology and Assumptions	Criteria
			<i>Emissions Factors for Criteria Pollutants and Greenhouse Gases from Natural Gas Combustion applied to PrairieSky's prorated natural gas consumption.</i>	
Particulate Matter (PM <sub>10</sub> ) emissions	Total PM <sub>10</sub> emissions in metric tons of CO <sub>2</sub> e	0.0090	This KPI is calculated based on the natural gas consumed as provided by our property manager and prorated based on PrairieSky's occupied square footage. PM <sub>10</sub> emissions are calculated based on the US Environmental Protection Agency's (EPA's) <i>Emissions Factors for Criteria Pollutants and Greenhouse Gases from Natural Gas Combustion applied to PrairieSky's prorated natural gas consumption.</i>	GRI 305-7, EM-EP-120a.1
Methane emissions	Percentage of methane emissions out of the total Scope 1 emissions	0.05%	This KPI is calculated as methane as a percentage of natural gas. Natural gas consumed is provided by our property manager and prorated based on PrairieSky's occupied square footage. The percentage of methane is calculated using the Canadian emission factors taken from the National Inventory Report 1990-2019: Greenhouse Gas Sources and Sinks in Canada (Part 2).	GRI 305.1, EM-EP-110a.1
<b>Community Investment</b>				
Community Investment	Investment in communities in Canadian \$	\$298,300	Community investment represents total cash contribution compiled from	GRI 201-1

KPI	Description	Assertions for the year ended December 31, 2020	Methodology and Assumptions	Criteria
			charitable receipts and sponsorships payments for 2020.	
<b>Gender Diversity</b>				
Percentage of women employees	Percentage of full and part-time women employees out of the total number of full and part-time employees	73%	Metric calculated as a percentage of total full and part-time employees.	GRI 405-1
Percentage of women managers	Percentage of women in management roles out of the total number of employees in management roles	80%	Metric calculated as a percentage of total management roles (managers and Controller).	GRI 405-1
Percentage of women executive	Percentage of women executives out of the total number of executives	33%	Metric calculated as a percentage of total executives.	GRI 405-1
Percentage of women independent directors	Percentage of women independent directors out of the total number of independent directors	29%	Metric calculated as a percentage of total independent directors.	GRI 405-1
<b>Social</b>				
Fatalities	Total number of fatalities	0.0	Metric calculated as the number of fatalities.	GRI 403-9, EM-EP-320a.1
Lost-Time injury frequency rate (LTIFR) Employees	Total number of lost-time injuries/total number of hours worked x 200,000	0.0	Metric calculated as the percentage of total hours worked.	GRI 403-9
Lost Time injury frequency rate (LTIFR) Contractors	Total number of lost time injuries/total number of hours worked x 200,000	0.0	Metric calculated as the percentage of total hours worked.	GRI 403-9,

<b>KPI</b>	<b>Description</b>	<b>Assertions for the year ended December 31, 2020</b>	<b>Methodology and Assumptions</b>	<b>Criteria</b>
Total Recordable Injury Frequency Rate (TRIFR) – Employees	Total number of recordable injuries/Total hours worked x 1,000,000	0.0	Metric calculated as the percentage of total hours worked.	GRI 403-9,
Total Recordable Injury Frequency Rate (TRIFR) – Contractors	Total number of recordable injuries/Total hours worked x 1,000,000	0.0	Metric calculated as the percentage of total hours worked.	GRI 403-9,
Process Safety Events – Tier 1	Total number of Tier 1 process safety events and data coverage as a percentage of employees	0.0 / 100%	Total number metric calculated as the number of Tier 1 process safety events. Data coverage is measured as a percentage of PrairieSky's total full-time and part-time employees considered in the measurement of total number of process safety events.	Number of Tier 1 process safety events per one million hours worked and data coverage (as % of employees, operations or revenue) (DJSI Question number 3.7.6)
<b>Governance</b>				
Code of Business Conduct breaches	Number of Code of Business Conduct breaches	0.0	Metric calculated as the number of Code of Business Conduct breaches as reported by management to the Audit Committee or as reported through the Whistleblower Hotline directly to the Chair of the Audit Committee.	Number of breaches against code of conduct in the reporting period. (DJSI Question number 1.4.7)

**PrairieSky Royalty Ltd.**  
**2020 Responsibility Report**  
**"Greenhouse Gas Emissions Report"**

**Introduction**

This Greenhouse Gas (GHG) emissions report was prepared following the methodology outlined in the Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard (Revised Edition), the GHG Protocol Scope 2 Guidance – An amendment to the GHG Protocol Standard, and the CDP Climate Change Reporting Guidance, and has been used to report PrairieSky's GHG emissions to the CDP and other corporate disclosures.

For the year ended December 31, 2020, PrairieSky reported a corporate carbon footprint of 457.9 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e), which includes Scope 1 and 2 calculated using a location-based approach and 3 (business air travel and employee commuting) emissions. When using a market-based approach for Scope 1 and 2, the carbon footprint is reduced to 34.6 tonnes of CO<sub>2</sub>e.

**Organizational Boundaries**

PrairieSky applies the operational control approach to determine its scope of reporting. The table below reports PrairieSky's corporate carbon footprint for the year ended December 31, 2020.

Scope	Description	Emissions (tonnes of CO <sub>2</sub> e)		% Increase / (Decrease)	Criteria
		2020	2019		
Scope 1 (location-based)	Direct emissions associated with natural gas consumption at our head office in Calgary (our only location).	143.5	137.4	4%	Operational Control Approach Location based
Scope 1 (market-based)	Direct emissions calculated taking into account the purchase of Bullfrog Power Green natural gas certificates. The emissions factor associated with the combustion of this renewable natural gas effectively removes the CO <sub>2</sub> e emissions that otherwise would have been present with conventional natural gas, thereby reducing our natural gas emissions.	0.0	0.0	0%	Operational Control Approach Market based
Scope 2 (location-based)	Indirect emissions associated with energy corresponding to the production and transmission of electricity required at our head office in Calgary.	279.8	315.9	(11%)	Operational Control Approach Location based
Scope 2 (market-based)	Indirect emissions calculated taking into account the purchase of Bullfrog Power Green electricity certificates. The emissions factor associated with the generation of this renewable electricity	0.0	0.0	0%	Operational Control Approach

Scope	Description	Emissions (tonnes of CO <sub>2</sub> e)		% Increase / (Decrease)	Criteria
		2020	2019		
	effectively removes the CO <sub>2</sub> e emissions that otherwise would have been present with conventional electricity, thereby reducing our Scope 2 emissions.				Market based
Scope 3	Other indirect emissions include air travel for PrairieSky employees and Board members.	6.0	32.1	(81%)	Operational Control Approach
	Other indirect emissions also include commuting for PrairieSky employees and contractors from home to our head office location in Calgary.	28.6	59.5	(52%)	Operational Control approach
Total (location-based)		457.9	544.9	(16%)	
Total (market-based)		34.6	91.6	(62%)	

## Methodology and Assumptions

### Scope 1 (location-based)

#### Natural Gas

Direct emissions associated with natural gas consumption at our head office in Calgary (our only location). The volume of natural gas consumed in our office building was provided on a monthly basis for the year ended December 31, 2020 by our property manager. Natural gas consumption is not tracked by individual tenant. PrairieSky calculates its share of natural gas consumption based on our occupied square footage as a percentage of the building's total square footage.

Emissions were calculated by multiplying PrairieSky's natural gas consumption by the Canadian emission factors taken from the National Inventory Report 1990-2019: Greenhouse Gas Sources and Sinks in Canada (Part 2, Table A6.1-1 and Table A6.1-3). The total GHG emissions in tonnes of CO<sub>2</sub>e were calculated by multiplying the mass of each gas (CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O) by its global warming potential (GWP) and adding up the totals. GWPs are from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, 2014 (GWP of CO<sub>2</sub> = 1, GWP of CH<sub>4</sub> = 28 and GWP of N<sub>2</sub>O = 265).

### Scope 1 (market-based)

#### Natural Gas

Direct emissions calculated taking into account the purchase of Bullfrog Power Green natural gas certificates. The emissions factor associated with the combustion of this renewable natural gas is effectively 0 tCO<sub>2</sub>e/m<sup>3</sup>, which removes the CO<sub>2</sub>e emissions that otherwise would have been present with conventional natural gas, thereby reducing our natural gas emissions by 143.5 tCO<sub>2</sub>e. The emissions factor can be found in the Operating Criteria and Quantification Methodology for Displacement of Natural Gas with Green Natural Gas – May 2020 referenced [here](#).

*It should be noted, however, that Bullfrog Green Natural Gas has traceable amounts of Methane and Nitrous Oxide resulting in an emission factor of 0.000002 tCO<sub>2</sub>e/m<sup>3</sup>. Due to these GHG emissions de minimus materiality, Bullfrog Green Natural Gas emissions have been taken as net zero.*

**Scope 2 (location-based)**  
***Electricity***

Indirect emissions associated with energy corresponding to the production and transmission of electricity volume to our head office in Calgary. PrairieSky's electricity volumes were provided in kWh on a monthly basis for the year ended December 31, 2020 by our property manager. Electricity consumption is not tracked by individual tenant. PrairieSky calculates its share of electricity consumption based on our occupied square footage as a percentage of the building's total square footage.

Electricity emission factors are applied to the total kWh allocated to PrairieSky to calculate tonnes of CO<sub>2</sub>e. Canadian emission factors were sourced from the National Inventory Report 1990-2019: Greenhouse Gas Sources and Sinks in Canada (Part 3, Table A13-10).

**Scope 2 (market-based)**  
***Electricity***

Indirect emissions calculated taking into account the purchase of Bullfrog Power Green electricity certificates. The emissions factor associated with the generation of this renewable electricity is effectively 0 tCO<sub>2</sub>e/kwh, which removes the CO<sub>2</sub>e emissions that otherwise would have been present with conventional electricity, thereby reducing our Scope 2 emissions by 279.8 tCO<sub>2</sub>e. The emissions factor can be found in the Bullfrog Power 2018 Green Electricity Emissions Calculation Methodology – April 2018 referenced [here](#).

**Scope 3**  
***Air Travel***

Information is tracked internally and includes flight segments and mileage for air travel between January 1, 2020 and December 31, 2020. PrairieSky applied a distance-based method to calculate its emissions by classifying flight segments into short, medium, and long-haul travel as set out by the EPA Center for Corporate Climate Leadership (US Environmental Protection Agency). Flight segments were then converted to tonnes of CO<sub>2</sub>e using Emissions Factors from the EPA (published April 2021) and GWPs from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, 2014, as outlined above.

**Scope 3**  
***Employee Commuting***

Employees are surveyed annually on their mode of commuting from home to work. Employees provide the distance from their home to the office and the method of commuting for every quarter of the year. Employee mileage by mode of commuting is totaled for the year and emissions factors from the EPA Center for Corporate Climate Leadership (US Environmental Protection Agency) updated April 2021 are applied to convert mileage into tonnes of CO<sub>2</sub>e and GWPs from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, 2014, as outlined above.