

# Welcome to your CDP Climate Change Questionnaire 2023

## C0. Introduction

### C0.1

#### **(C0.1) Give a general description and introduction to your organization.**

PrairieSky Royalty Ltd. ("PrairieSky" or "PSK" or the "Company") is a pure-play royalty company, receiving royalty revenues as petroleum and natural gas are produced from approximately 18.3 million acres of owned royalty properties in Alberta, Saskatchewan, British Columbia and Manitoba. We have the largest independently owned portfolio of properties, representing 9.7 million acres of fee simple mineral title[1] and 8.6 million acres of oil and gas gross overriding royalty interests[2] (together, the "Royalty Properties"), in Canada. We do not directly conduct operations to explore for, develop or produce petroleum or natural gas. These activities are undertaken by third-party oil and gas producers who we encourage to actively develop our royalty properties at no incremental cost or expense to PrairieSky.

Corporate responsibility is an integral part of our strategy. It is important that we deliver our business strategy while ensuring our business is conducted in a sustainable manner, including with respect to climate-related management. To ensure we meet this commitment, we proactively monitor and manage our portfolio of properties to ensure third-party adherence to lease terms and contractual provisions. This includes compliance with laws, good operating practices, and the safe and responsible development of resources with minimal environmental impact. All of our Royalty Properties are within Western Canada where there are strict environmental regulations.

When reporting on our carbon inventory, we take an operational control consolidation approach and have disclosed our scope 1, 2 and 3 emissions accordingly. With no direct field operations, our Scope 1 and 2 emissions are limited to our single office location. Our focus is on reducing our own use of resources and encouraging our lessees to minimize environmental impacts. It is important to note, that as a royalty company, we have limited to no ability to exercise influence over the operations on our Royalty Properties or the associated operating or capital costs. As part of our enterprise risk management process, we select third-party operators on our properties by performing or evaluating: 1) regulatory due diligence, 2) financial capacity, and 3) reputation of the potential operator. As described in our corporate disclosure, we derive our revenues from third-party operations on our Royalty Properties, who consider a number of factors in making their operational and capital allocation decisions, most of which are outside of our sphere of influence.

[1] Fee Simple Mineral Title - Corporations and individuals own the mineral rights, which effectively represents ownership of the minerals and hydrocarbons below the surface. Owners of mineral rights can develop the mineral substances themselves or provide that opportunity to

a third party, typically through a lease. No royalties are payable to the Crown on these lands. PrairieSky's royalty revenue is received from third-party exploration and production companies with producing wells located on leased lands in accordance with the terms of the lease. A history of how PrairieSky came to own these mineral rights can be found on our website. [2] Gross Overriding Royalties - Agreement that provides the royalty owner with an entitlement to a share of production from the lands, typically over and above royalties payable to the lessor, which in most cases is the Crown. There is a finite life to these royalties, typically tied to the underlying term of the lease or license, which in most cases is when production from the wells ceases and the wells are thereafter abandoned and reclaimed.

## C0.2

**(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.**

### Reporting year

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**Start date**

January 1, 2022

**End date**

December 31, 2022

**Indicate if you are providing emissions data for past reporting years**

No

## C0.3

**(C0.3) Select the countries/areas in which you operate.**

Canada

## C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

CAD

## C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

## C0.8

**(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?**

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a Ticker symbol	PSK.TO

## C1. Governance

### C1.1

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

#### C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual or committee	Responsibilities for climate-related issues
Board Chair	<p>Responsibility for climate change has been assigned to the Board of Directors, lead by the Chair of the Board. The Chair of the Board is responsible for ensuring that the Board meets its obligations and responsibilities in all aspects of its work, including with respect to how the Company is addressing existing and emerging risks and opportunities facing the company, including climate-related issues.</p> <p>The Chair of the Board having oversight for climate-related issues is important in ensuring the Corporation proactively identifies, assesses, manages and monitors such risks and opportunities across our business with environmental, social and governance embedded as part of our long-term strategy and goals. PrairieSky continually reviews best practices related to governance and sustainability matters. We continually review our policies to ensure that they reflect our commitment and strategy to climate-related issues, including amendments to our Environmental, Climate Change and Health &amp; Safety Policy as well as other corporate policies.</p> <p>We have established a clear line of responsibility to the Chair of the Board for environmental, social and governance matters. The Chair of the Board also reviewed and approved our 2022 TCFD and 2022 Sustainability Report, issued in May 2023, which includes a joint message from the Board Chair and CEO regarding PrairieSky’s corporate responsibility purpose and initiatives.</p>

#### C1.1b

**(C1.1b) Provide further details on the board’s oversight of climate-related issues.**

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	<p>Reviewing innovation/R&amp;D priorities</p> <p>Reviewing and guiding strategy</p> <p>Reviewing and guiding the risk management process</p>	<p>The Board Chair's oversight of climate-related issues takes place at all Board meetings through various agenda items.</p> <p>For example, twice per year, our Board Chair will provide oversight on reviewing and guiding risk management policies as identified through the Enterprise Risk Management (ERM) Framework. Responsibility for ERM has moved from the Audit Committee to the Board of Directors to better reflect the oversight that is taking place. This oversight responsibility covers a review of the corporate risk register to assess the implications of environmental risks, including climate-related issues, guidance on mitigation measures to limit or reduce such risks, and strategies to maximize opportunities. The Board also reviews climate-change related scenarios as prepared and presented by management as part of the ERM and ESG mandate.</p> <p>On a quarterly basis, at all Board meetings, our Board Chair will include written materials and discussions on climate-related issues as part of our broader environmental agenda, including changing government policies, increasing stakeholder interest, and market trends. In addition, the Board will invite third parties to present on climate-related matters to further advance their understanding of issues. The Board Chair also reviews the Company's climate-related performance, including with respect to operational improvements, business strategy, and market positioning.</p> <p>On a quarterly basis, management updates the Board on the progress of transition opportunities, including our Meadowbrook CCUS project. This includes updates on project timing, scope and participants. In addition, details regarding the technology will be presented as new projects are initiative. Initiatives on PrairieSky's Royalty Properties include CCUS, lithium and hydrogen projects.</p>

Scheduled – some meetings	Overseeing and guiding employee incentives	The Governance Committee oversees executive compensation and evaluates executive performance against pre-determined goals and objectives for both short-term and long-term incentives. PrairieSky sets ESG goals and objectives, including advancing climate-related initiatives such as energy transition opportunities, which are included in the evaluation of executive short-term and long-term compensation.
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## C1.1d

**(C1.1d) Does your organization have at least one board member with competence on climate-related issues?**

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues
Row 1	Yes	<p>The Governance and Compensation Committee (GCC) is responsible for determining the appropriate characteristics, skills and competencies required for the Board of Directors. In fulfilling its mandate, the GCC maintains a skills and experience matrix which is disclosed annually in PrairieSky's Management's Information Circular. All directors have functional experience in environmental, social and governance risk management, performance evaluation and management.</p> <p>The following criteria are used to specifically assess competence of a board member on climate-related issues:</p> <ul style="list-style-type: none"> <li>- Does the Board member have climate-related knowledge and skills including science and environmental literacy, knowledge of the regulatory landscape, and management acumen?</li> <li>- Does the Board member understand how climate change may affect the Company?</li> <li>- Is the Board member able to identify the risks and opportunities associated with climate change?</li> <li>- Is the Board member able to apply their knowledge and experience to strategic planning, decision-making, and enterprise risk management and organizational governance?</li> </ul> <p>Our Board of Directors is able to identify potential issues and challenge management on assumptions with respect to climate risk as it pertains to the company's business. For example, climate risk is discussed as part of our Enterprise Risk Management program at least twice per year.</p> <p>Although none of our Board members would be a climate or</p>

		<p>environmental expert, PrairieSky works to inform our Board on climate-related issues. We do this through engaging with third-parties that bring expertise to the Board on all ESG matters, including climate. In doing so, we provide our Board with the information they need to assess and make decisions on risks, opportunities, and long-term strategy related to climate issues.</p>
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## C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

### **Position or committee**

Chief Executive Officer (CEO)

### **Climate-related responsibilities of this position**

Developing a climate transition plan  
 Conducting climate-related scenario analysis  
 Assessing climate-related risks and opportunities  
 Managing climate-related risks and opportunities

### **Coverage of responsibilities**

### **Reporting line**

Reports to the board directly

### **Frequency of reporting to the board on climate-related issues via this reporting line**

Quarterly

### **Please explain**

The Company's CEO provides strategic oversight on climate-related matters, including overseeing our progress on short and long-term goals and targets, as well as our corporate disclosures on climate-related governance, risks and opportunities, strategy, management and performance through our CDP submission, TCFD Report, Sustainability Report, Annual Report and website.

In 2019, we strengthened the CEO's accountability for ESG initiatives, including climate change matters, particularly with respect to strategy, implementation, and progress. Given the complexity and uncertainty of potential climate-related impacts on our business, we believe it is important for our CEO to provide strategic oversight on climate-related matters, to ensure we are effectively and proactively managing potential risks and opportunities. This includes identifying climate-related risks through our enterprise risk management process and developing strategies to mitigate these risks.

In both 2021 and 2022, we advanced our strategic initiatives which included climate scenario analysis and a number of energy transition opportunities. The CEO reports to the Board Chair and/or the Governance and Compensation Committee, as necessary, on such matters. Scenario analysis is included in our Sustainability Report and provides an opportunity for strategic discussion at the management and Board level. The CEO is responsible for identifying and working with partners to develop energy transition opportunities. On a quarterly basis, the CEO and management will update the Board on the progress of transition opportunities, including our Meadowbrook CCUS project. This includes updates on project timing, scope and participants. In addition, details regarding the technology will be presented as new projects are initiated. Initiatives on PrairieSky's Royalty Properties include CCUS, lithium and hydrogen projects. Although PrairieSky does not have a formalized climate transition plan, these initiatives are the foundation to its development.

Both the COO and CFO are appointed as leads on ESG and sustainability matters and have direct responsibility for overseeing efforts being taken to minimize the energy and carbon impacts of the Company, as well as responding to investor requests on ESG topics. More specifically, the COO is responsible for the governance of broader ESG topics including advancing the corporate ESG agenda and operational implementation and execution of ESG specific matters, including climate-related matters. The CFO is responsible for the Enterprise Risk Management program and for collecting and advancing our reporting on the Company's sustainability performance, including climate-related performance and climate scenario analysis. The CFO is also responsible for the Company's sustainability-linked loan. Both the COO and CFO report to the CEO on these matters, as well as to the Board Chair and/or the Governance and Compensation Committee of the Board of Directors.

### C1.3

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

### C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

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**Entitled to incentive**

Chief Executive Officer (CEO)

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary

Shares

**Performance indicator(s)**

Implementation of an emissions reduction initiative

Reduction in absolute emissions

Reduction in emissions intensity

**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**

Our Governance and Compensation Committee incorporates ESG criteria into short and long-term incentive plans. Specifically, this includes embedding sustainability ratings performance, sustainability index inclusions as well as emissions and energy reductions targets into management's total compensation profile. In 2022, ESG criteria made up 25% of the strategic business performance category of the long-term incentives. We are working with multiple partners to advance energy transition opportunities including CCUS, hydrogen and lithium projects. In addition to this, we continue to support green energy projects in Alberta and procure renewable electricity certificates from Bullfrog Power for our energy consumption, both natural gas and electricity, at our head office.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

The CEO has annual objectives to integrate climate-related considerations into the corporate responsibility strategy and initiatives as well as efforts to disclose and report carbon and energy management performance. The CEO's remuneration is directly linked to the advancement of our overall business strategy, which includes climate-related issues falling under our corporate responsibility strategy.

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**Entitled to incentive**

Chief Financial Officer (CFO)

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary

Shares

**Performance indicator(s)**

Progress towards a climate-related target



**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**

Our Governance and Compensation Committee incorporates ESG criteria into short and long-term incentive plans. Specifically, this includes embedding sustainability ratings performance, sustainability index inclusions as well as emissions and energy reductions targets into management's total compensation profile. In 2022, ESG criteria made up 25% of the strategic business performance category of the long-term incentives. We are working with multiple partners to advance energy transition opportunities including CCUS, hydrogen and lithium projects. In addition to this, we continue to support green energy projects in Alberta and procure renewable electricity certificates from Bullfrog Power for our energy consumption, both natural gas and electricity, at our head office.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

The CFO has annual objectives to integrate climate-related considerations into our corporate disclosure practices, including with respect to the Annual Report, annual TCFD Report, annual Sustainability Report, our website and communications with investors. The CFO is also responsible for the Company's sustainability linked loan.

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**Entitled to incentive**

Chief Operating Officer (COO)

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary  
Shares

**Performance indicator(s)**

Implementation of an emissions reduction initiative  
Reduction in absolute emissions  
Reduction in emissions intensity

**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**

Our Governance and Compensation Committee incorporates ESG criteria into short and long-term incentive plans. Specifically, this includes embedding sustainability ratings performance, sustainability index inclusions as well as emissions and energy reductions targets into management's total compensation profile. In 2022, ESG criteria made up 25% of the strategic business performance category of the long-term incentives. We are working with multiple partners to advance energy transition opportunities including CCUS, hydrogen and lithium projects. In addition to this, we continue to support green

energy projects in Alberta and procure renewable electricity certificates from Bullfrog Power for our energy consumption, both natural gas and electricity, at our head office.

**Explain how this incentive contributes to the implementation of your organization’s climate commitments and/or climate transition plan**

The COO has annual objectives to integrate climate-related considerations into the corporate responsibility strategy, including with respect to operational improvements. Specifically, these responsibilities include carbon and energy performance, and environmental management activities related to third party adherence to leases and contractual obligations. This includes working with multiple partners to advance energy transition opportunities including CCUS, hydrogen and lithium projects.

## C2. Risks and opportunities

### C2.1

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

### C2.1a

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

	From (years)	To (years)	Comment
Short-term	0	1	When considering risks and opportunities, we consider the time horizons aligned with our Enterprise Risk Management program. The short-term time horizon considers risk events likely to occur at least once every year. We therefore report an inclusive short-term time horizon representing between 0 and 1 year.
Medium-term	1	5	When considering risks and opportunities, we consider the time horizons aligned with our Enterprise Risk Management program. The medium-term time horizon considers risk events likely to occur at least once every 5 years. We therefore report an inclusive medium-term time horizon representing between 1 and 5 years.
Long-term	5	20	When considering risks and opportunities, we consider the time horizons aligned with our Enterprise Risk Management program. The long-term time horizon considers risk events likely to occur at least once every 5 to 20 years. We therefore report an inclusive long-term time horizon representing between 5 and 20 years.  Although we are using a 20-year horizon in our Enterprise Risk Management program, our climate scenario analysis extends beyond

			<p>this time frame and provides PrairieSky with a longer term view when considering risks and opportunities. This is important as we own our fee simple mineral title in perpetuity.</p>
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## C2.1b

### (C2.1b) How does your organization define substantive financial or strategic impact on your business?

PrairieSky considers a number of factors, both quantitative and qualitative, when determining a financial or strategic impact to our business. These impacts include but are not limited to financial, operational, legal, strategic and reputational. When identifying or assessing a climate risk, the determination of whether it has a substantive financial or strategic impact is aligned with our corporate Enterprise Risk Management Framework taking into consideration the likelihood and the severity of the impact. We define substantive financial or strategic impact as any principal risk that has the potential to at least moderately impact the ability of our business or business functions to meet or support a company objective and our business strategy. These are risks that are considered likely or almost certain to occur and impacts that are considered to have at least a moderate impact on our business by impacting funds from operations by at least 10% and reducing our market capitalization value by greater than 10%.

## C2.2

### (C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

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#### Value chain stage(s) covered

Direct operations  
Upstream  
Downstream

#### Risk management process

Integrated into multi-disciplinary company-wide risk management process

#### Frequency of assessment

More than once a year

#### Time horizon(s) covered

Short-term  
Medium-term  
Long-term

#### Description of process

**Process to Determine Substantive Financial or Strategic Impact:**

Risk management is conducted by our executive officers through our Enterprise Risk Management Process (ERM), with oversight from the Board of Directors. Information on climate-related risks impacting our business is compiled through our Company-wide risk management processes. Risk owners at a department level assess the risks (including environmental risks which also include climate-related risks) and evaluate the mitigation factors and progress of planned improvements quarterly and report to the CFO and COO. The CFO and COO then report to the CEO. Annually, principal risks are reported to the Board of Directors who provide oversight of the strategic direction of the business and are ultimately responsible for risk management in accordance with corporate governance requirements.

Climate-related risks and opportunities identified through the Company's integrated ERM process are assigned a risk ranking based on a consideration of the likelihood and consequence of the impact. PrairieSky considers a number of factors, both quantitative and qualitative, when determining a financial or strategic impact to our business. When identifying or assessing a climate risk, the determination of whether it has a substantive financial or strategic impact is aligned with our corporate Enterprise Risk Management Framework taking into consideration the likelihood and the severity of the impact. We define substantive financial or strategic impact as any principal risk that has the potential to at least moderately impact the ability of our business or business functions to meet or support a company objective and our business strategy. These are risks that are considered likely or almost certain to occur and impacts that are considered to have at least a moderate impact on our business by impacting funds from operations by at least 10% and reducing our market capitalization value by greater than 10%. Through this process, risks are prioritized and appropriate policies and controls are established to ensure effective management.

We initiated climate scenario analysis to help us assess longer-term risks and opportunities. Our climate scenario analysis includes three scenarios: 1) aligns with the Paris Agreement ambition to limit global warming to 1.5° scenario; 2) Climate scenario which limits global warming to 2.6°; and 3) Climate scenario which contemplates current policies making limited progress on curbing global emissions and average global warming exceeds 4° by 2100. Although we are in the early stages of this analysis, we believe there is value in using scenario analysis to inform our corporate strategy.

Within the context of our direct operations, we consider various climate-related risks and opportunities, including the impact of existing and emerging climate-related regulations and policies, market, reputation, and technology, as well as the impact of both chronic and acute physical impacts.

**Description of Process as it applies to Physical Risks / Opportunities:**

From a physical risk perspective, we assess the risks and opportunities of our exposure to increased severity of extreme weather events. For example, third-party oil and gas operators on PrairieSky lands have extractive, processing and logistical operations in many geographic locations and as such a wide variety of physical climate impacts are

potentially relevant to our business. Physical risks could negatively impact producers and capital allocated to exploration, development and operations resulting in lower exploration, development and operations on the Royalty Properties. Specifically, the risk of flooding, and particularly the 2013 Alberta floods of the Bow and Elbow Rivers, limited the ability of some companies to access physical office space. While not substantive to our business, these events influence our IT service delivery processes which are designed to manage associated risk or downtime in the event of an office closure and allow business operations to be conducted remotely.

**Description of Process as it applies to Transition Risks / Opportunities:**

From a transition risk perspective, we assess our exposure to climate-related policies and regulations that can affect our business. In 2022, we continued to monitor how carbon pricing and changing regulatory requirements could increase costs and negatively impact producers and the capital allocated to exploration, development and operations that could result in lower exploration, development and operations on PrairieSky lands. In addition, carbon pricing will impact our Meadowbrook CCUS Hub Project which is further discussed below. We have been closely monitoring the advancement of the new federal methane regulations to reduce methane emissions from upstream oil and natural gas facilities that extract, process and transport hydrocarbon gas. These regulations are expected to reduce methane emissions from the oil and gas sector by 40% to 45% below 2012 levels by 2025, to support Canada's National Determined Contribution (NDC) under the Paris Agreement. We also monitor our office building energy requirements and how carbon pricing could increase our direct operating costs.

We have identified a number of short, medium and long-term opportunities for climate transition opportunities on our Royalty Properties including carbon capture, utilization and storage (CCUS) projects, hydrogen projects, resource gasification projects with CCUS, and helium and lithium projects which have broad applications in the technology, medical and battery storage sectors. As an example, we have partnered with Bison Low Carbon Ventures Inc. (operator), Enerflex Ltd. and IRC Enterprises Inc. (Indian Resource Council of Canada) on the Meadowbrook CCUS Hub Project which was selected by Alberta Energy as one of six successful applicants for carbon storage tenure in the industrial heartland near Edmonton, Alberta. The Meadowbrook CCUS Hub Project is being designed to provide safe, cost effective, permanent CO<sub>2</sub> sequestration, on a multi-client basis, to existing and new Alberta industries seeking to reduce their emissions through adoption of carbon capture, utilization, and storage. We expect that the project partners will enter into an evaluation permit with the Government of Alberta that will allow the Meadowbrook partnership to conduct site specific evaluation activities and commence detailed consultation in the near term to support a commercial CCUS lease application within 12-24 months.

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**Value chain stage(s) covered**

Direct operations

Upstream

Downstream

### **Risk management process**

Integrated into multi-disciplinary company-wide risk management process

### **Frequency of assessment**

More than once a year

### **Time horizon(s) covered**

Short-term

Medium-term

Long-term

### **Description of process**

Process to Determine Substantive Financial or Strategic Impact:

Risk management is conducted by our executive officers through our Enterprise Risk Management Process (ERM), with oversight from the Board of Directors. Information on climate-related risks impacting our business is compiled through our Company-wide risk management processes. Risk owners at a department level assess the risks (including environmental risks which also include climate-related risks) and evaluate the mitigation factors and progress of planned improvements quarterly and report to the CFO and COO. The CFO and COO then report to the CEO. Annually, principal risks are reported to the Board. The Board of PrairieSky provides oversight of the strategic direction of the business and is ultimately responsible for risk management in accordance with corporate governance requirements.

Climate-related risks and opportunities identified through the Company's integrated ERM process are assigned a risk ranking based on a consideration of the likelihood and consequence of the impact. PrairieSky considers a number of factors, both quantitative and qualitative, when determining a financial or strategic impact to our business. When identifying or assessing a climate risk, the determination of whether it has a substantive financial or strategic impact is aligned with our corporate Enterprise Risk Management Framework taking into consideration the likelihood and the severity of the impact. We define substantive financial or strategic impact as any principal risk that has the potential to at least moderately impact the ability of our business or business functions to meet or support a company objective and our business strategy. These are risks that are considered likely or almost certain to occur and impacts that are considered to have at least a moderate impact on our business by impacting funds from operations by at least 10% and reducing our market capitalization value by greater than 10%. Through this process, risks are prioritized and appropriate policies and controls are established to ensure effective management.

Within the context of upstream operations, we consider various climate-related risks and opportunities, including the impact on operating costs associated with sourcing low-carbon products from third parties, carbon pricing implications as well as the geographic distribution of the supply chain and exposure to possible physical risks.

Description of Process as it Applies to Transition Risks / Opportunities:

From a transition risk perspective, we assessed our exposure from the impact of increased administrative costs from utility suppliers that may pass through the carbon price to our business. However, given that energy costs represent less than 10% of our administrative costs (with suppliers), these types of carbon price pass through costs are not considered significant to our business.

From a transition opportunity perspective, we identified opportunities from key trends in the sustainable transportation sector. PrairieSky has mineral rights to lithium on the vast majority of our lands, which have application in a variety of low emissions products in energy generation and transport. For example, electric vehicles are likely to see growth driven by technology developments. Increased demand for lithium as a key raw material for batteries could provide a competitive advantage and opportunity for PrairieSky with battery producers, who are expected to match electric vehicle growth rates. PrairieSky has entered into lithium leases in both Alberta and Saskatchewan and will be closely monitoring the progress of the third-party operators on these projects. We have also entered into a number of commercial arrangements with hydrogen companies to seed the development of projects on our Royalty Properties. Although these projects are early stage, hydrogen also has the potential to impact the sustainable transportation sector by displacing higher carbon fuel sources.

Description of Process as it Applies to Physical Risks / Opportunities:

From a physical risk perspective, we assessed our exposure to the impact of increased extreme weather events on third-party operators on our Royalty Properties and the possible disruptions that may occur to our business. Forest fires may impact field operations as certain production and/or facilities may need to be shut in. Although PrairieSky does not have field operations, this may impact PrairieSky's royalty production and cash flow. For example, in May 2023, forest fires in northwest Alberta resulted in many third-party operators shutting in production and facilities. As a result, PrairieSky's royalty production and revenues were negatively impacted. The impact of the forest fires was not substantive to our overall cash flows due to the diverse nature of PrairieSky's operations.

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**Value chain stage(s) covered**

Direct operations  
Upstream  
Downstream

**Risk management process**

Integrated into multi-disciplinary company-wide risk management process

**Frequency of assessment**

More than once a year

### **Time horizon(s) covered**

- Short-term
- Medium-term
- Long-term

### **Description of process**

Process to Determine Substantive Financial or Strategic Impact:

Risk management is conducted by our executive officers through our Enterprise Risk Management Process (ERM), with oversight from the Board of Directors. Information on climate-related risks impacting our business is compiled through our Company-wide risk management processes. Risk owners at a department level assess the risks (including environmental risks which also include climate-related risks) and evaluate the mitigation factors and progress of planned improvements quarterly and report to the CFO and COO. The CFO and COO then report to the CEO. Annually, principal risks are reported to the Audit Committee and Board. The Board of PrairieSky provides oversight of the strategic direction of the business and is ultimately responsible for risk management in accordance with corporate governance requirements.

Climate-related risks and opportunities identified through the Company's integrated ERM process are assigned a risk ranking based on a consideration of the likelihood and consequence of the impact. Substantive risks and opportunities are those that are considered likely or almost certain to occur and the impacts are considered moderate on our business (impacting our annual funds from operations greater than 10% and impacting our market capitalization greater than 10%). Through this process, risks are prioritized and appropriate policies and controls are established to ensure effective management.

Within the context of downstream operations, we consider various climate-related physical and transition risks and opportunities that may be encountered by third-party oil and gas operators. These include: extreme weather events, changing customer demands for fossil fuels, as well as existing and emerging climate-related regulations.

Description of Process as it Applies to Transition Risks / Opportunities:

From a transition risk perspective, we assessed the exposure of third-party oil and gas operators on PrairieSky's Royalty Properties to carbon regulations. Third-party operations and activities associated with the Royalty Properties emit GHGs which may require parties leasing and/or operating on the Royalty Properties to comply with Federal and/or Provincial Government GHG emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate measures that are ultimately put in place. Lessees and third-party operators on the Royalty Properties are responsible for the costs associated with environmental regulation and adherence to regulations. Although some of these new carbon pricing regulations could negatively impact the third parties on our lands, such as capital allocated to exploration, development and operations, given PrairieSky does not assume any of these costs, the associated risks are not considered substantive to our business. Meanwhile, PrairieSky



may be directly impacted by reduced industry activity or the inability to collect royalty payments; however, PrairieSky’s commodity and counterparty diversity limits exposure to any one royalty payor, commodity, area, region or operator, these risks are also not considered substantive.

**Description of Process as it Applies to Physical Risks / Opportunities:**

From a physical risk perspective, we assessed the exposure of third-party oil and gas operators on PrairieSky’s Royalty Properties to extreme weather events. For example, through our integrated ERM processes we have considered the fact that many third-party oil and gas operators have extractive, processing and logistical operations in many geographic locations and, as such, a wide variety of physical climate impacts such as wildfires, floods, tornadoes, and extreme temperatures, are potentially relevant to our business. Physical risks could negatively impact producers and capital allocated to exploration, development and operations resulting in lower exploration, development and operations on PrairieSky lands. For example, in May and 2023, forest fires impacted third-party production and facilities resulting in shut ins. As a result, PrairieSky received lower royalty production and revenues. Due to PrairieSky’s diverse land base, the impact was not substantive to our overall cash flows and business.

## C2.2a

**(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>Climate-related risks are integrated into our Enterprise Risk Management processes, which take into consideration the direct risks to our operations as well as the direct and indirect risks to third-party operators on our lands that may materially affect our business. Failure of third parties to comply with environmental regulations in Canada may result in fines, penalties and operational restrictions. Through this analysis, we review the current climate-related regulatory risks, and review and refine them in conjunction with our Board. These risks include: existing GHG Federal and Provincial regulations, methane regulations, carbon pricing mechanisms, and our office building energy requirements.</p> <p>Specifically, in Canada, the Federal Government implemented legislation aimed at incentivizing the use of alternative fuels and in turn reducing carbon emissions. The federal system currently applies in provinces and territories without their own system that meets federal standards. Any taxes placed on carbon emissions may decrease the demand for crude oil and natural gas products and at the same time, increase the operating expenses of crude oil and natural gas</p>

		<p>companies, each of which may have a substantive financial impact on the Company's revenue from the Royalty Properties over time. Further, the imposition of carbon taxes puts companies at an economic disadvantage with their competitors who operate in jurisdictions where there are less costly carbon regulations and/or financial burdens.</p>
Emerging regulation	Relevant, always included	<p>Climate-related risks are integrated into our Enterprise Risk Management processes, which take into consideration the direct risks to our operations as well as the direct and indirect risks to third-party operators on our lands that may materially affect our business.</p> <p>Failure of third parties to comply with environmental regulations in Canada may result in fines, penalties and operational restrictions. Through this analysis, we review the following climate-related emerging regulatory risks, and review and refine them in conjunction with our Board: GHG regulations, carbon pricing, methane regulations, and office building energy requirements. For example, climate change regulations (increasing costs and/or regulatory requirements, including changes to carbon tax) could negatively impact third-party producers and capital allocated to exploration, development and operations resulting in lower exploration, development and operations on PrairieSky lands.</p>
Technology	Relevant, always included	<p>Climate-related risks are integrated into our Enterprise Risk Management processes, which take into consideration the direct risks to our operations as well as the direct and indirect risks to third-party operators on our lands that may materially affect our business.</p> <p>Through this analysis, we review climate-related technology risks, and review and refine them in conjunction with our Board. Technology developments such as the costs associated with data gathering and monitoring, government or regulatory body restrictions on hydraulic fracture stimulation, and the substitution of existing technologies with lower emissions options, in particular electric vehicles, all have the potential to reduce demand for fossil fuel products and therefore reduce third-party activity and development on the Royalty Properties. For example, the switch to natural gas power generation from coal may lead to reduced demand in coal products but an increase in the demand for natural gas. In addition, PrairieSky is participating in a number of early-stage CCUS and blue hydrogen projects which may provide energy with lower associated greenhouse gas emissions. We have also entered into leases in both Alberta and Saskatchewan for lithium production projects on our lands.</p> <p>We determined these risks to be marginal given our diversification in oil and natural gas products, which would effectively mitigate our risk exposure to fuel switching. We therefore do not expect potential</p>

		climate-related technology risks to have a substantive impact on PrairieSky.
Legal	Relevant, always included	<p>Climate-related risks are integrated into our Enterprise Risk Management processes, which take into consideration the direct risks to our operations as well as the direct and indirect risks to operators on our lands that may materially affect our business. Through this analysis, we review the following climate-related legal risks, and refine them in conjunction with our Board: increased legal obligations for emissions-reporting, climate-related litigation lawsuits, changing regulatory requirements that impact our contractual relationships with third parties, and reporting standards under applicable securities and other laws.</p> <p>Historically, political and legal opposition to the fossil fuel industry focused on public opinion and the regulatory process. More recently, however, there has been a movement to more directly hold governments and oil and natural gas companies responsible for climate change through climate litigation. In November 2018, ENvironment JEUnesse, a Quebec advocacy group, applied to the Quebec Superior Court to certify all Quebecois under 35 as a class in a proposed class action lawsuit against the Government of Canada for climate related matters. The application and subsequent appeal were dismissed. In January 2019, the City of Victoria became the first municipality in Canada to endorse a class action lawsuit against oil and natural gas producers for alleged climate-related harms. The Union of British Columbia Municipalities defeated the City of Victoria's motion to initiate a class action lawsuit to recover costs it claims are related to climate change.</p> <p>We have reviewed this risk and determined limited exposure to the increase in climate-related litigation lawsuits given that PrairieSky is not an operator, owns no wellbores or facilities, and has no legal obligation for operating costs, capital costs, environmental liabilities or reclamation obligations on the royalty lands it owns. We therefore do not expect potential climate-related litigation risks or increased emissions-reporting risks to have a substantive impact on PrairieSky.</p>
Market	Relevant, always included	Climate-related risks are integrated into our Enterprise Risk Management processes, which takes into consideration the direct risks to our operations as well as the direct and indirect risks to third-party operators on our lands that may materially affect our business. Through this analysis, we review the following climate-related market risks, and review and refine them in conjunction with our Board: fluctuating socio-economic conditions that may result from society's exposure to

		<p>weather-related losses and the demand for fossil fuel products (fuel switching).</p> <p>Specifically, fuel conservation measures, alternative fuel requirements, and increasing consumer demand for alternatives to crude oil and natural gas could reduce the demand for crude oil, natural gas and natural gas liquids. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. Advancements in energy efficient products have a similar effect on the demand for oil and natural gas products. Both the Canadian Federal government and the Alberta Provincial government are providing or developing incentives to promote CCUS and hydrogen projects which can provide energy with significantly lower net greenhouse gas emissions. The Company cannot predict the impact of changing demand for crude oil and natural gas products, and any major changes may have a material adverse effect on the Company's business and financial condition by decreasing the Company's royalty revenues, limiting its access to capital and decreasing the value of its assets.</p> <p>We have reviewed these risks and determined limited exposure to fluctuating socio-economic conditions and demand for fossil fuel products given that PrairieSky has no legal obligation for operating costs, capital costs, environmental liabilities or reclamation obligations on the Royalty Properties. In addition, our diversification in oil and gas products effectively mitigates our risk exposure to fuel switching. We also have a number of energy transition opportunities that we are actively engaged in, including CCUS projects and third-party leasing for lithium production.</p>
<p>Reputation</p>	<p>Relevant, always included</p>	<p>Climate-related risks are integrated into our Enterprise Risk Management processes, which take into consideration the direct risks to our operations as well as the direct and indirect risks to third-party operators on our lands that may materially affect our business. Through this analysis, we review the following climate-related reputation risks, and review and refine them in conjunction with our Board: increasing stakeholder requests for climate disclosure and the impact on our reputation from investors for not effectively demonstrating how climate change risks and opportunities are managed. For example, there has been an increase in investor interest on environmental, social and governance factors, which includes responding to and mitigating climate risks. Reputational risk may also manifest in the form of stigmatization of the oil and gas sector, increased stakeholder concern</p>

		<p>and shareholder activism.</p> <p>In response, we have been strengthening the transparency and credibility of the information we make publicly available on climate-related issues through our annual Sustainability Report, TCFD Report, Management Discussion and Analysis, Annual Information Form and on the dedicated Responsibility portion of our website.</p>
Acute physical	Relevant, always included	<p>Climate-related risks are integrated into our Enterprise Risk Management processes, which take into consideration the direct risks to our operations as well as the direct and indirect risks to third-party operators on our lands that may materially affect our business. Through this analysis, we review the following climate-related acute physical risks, and review and refine them in conjunction with our Board: increased severity of extreme weather events. For example, our third-party oil and gas operators have extractive, processing and logistical operations in many geographic locations and, as such, a wide variety of physical climate impacts are potentially relevant to our business.</p> <p>Specifically, we have considered how extreme hot and cold weather, heavy snowfall, heavy rainfall and wildfires may restrict or could interfere with the operations of third-parties on the Royalty Properties, increasing their costs and negatively impacting their production. Moreover, extreme weather conditions may lead to disruptions in the third-parties' ability to transport produced oil and natural gas as well as goods and services in their supply chains. Certain of the Royalty Properties are located in locations that are proximate to forests and rivers and a wildfire or flood, respectively, may lead to significant downtime and/or damage to such assets which may affect production.</p> <p>In addition, flooding in recent years has, in rare circumstances, limited the ability of some companies to access physical office space which has led the Company and management to implement IT service delivery to manage associated risk or downtime in the event of an office closure and allow business operations to be conducted remotely. Wildfires can also result in third-party operators temporarily shutting-in operations. Due to the diverse geographical nature of our Royalty Properties, this risk is mitigated.</p> <p>Due to PrairieSky's diversity which limits exposure to any one royalty payor, commodity, area, region or operator, we do not expect acute physical risks to have a substantive impact on PrairieSky.</p>
Chronic physical	Relevant, always included	<p>Climate-related risks are integrated into our company-wide risk management processes, which take into consideration the direct risks to our operations as well as the direct and indirect risks to third-party operators on our lands that may materially affect our business. Through</p>

	<p>this analysis, we review the following climate-related chronic physical risks, and review and refine them in conjunction with our Board: changes in precipitation patterns, extreme variability in weather patterns, rising mean temperatures and rising sea levels.</p> <p>As the level of activity in the Canadian petroleum and natural gas industry is influenced by seasonal weather patterns, long-term shifts in climate patterns pose the risk of exacerbating operational delays and other risks posed by seasonal weather patterns. In addition, long-term shifts in weather patterns such as water scarcity, increased frequency of extreme storms and forest fires, and prolonged heat waves may, among other things, require third-party operators on the Royalty Properties to incur greater expenditures (time and capital) to deal with the challenges posed by such changes/impacts to its operations, facilities, supply chain, transportation, and employee safety, which may in turn have a material adverse effect on production from the Royalty Properties. Specifically, in the event of water shortages or sourcing issues, third parties operating on the Royalty Properties may not be able to, or will incur greater costs to, carry out hydraulic fracturing.</p> <p>Due to PrairieSky's diversity which limits exposure to any one royalty payor, commodity, area, region or operator, we do not expect chronic physical risks to have a substantive impact on PrairieSky.</p>
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## C2.3

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

## C2.3a

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Upstream

**Risk type & Primary climate-related risk driver**

Market

Changing customer behavior

### **Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

### **Company-specific description**

PrairieSky is a royalty company and does not own any well bores or infrastructure. We collect royalties on third-party production of oil and natural gas on our royalty properties in Western Canada so our business can be significantly impacted by low commodity prices; reduced demand for hydrocarbons which could lead to lower exploration and development, resulting in lower production volumes; and climate regulation which may increase costs for third-party operators making certain projects uneconomic. Lower pricing, reduced demand and/or higher regulation may lead to reduced capital investment and a higher cost of capital for companies in the oil and gas industry. Reduced activity and lower commodity prices could negatively impact PrairieSky's royalty revenue and cash flows.

PrairieSky anticipates that there will be a reduction in global oil and gas demand as we move towards 2050. PrairieSky uses climate-scenario analysis to examine climate-related risks and opportunities, including changes to global supply and demand. PrairieSky prepared three separate climate scenarios which reflected different global warming trajectories, including a climate-change scenario that meets global ambitions to limit global warming to 1.5° by 2100 by achieving net zero global CO2 emissions by 2050 and a moderate mitigation scenario where global warming is limited to 2.6° by 2100. In both of these scenarios, we would anticipate changing customer behaviour would reduce fossil fuel use in developed nations and we would anticipate a substantive financial impact on PrairieSky's royalty revenues. Our third climate scenario anticipates no decline in global fossil fuel consumption. We believe that globally, the energy transition will move forward. PrairieSky is positioned to manage the energy transition with approximately 42% of our royalty production from natural gas, investments in low-cost oil production which will displace higher-cost barrels, and a number of energy transition opportunities across our royalty acreage including CCUS, hydrogen and lithium.

### **Time horizon**

Long-term

### **Likelihood**

About as likely as not

### **Magnitude of impact**

Medium

### **Are you able to provide a potential financial impact figure?**

Yes, an estimated range

### **Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

0

**Potential financial impact figure – maximum (currency)**

79,000,000

**Explanation of financial impact figure**

In the short and medium term, we do not anticipate any substantive impact to royalty revenue. In the longer-term, using a Deep Decarbonization scenario, global oil demand would decrease by 18% in 2030 and by 72% in 2050 (decrease from 88 million barrels per day (mb/d) in 2020 to 72 mb/d in 2030 and 24 mb/d in 2050). Looking forward to 2030, and applying that same decline to PSK volumes and 2022 oil royalty revenues of \$440.8 million, PrairieSky could see an oil royalty revenue decrease of \$79 million (estimate above based on this analysis).

The projected decrease in global consumption/global demand is based on a scenario aligned with the Paris Agreement ambition to limit global warming to 1.5°C by 2100 by achieving net zero global CO<sub>2</sub> emissions by 2050. It references the International Energy Agency (IEA)'s Net Zero by 2050: A Roadmap for the Global Energy Sector and World Energy Outlook (WEO) 2021 Net Zero by 2050 (NZE2050) scenario. Approximate equivalent projections under a Canadian-lens come from the Institut de l'énergie Trottier (IET)'s 2021 Net Zero by 2050 (NZ50) scenario as described in 2021 Canadian Energy Outlook (CEO).

**Cost of response to risk**

0

**Description of response and explanation of cost calculation**

PrairieSky is a royalty company and does not own any well bores or infrastructure. We collect royalties on third-party production of oil and natural gas on our royalty properties in Western Canada so our business can be significantly impacted by low commodity prices; reduced demand for hydrocarbons which could lead to lower exploration and development, resulting in lower production volumes; and climate regulation which may increase costs for third-party operators making certain projects uneconomic. Lower pricing, reduced demand and/or higher regulation may lead to reduced capital investment and a higher cost of capital for companies in the oil and gas industry. Reduced activity and lower commodity prices could negatively impact PrairieSky's royalty revenue and cash flows.

We believe that globally, the energy transition will move forward. PrairieSky is positioned to manage the energy transition with approximately 42% of our royalty revenues from natural gas, investments in low-cost oil production which will displace higher-cost barrels, and a number of energy transition opportunities across our royalty acreage including CCUS, hydrogen and lithium. There is no required investment to generate natural gas revenues or to participate in energy transition opportunities as PrairieSky already owns the lands for these projects. PrairieSky has made investments



in low-cost oil projects over the years which we expect to displace higher-cost oil projects in the future.

## Comment

### C2.4

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

### C2.4a

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

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#### Identifier

Opp1

#### Where in the value chain does the opportunity occur?

Direct operations

#### Opportunity type

Products and services

#### Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

#### Primary potential financial impact

Increased revenues through access to new and emerging markets

#### Company-specific description

PrairieSky is actively pursuing a number of energy transition opportunities, including partnering with several early-stage companies focused on CCUS, both for in-situ stimulation and optimization of hydrocarbon reservoirs and to assist other industrial emitters to eliminate or reduce the quantum of greenhouse gases released into the atmosphere. For example, we are proud to partner with Bison Low Carbon Ventures Inc. (operator), Enerflex Ltd. and IRC Enterprises Inc. (Indian Resource Council of Canada) on the Meadowbrook CCUS Hub Project which was selected by Alberta Energy as one of six initial successful applicants in 2021 for carbon storage tenure in the industrial heartland near Edmonton, Alberta. The Meadowbrook CCUS Hub Project is being designed to provide safe, cost effective, permanent CO<sub>2</sub> sequestration, on a multi-client basis, to existing and new Alberta industries seeking to reduce their emissions through adoption of carbon capture, utilization, and storage. We expect that the project partners will enter into an evaluation permit with the Government of Alberta that will allow the

Meadowbrook partnership to conduct site specific evaluation activities and commence detailed consultation in the near term to support a commercial CCUS lease application within 12-24 months.

**Time horizon**

Medium-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

As this project is in a very early stage, we do not have an estimate of the financial impact to PrairieSky. Whether the financial impact will be substantive is to be determined.

**Cost to realize opportunity**

90,000,000

**Strategy to realize opportunity and explanation of cost calculation**

The Meadowbrook Hub application was submitted to and approved by the Alberta government in 2021. We expect that the project partners will enter into an evaluation permit with the Government of Alberta that will allow the Meadowbrook partnership to conduct site specific evaluation activities and commence detailed consultation in the near term to support a commercial CCUS lease application within 12-24 months. In addition, PrairieSky, together with its partners, is advancing discussions to identify a commercial emitter for the project.

**Explanation of Cost Calculation:**

The following details were included in the application to the Alberta government. The project scope involves three 1mmTpa injection clusters (4-5 wells), each comprised of an 1800m injection well, and adjacent wells monitoring the storage reservoir, top seal confirmation and groundwater protection. These wellsite's will be pipeline connected to a single central facility that takes receipt of dense phase CO2 from the Meadowbrook Hub pipeline, pumps it to formation injection pressure, and delivers it by pipeline to the

injection wells. All safety monitoring instrumentation will be located at this facility and it will be shared with an injection wellsite. The 12" Meadowbrook Hub connector pipeline will be constructed and run 45km from the Industrial Heartland area to our Hub facility. We would have a receipt station that metered the inlet volume, pressure, and composition of the dense phase CO<sub>2</sub> stream. At the proposed 3mmTpa capacity, and under our assumption of the spec of the delivered product, we do not need a booster pump at this inlet to our system but may for future expansion, or if delivery conditions differ from our current assessment. The estimated cost for the sequestration project is \$90M (Class 3, within +30 to -10%, with 10% contingency). The project currently has four partners, with PrairieSky having an 18% interest which it earned through the contribution of leases for our Fee Lands as well as the contribution of access to our seismic database.

### Comment

This project is in a very early stage and no estimate of the financial impact from the project and whether it will be substantive to PrairieSky's business is yet to be determined.

## C3. Business Strategy

### C3.1

**(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?**

#### Row 1

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#### **Climate transition plan**

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a climate transition plan within two years

#### **Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future**

PSK has completed climate scenario analysis which is aligned with a 1.5 degree Celsius world. This analysis will inform our corporate strategy and the development of our transition plan.

PSK has a multi-tier approach to transition opportunities and is working with multiple partners on energy transition opportunities.

First, PSK has invested in low-cost oil plays which do not require fracture stimulation which makes these plays very economic and lowers the GHG emissions. We believe these oil barrels will help reduce the carbon footprint of oil that is still required over the short, medium and long term.

Second, PSK collected 18% of its total revenues in 2022 from natural gas production which has lower emissions relative to other fossil fuel carbon emissions. As the world transitions away from products such as coal, natural gas will be an energy alternative.

Third, PSK collects revenue from enhanced oil recovery projects with carbon sequestration. The Carbon Trunk Line project supplies carbon sequestration projects where PrairieSky has partnered with one of the proponents of these innovative projects, reducing emissions from industrial emitters and the fertilizer sector reducing GHG emissions by 2.76 million megatons per year. In 2022, PrairieSky collected \$2.5 million in royalty revenues related to CCUS.

Finally, PSK is working on multiple transition opportunities. These opportunities include: 1) the Meadowbrook CCUS hub which was chosen as 1 of 6 initial CCUS projects to move forward in the province by the Alberta Government, 2) a resource gasification project in combination with CCUS to produce carbon neutral or carbon negative hydrogen, methanol and other products ultimately used to create single cell proteins that displace more energy intensive animal feedstock sources, and 3) lithium leasing to third parties to produce lithium from brine water on our lands. Due to the early-stage nature of these projects as well as pending regulatory frameworks we have not yet developed a formal transition plan but are working towards the transition.

## C3.2

**(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?**

Use of climate-related scenario analysis to inform strategy	
Row 1	Yes, qualitative

## C3.2a

**(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.**

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios IEA NZE 2050	Company-wide		Aligned with the Paris Agreement ambition to limit global warming to 1.5°C by 2100 (achieving net zero global CO2 emissions by 2050), this scenario references the IEA’s Net Zero by 2050: A Roadmap for the Global Energy Sector and the WEO 2021 Net Zero by 2050 scenario. Approximate equivalent projections under a Canadian-lens are from the Institut de l’énergie Trottier’s 2021 Net Zero by 2050 scenario as described in 2021 Canadian Energy Outlook.

			<p>Our three scenarios are plausible trajectories for the world, and consider the long-term time horizons of national and international climate policies and the perpetual nature of our royalty assets. This time horizon is relevant to our operations and informs our ERM process, business planning and corporate strategy as we transition to a low-carbon economy, including our work with early-stage investments in CCUS, hydrogen and lithium development on our royalty properties, and our acquisition strategy, all of which are long-term in nature.</p> <p><b>Results of Scenario Analysis</b>                  Deep decarbonization ambitions require stringent carbon policies and major investments in renewable-based power generation, electricity grids and networks deployment and energy efficiency measures. Despite population growth and continued economic development, anticipated changes in how we produce and consume energy leads to a decrease in total primary energy demand from 2019 to 2050 (share of fossil fuels drops from 80% of energy use mix in 2019 to just over 20% in 2050). Under this scenario, oil and gas development decreases. PSK has focused its acquisition strategy on royalty assets in the most economic plays which will displace higher cost plays. This strategy has supported our significant Clearwater investments, a play that does not require fracking resulting in superior economics. PSK is also working with third parties to develop CCUS projects, with and without enhanced oil recovery on our lands.</p> <p><b>Case Study:</b>                  PSK is a partner in the Meadowbrook CCUS Hub Project (carbon storage tenure near Edmonton, Alberta). The Hub is being designed to provide safe, cost effective, permanent CO2 sequestration, on a multi-client basis, to reduce their emissions through adoption of CCUS. PSK expects the project partners to enter into an evaluation permit with the Government of Alberta that will allow site specific evaluation activities and detailed consultation to support a commercial CCUS lease application within 12-24 months.</p>
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<p>Transition scenarios IEA STEPS (previously IEA NPS)</p>	<p>Company-wide</p>		<p>In this scenario, global warming is limited to 2.6°C by 2100 and references the IEA's WEO 2021 Stated Policies Scenario (STEPS), providing a global perspective, with approximate equivalent projections under a Canadian-lens from the IET's 2021 Net Zero by 2060 scenario as described in the 2021 Canadian Energy Outlook.</p> <p>Our three scenarios are plausible trajectories for the world, and consider the long-term time horizons of national and international climate policies and the perpetual nature of our royalty assets. This time horizon is relevant to our operations and informs our ERM processes, business planning and corporate strategy as we transition to a low-carbon economy, including our work with early-stage investments in CCUS, hydrogen and lithium development on our royalty properties, and our acquisition strategy, all of which are long-term in nature.</p> <p>Results of Scenario Analysis Global energy systems diversify but transformations across advanced and developing economies are small with a moderate increase in investment for renewables and continued but declining investment in fossil fuels. Global population rises the same as in the Deep Decarbonization Now scenario while primary energy demand increases to 2050. Fossil fuels decline in demand from 80% in 2019 to 66% in 2050. Under this scenario, oil and gas development will decrease. PSK has focused its acquisition strategy on royalty assets in the most economic plays which will displace higher cost plays. This strategy has supported our significant Clearwater investments, a play that does not require fracking resulting in superior economics. PSK is also working with third parties to develop CCUS projects, with and without enhanced oil recovery on our royalty lands and has leased lands to a third-party for lithium development.</p> <p>Case Study: Alberta was the first jurisdiction in North America to direct dedicated funding to implement carbon capture and storage technologies across industrial</p>
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		<p>sectors committing \$1.24 billion through 2025 to fund two commercial-scale projects. Both will help reduce the CO2 emissions from industrial emitters and the fertilizer sector, and reduce GHG emissions by 2.76 million megatons per year. The Carbon Trunk Line project will supply carbon sequestration projects. PSK has entered into leasing arrangements with a third-party operator, providing reduced upfront royalty rates and secure long-term tenure to promote this innovative project.</p>
<p>Transition scenarios IEA CPS</p>	<p>Company-wide</p>	<p>In this scenario, there is low decarbonization at the global scale and average warming exceeds 4°C by 2100. This scenario references the IEA’s WEO 2019 Current Policies Scenario (CPS) and has been expanded with best estimates for equivalent projections in Canada using the IET’s Reference scenario from the 2021 CEO.</p> <p>Under this scenario, energy systems undergo very little transformation across advanced and developing economies with continued investments in non-renewable energy. Global population rises and global energy demand increases by about 1.3% each year to 2040, in the absence of energy efficiency improvements. The percentage of renewables in global electricity generation grows only slightly from 29% in 2020 to 36% in 2040. Fossil fuels continue to represent about 80% of the energy mix in 2020 and 2040 (with fluctuations in total primary demand sources).</p> <p>Our three scenarios are plausible trajectories for the world, and consider the long-term time horizons of national and international climate policies and the perpetual nature of our royalty assets. This time horizon is relevant to our operations and informs our ERM processes, business planning and corporate strategy as we transition to a low-carbon economy, including our work with early-stage investments in CCUS, hydrogen and lithium development on our royalty properties, and our acquisition strategy, all of which are long-term in nature.</p> <p>Results of Scenario Analysis</p>

			<p>Global oil demand increases from 96.9 MMbbl/d in 2018 to 121 MMbbl/d in 2040. Without strengthened policies on fuel efficiency or the use of alternative fuels, road transport increases demand, along with increases in demand for petrochemicals and aviation fuels. Global prices increase from US\$68 in 2018 to US\$134 by 2040. In Canada, demand for oil grows faster than the global demand and increases 44% from 2019 to 7.05 MMbbl/d in 2040. Production increases by about 69% from 2016 and 2050 and final energy consumption of oil products across sectors increases by 30%. Natural gas grows more intensely than oil, especially between 2030 and 2040, meeting a third of total energy demand growth, and more than any other energy source. Global demand increases by 46% between 2019 and 2040. Under this scenario, oil and gas development would continue in line with supply and demand which would be influenced by commodity prices.</p>
Physical climate scenarios Customized publicly available physical scenario	Company-wide	4.1°C and above	<p>Physical risks were considered in each of the scenarios above when average warming exceeds 4°C by 2100, the Macro level trends in North America were updated based on the IPCC AR6 using the SSP5-8.5 scenario .</p> <p>Results of Scenario Analysis The frequency of once in 50-year heatwaves is 39 times as likely to occur. In comparison, the average frequency of once in 10-year extreme precipitation events are likely to occur 2.7 times while the frequency of once in 10-year extreme agricultural and ecological droughts in drying regions are 4 times as likely to occur. In Canada, the frequency of large fire events is predicted to increase in north-eastern British Columbia and northern Alberta as a result of climate change.</p> <p>Understanding the physical risks of climate-change informs our ERM processes, business planning and corporate strategy, including our acquisition strategy which is long-term in nature.</p> <p>Case Study:</p>



			Wildfires in 2023 necessitated third-party production and facilities to be shut in. As a result, PrairieSky received lower royalty production and revenues. Due to PrairieSky's diverse land base and operators, the impact of the wildfires was not substantive to our business.
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## C3.2b

**(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.**

### Row 1

#### Focal questions

Focal Question 1: How will external factors that impact our business assist in the identification of major risks and inform mitigating actions?

Focal Question 2: How robust is our strategy across different business environments?

Focal Question 3: How can we position our business, as technologies and markets evolve, to capitalize on opportunities?

#### Results of the climate-related scenario analysis with respect to the focal questions

PSK owns its fee simple mineral title lands in perpetuity so it is critical to PrairieSky's strategy to understand possible future trajectories which will impact our business.

Focal Question 1: Transition and physical climate risks will impact our business.

Scenario analysis provides data points on supply and demand trajectories and informs how we view investments in assets to ensure resilience and flexibility. For example, we have invested in the Clearwater oil play which does not require fracture stimulation. In addition to having a lower environmental impact, this also makes the play one of the lowest cost oil plays in North America. We anticipate that lower cost barrels will displace higher cost barrels as we move through the energy transition.

Focal Question 2: Approximately 40% of PSK's production is natural gas that will be used as a source of energy as the world transitions from coal. Through an understanding of climate scenario trajectories, PSK can better understand levels of potential demand for natural gas over the short, medium and long term.

Focal Question 3: Through an understanding of climate scenario trajectories, PSK is an early participant in energy transition opportunities in Alberta. PSK is working with a number of partners on opportunities such as CCUS, enhanced oil recovery with CCUS, hydrogen and resource gasification projects. In addition, PSK has leased lands to both helium and lithium producers. Although projects do not generate significant revenue, we

are well positioned to learn and be part of advancing the energy transition through any climate scenario.

### C3.3

**(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>Description of how your Strategy has been influenced by Climate-related Risks and Opportunities:</p> <p>Through our Enterprise Risk Management assessment process, we assess the potential growth in cleaner energy markets and the rise of petroleum alternatives influencing our short-term, medium-term and long-term product and service strategies. We currently have a diversified product portfolio of crude oil, natural gas and natural gas liquids and other revenues tied to lease and contractual payments not otherwise considered a royalty on commodity production. In addition, we continue to consider the growth of other alternative products on our lands, including but not limited to rare earth minerals, helium, lithium, hydrogen, and geothermal electricity generation potential.</p> <p>Case Study of the most substantial Strategic Decision in this Area to date that has been Influenced by Climate-related Risks and Opportunities:</p> <p>There have been a number of strategic decisions in the past year to advance our alternative product strategy. We are participating in early-stage blue hydrogen projects in Alberta, including entering into commercial arrangements with hydrogen companies to seed the development of these projects on our lands; partnering with a private company to explore the potential for sub-surface gasification of mineral resources in combination with CCUS with the end goal of producing carbon neutral or carbon negative hydrogen, methanol or other products ultimately used to create single cell proteins that displace more energy intensive animal feedstock sources; and executing on early-stage exploration and development helium leasing with industry participants. In addition to all mines and minerals, PrairieSky holds the rights to geothermal resource development on its mineral</p>

		title lands, and is investigating the long-term potential for geothermal to offset more carbon intensive energy sources.
Supply chain and/or value chain	Yes	<p>Description of how your Strategy has been influenced by Climate-related Risks and Opportunities:                  We review our strategies to mitigate risks and maximize the opportunities in our supply chain, including strategies to reduce our carbon footprint and benefit from carbon management opportunities over the short and medium term. Despite our limited operational GHG footprint, we have been exploring opportunities to work with our suppliers to reduce our GHG emissions, from the natural gas consumed in the heating system of our corporate office, the purchased electricity for our office operations and employee commuting and business-related air or vehicle travel. Our head office, our only business location, is in First Canadian Centre which is owned by GWL Realty Advisors. They are committed to environmental leadership and have been instrumental in achieving BOMA Best Platinum Certification for the First Canadian Centre. Beginning in 2020, our procurement strategy was influenced by the climate-related opportunity to source and encourage green energy by our suppliers to not only help us reduce our already limited operational carbon footprint, but also encourage green energy projects in Canada.</p> <p>Case Study of the most substantial Strategic Decision in this Area to date that has been Influenced by Climate-related Risks and Opportunities:                  Beginning in 2019, we made the substantial decision as part of our procurement strategy to procure Bullfrog Power green energy as a renewable energy credit equal to the amount of electricity and natural gas we consume at our corporate head office. Through this contractual arrangement, Bullfrog Power puts a kWh from a pollution-free, renewable source on the grid on PrairieSky's behalf commensurate with the kWh of electricity consumed at our corporate office. Bullfrog also puts gigajoules of green natural gas on the pipeline on our behalf commensurate with the gigajoules of natural gas consumed at our corporate office. In 2022, both of these green energy projects were based in Alberta.</p>
Investment in R&D	Yes	Description of how your Strategy has been influenced by Climate-related Risks and Opportunities:

		<p>We integrate climate change considerations in our strategy development as it relates to research and development into innovative solutions to address climate change in the short, medium and long-term. Specifically, our research and development strategy has been influenced by the Canadian Federal and Provincial Governments' commitment to responsible resource development, particularly with respect to carbon taxes as well as strategies to capture, sequester and/or use carbon dioxide and other emissions.</p> <p>Case Study of the most substantial Strategic Decision in this Area to date that has been Influenced by Climate-related Risks and Opportunities:          Alberta was the first jurisdiction in North America to direct dedicated funding to implement carbon capture and storage technologies across industrial sectors, committing \$1.24 billion through 2025 to fund two commercial-scale projects. Both will help reduce the CO2 emissions from industrial emitters and the fertilizer sector, and reduce GHG emissions by 2.76 million megatons per year. The Carbon Trunk Line project will supply carbon sequestration projects. PrairieSky has entered into leasing arrangements with a third-party operator, providing reduced upfront royalty rates and secure long-term tenure to promote this innovative project and secure long-term tenure.</p>
Operations	Yes	<p>Description of how your Strategy has been influenced by Climate-related Risks and Opportunities:</p> <p>We integrate climate change considerations into the strategy of our operations through an assessment of the key trends impacting our business as part of our annual Enterprise Risk Management process. Specifically, we compiled relevant climate-related information that could impact our operations from a physical and transition perspective, including with respect to climate-related policies, changing product demands, alternative energy markets, and stakeholder interests. The information is used to assess the potential risks and opportunities impacting our business over the short, medium and long-term, which is then used to inform strategic priorities to mitigate possible risks and maximize the opportunities.</p> <p>Case Study of the most substantial Strategic Decision in this Area to date that has been Influenced by Climate-</p>

		<p>related Risks and Opportunities:</p> <p>The most substantial strategic decision that has influenced our operational strategy to date has been to strengthen our disclosure of climate change information, identify carbon reduction objectives related to our operational carbon footprint, and engage with investors on our strategies. We have issued a TCFD report, expanded the performance metrics which have been verified by a third-party and further strengthened our disclosure on climate change including climate change scenario analysis (three scenarios) which are included in our annual Sustainability Report.</p>
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### C3.4

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	<p>Revenues</p> <p>Direct costs</p> <p>Acquisitions and divestments</p> <p>Access to capital</p> <p>Assets</p>	<p>Revenues:</p> <p>As part of our financial planning process, we track the potential impact of climate-related risks and opportunities on our revenue on an annual, short-term, and multi-year time horizon. For example, from a risk perspective, we consider the impact of increasing consumer demand for alternatives to crude oil and natural gas and how it could reduce the demand for crude oil, natural gas and natural gas liquids, which could in turn affect our revenues. Meanwhile, we have also been assessing the revenue potential associated with the mineral rights to lithium, and hydrogen production technologies from natural gas on our lands, as well as in-situ resource gasification and CCUS. Although these projects are early stage, they have the potential to provide energy with lower associated greenhouse gas emissions.</p> <p>Direct Costs:</p> <p>As part of our financial planning process, we track the potential impact of climate-related events on our operating costs on an annual and multi-year time horizon. In 2021, climate-related risks and opportunities influenced our financial planning process related specifically to our direct costs. This included a consideration of the direct costs related to the procurement of Bullfrog Power green energy, quantification of our carbon footprint, third-party GHG assurance as well as direct costs for climate-related disclosures in our Sustainability Report, TCFD report, Annual Report and Annual Information Form.</p>

	<p><b>Assets:</b></p> <p>As part of our financial planning process, we considered third-party access to capital from government funds to support the Carbon Trunk Line, an initiative to support carbon sequestration projects. Specifically, Alberta has committed \$1.24 billion through 2025 to fund two commercial-scale carbon capture and storage projects. Both projects will help reduce the CO2 emissions from industrial emitters and the fertilizer sector and reduce GHG emissions by 2.76 million megatons per year. The Carbon Trunk Line project will supply carbon sequestration projects where PrairieSky has partnered with one of the proponents of these innovative projects. One of the projects is currently producing and there are projects that will be developed over the medium and longer term (2-20 years). PrairieSky has also partnered with several early-stage companies focused on CCUS, both for in-situ stimulation and optimization of hydrocarbon reservoirs and to assist other industrial emitters to eliminate or reduce the quantum of greenhouse gases released into the atmosphere. These projects are early stage and we expect them to evolve over the next 1-5 years.</p> <p>PrairieSky discloses its annual reserves and reserves net present value in our Annual Information Form. This evaluation is prepared by an independent reserves evaluator and assesses the economics of producing properties after giving effect to all third-party operating costs, including costs related to climate change such as carbon taxes.</p> <p><b>Access to Capital:</b></p> <p>As part of our financial planning process, we consider access to capital for third-party operators to explore, develop and operate oil and natural gas wells on our Royalty Properties over the short, medium and long-term. Third-party operators on PrairieSky lands must operate in compliance with Federal and Provincial environmental policies and remain in good standing with provincial regulators.</p> <p>PrairieSky believes a strong commitment to sustainability and ESG, including climate-related performance, will improve our access to capital. To demonstrate that commitment, in 2021, PrairieSky incorporated sustainability-linked performance criteria to its credit facility to establish a Sustainability-Linked Loan (SLL). The SLL includes terms that link our borrowing costs to our sustainability performance as measured through the Sustainalytics' management score on an annual basis. Borrowing costs may incur positive or negative pricing adjustments on drawn and undrawn balances based on changes to the management score as independently evaluated. We believe this link will attract investors who are integrating sustainability into their investing strategies.</p> <p><b>Acquisitions and Divestments:</b></p>
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	<p>As part of our financial planning process, we consider opportunities for investments in climate-related opportunities. Specifically, we have spent considerable time analyzing the regulatory framework and investment options for hydrogen production technologies, with a focus on blue hydrogen (hydrogen produced from natural gas) to offset more carbon intensive fuel sources. We have entered into several commercial arrangements with hydrogen companies to seed the development of these projects on our lands. While these projects are at an early stage and significant investment is required to scale infrastructure and provide energy delivery options to end users, PrairieSky is in a unique position to work with creative technical teams for the development of our natural gas resources in combination with sub-surface CCUS, with the goal of creating integrated and commercially viable “blue” hydrogen solutions. We expect all of these projects and government regulations around these types of projects to continue to evolve over the short and medium term.</p>
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### C3.5

**(C3.5) In your organization’s financial accounting, do you identify spending/revenue that is aligned with your organization’s climate transition?**

	Identification of spending/revenue that is aligned with your organization’s climate transition
Row 1	No, but we plan to in the next two years

## C4. Targets and performance

### C4.1

**(C4.1) Did you have an emissions target that was active in the reporting year?**

Absolute target

#### C4.1a

**(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

**Target reference number**

Abs 1

**Is this a science-based target?**

No, but we anticipate setting one in the next two years

**Target ambition**

**Year target was set**

2018

**Target coverage**

Company-wide

**Scope(s)**

Scope 1

Scope 2

**Scope 2 accounting method**

Location-based

**Scope 3 category(ies)**

**Base year**

2017

**Base year Scope 1 emissions covered by target (metric tons CO2e)**

127

**Base year Scope 2 emissions covered by target (metric tons CO2e)**

416

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)**



**Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year total Scope 3 emissions covered by target (metric tons CO<sub>2</sub>e)**

**Total base year emissions covered by target in all selected Scopes (metric tons CO<sub>2</sub>e)**

543

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**

100

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**

100

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO<sub>2</sub>e)**

**Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**

100

**Target year**

2025

**Targeted reduction from base year (%)**

5

**Total emissions in target year covered by target in all selected Scopes (metric tons CO<sub>2</sub>e) [auto-calculated]**

515.85

**Scope 1 emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

120.9

**Scope 2 emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

149.7

**Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Total Scope 3 emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Total emissions in reporting year covered by target in all selected scopes (metric tons CO<sub>2</sub>e)**

270.6

**Does this target cover any land-related emissions?**

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

**% of target achieved relative to base year [auto-calculated]**

1,003.3149171271

**Target status in reporting year**

Achieved

**Please explain target coverage and identify any exclusions**

This medium-term target relates to the Scope 1 and 2 emissions from electricity and natural gas consumption at our head office property.

**Plan for achieving target, and progress made to the end of the reporting year**

**List the emissions reduction initiatives which contributed most to achieving this target**

This medium-term target relates to the Scope 1 and Scope 2 emissions from electricity and natural gas consumption at our head office property. The reductions achieved to date (100% towards target completion) were mainly driven by emission reduction activities related to LED lighting and building equipment upgrades.

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**Target reference number**

Abs 2

**Is this a science-based target?**

No, but we anticipate setting one in the next two years

**Target ambition**

**Year target was set**

2018

**Target coverage**

Company-wide

**Scope(s)**

Scope 1

Scope 2

**Scope 2 accounting method**

Location-based

**Scope 3 category(ies)**

**Base year**

2017

**Base year Scope 1 emissions covered by target (metric tons CO2e)**

127

**Base year Scope 2 emissions covered by target (metric tons CO2e)**

416

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)**

**Base year total Scope 3 emissions covered by target (metric tons CO2e)**

**Total base year emissions covered by target in all selected Scopes (metric tons CO2e)**

543

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**

100

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**

100



**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO<sub>2</sub>e)**

**Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**

100

**Target year**

2025

**Targeted reduction from base year (%)**

50

**Total emissions in target year covered by target in all selected Scopes (metric tons CO<sub>2</sub>e) [auto-calculated]**

271.5

**Scope 1 emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

120.9

**Scope 2 emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

149.7

**Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)**

**Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)**

**Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)**

270.6

**Does this target cover any land-related emissions?**

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

**% of target achieved relative to base year [auto-calculated]**

100.3314917127

**Target status in reporting year**

Achieved

**Please explain target coverage and identify any exclusions**

This long-term target relates to the Scope 1 and Scope 2 emissions from electricity and natural gas consumption at our head office property. The reductions achieved to date (100% towards target completion) were mainly driven by emission reduction activities related to LED lighting and building equipment upgrades. All of PrairieSky's Scope 1 and Scope 2 emissions are covered by this target.

**Plan for achieving target, and progress made to the end of the reporting year**

**List the emissions reduction initiatives which contributed most to achieving this target**

The reductions achieved to-date (100% towards target completion) were mainly driven by emission reduction activities related to LED lighting and building equipment upgrades. In addition, in 2021, the building manager worked to refine its allocation of GHG's to tenants.

**C4.2**

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

No other climate-related targets

**C4.3**

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

**C4.3a**

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	1	3,000,000
Implementation commenced*	0	0
Implemented*	2	17
Not to be implemented	0	0

## C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

---

### Initiative category & Initiative type

Energy efficiency in buildings  
Lighting

### Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)

16.4

### Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

### Voluntary/Mandatory

Voluntary

### Annual monetary savings (unit currency – as specified in C0.4)

0

### Investment required (unit currency – as specified in C0.4)

0

### Payback period

No payback

### Estimated lifetime of the initiative

Ongoing

### Comment

Our Corporate office building is managed by GWL Realty Advisors, who are committed to environmental leadership, and has achieved BOMA Best Platinum Certification for the building. We actively collaborate with our property manager to create a direct environmental impact through efforts to manage carbon emissions related to energy consumption, water use, and waste reduction. Although PrairieSky's direct environmental footprint is small, we remain committed to reducing our resource consumption including a commitment to reducing emissions and waste.

---

### Initiative category & Initiative type

Waste reduction and material circularity  
Product/component/material recycling

### Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)

0.6

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 3 category 5: Waste generated in operations

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

0

**Investment required (unit currency – as specified in C0.4)**

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

Ongoing

**Comment**

Our Corporate office building is managed by GWL Realty Advisors, who are committed to environmental leadership, and has achieved BOMA Best Platinum Certification for the building. We actively collaborate with our property manager to create a direct environmental impact through efforts to manage carbon emissions related to energy consumption, water use, and waste reduction. For example, PrairieSky includes composting in all kitchens, paper recycling in all offices and electronics recycling. Additionally, PrairieSky has an internal program to reduce the amount of paper it uses on an annual basis which is part of a larger effort to move to a paperless system over time. Between 2019 and 2022, total waste to landfills has been reduced by 76% and paper consumption has been reduced by 56%.

Although PrairieSky's direct environmental footprint is small, we remain committed to reducing our resource consumption including a commitment to reducing emissions and waste.

---

**Initiative category & Initiative type**

**Estimated annual CO2e savings (metric tonnes CO2e)**

3,000,000

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 3 category 13: Downstream leased assets

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

0

**Investment required (unit currency – as specified in C0.4)**

90,000,000

**Payback period**

**Estimated lifetime of the initiative**

21-30 years

**Comment**

PrairieSky has partnered with Bison Low Carbon Ventures Inc. (operator), Enerflex Ltd. and IRC Enterprises Inc. (Indian Resource Council of Canada) on the Meadowbrook CCUS Hub Project which was selected by Alberta Energy as one of the first six successful applicants for carbon storage tenure in the industrial heartland near Edmonton, Alberta. The Meadowbrook CCUS Hub Project is being designed to provide safe, cost effective, permanent CO2 sequestration, on a multi-client basis, to existing and new Alberta industries seeking to reduce their emissions through adoption of carbon capture, utilization, and storage. Project partners have entered into an evaluation permit with the Government of Alberta that will allow the Meadowbrook partnership to conduct site specific evaluation activities and commence detailed consultation in the near term to support a commercial CCUS lease application within 12–24 months.

**C4.3c**

**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Dedicated budget for energy efficiency	As part of PrairieSky’s commitment to continuously reduce its limited carbon and energy impacts, there is a dedicated budget for carbon reduction projects. These activities include retaining third-party expertise to help us monitor and manage our overall carbon emissions strategy as well as working with our property manager GWL Realty Advisors to maintain BOMA BEST Platinum certification and supporting their initiatives including LED retrofits and building upgrades.
Dedicated budget for other emissions reduction activities	Some of our other environmental impacts are waste generation and water use. Employees participate in the building’s extensive recycling program, which includes composting in all kitchens, paper recycling in all offices and electronics recycling. Additionally, PrairieSky has an internal program to reduce the amount of paper it uses on an annual basis, which is part of a larger effort to move to a paperless system over time. Between 2019 and 2022, paper consumption was reduced by 56%. In addition, in this same period, water use decreased 26% as low flow facilities were installed in the building.



## C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?**

Yes

## C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.**

---

### Level of aggregation

Product or service

### Taxonomy used to classify product(s) or service(s) as low-carbon

No taxonomy used to classify product(s) or service(s) as low carbon

### Type of product(s) or service(s)

CO2 storage

CO2-enhance oil recovery

### Description of product(s) or service(s)

PrairieSky has entered into leasing agreements with third-parties to use certain of our royalty properties (sub-surface mineral rights) to inject CO<sub>2</sub> from third-party emitters in enhanced oil recovery projects. This CO<sub>2</sub>-enhanced oil recovery project takes in a unit that spans Crown (government lands) as well as PrairieSky lands. By allowing this project on our royalty lands, we are paid a royalty (% of oil royalty production) as oil is produced. To date the project has sequestered over 1 million tonnes of CO<sub>2</sub> that would otherwise have gone into the atmosphere, but instead was captured, compressed, and transported to a mature oilfield in Clive, AB where it was sequestered. This rate of carbon mitigation has the equivalent emissions impact of taking approximately 350,000 cars off the road. PrairieSky collects royalties on two other CO<sub>2</sub>-enhanced oil recovery projects as well.

### Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

No

### Methodology used to calculate avoided emissions

### Life cycle stage(s) covered for the low-carbon product(s) or services(s)

### Functional unit used

**Reference product/service or baseline scenario used**

**Life cycle stage(s) covered for the reference product/service or baseline scenario**

**Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario**

**Explain your calculation of avoided emissions, including any assumptions**

**Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year**

0.4

## C5. Emissions methodology

### C5.1

**(C5.1) Is this your first year of reporting emissions data to CDP?**

No

### C5.1a

**(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?**

**Row 1**

**Has there been a structural change?**

No

### C5.1b

**(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?**

Change(s) in methodology, boundary, and/or reporting year definition?	
Row 1	No

## C5.2

### (C5.2) Provide your base year and base year emissions.

#### Scope 1

---

**Base year start**

January 1, 2017

**Base year end**

December 31, 2017

**Base year emissions (metric tons CO2e)**

127

**Comment**

Natural gas consumption at our head office in Calgary (First Canadian Centre), our only business location.

#### Scope 2 (location-based)

---

**Base year start**

January 1, 2017

**Base year end**

December 31, 2017

**Base year emissions (metric tons CO2e)**

416

**Comment**

Electricity consumption at our head office in Calgary (First Canadian Centre), our only business location.

#### Scope 2 (market-based)

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

We are not reporting market based scope 2 emissions.

#### Scope 3 category 1: Purchased goods and services

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

Given the nature of our business, we do not consider purchased goods and services to contribute significantly to our total anticipated Scope 3 emissions.

**Scope 3 category 2: Capital goods**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

Given the nature of our business, we do not consider capital goods to contribute significantly to our total anticipated Scope 3 emissions.

**Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

Given the nature of our business, we do not consider the upstream emissions from purchased fuels to contribute significantly to our total anticipated Scope 3 emissions.

**Scope 3 category 4: Upstream transportation and distribution**

---

**Base year start**

**Base year end**

### **Base year emissions (metric tons CO2e)**

#### **Comment**

Given the nature of our business, we do not consider the transportation and distribution of products purchased to contribute significantly to our total anticipated Scope 3 emissions.

### **Scope 3 category 5: Waste generated in operations**

---

#### **Base year start**

January 1, 2018

#### **Base year end**

December 31, 2018

#### **Base year emissions (metric tons CO2e)**

6.9

#### **Comment**

This includes emissions related to the waste generated at our corporate office. When considered in the context of the Scope 3 emissions there is potential for emissions reductions that could be undertaken or influenced by the company for this source, so the emissions have been deemed relevant.

### **Scope 3 category 6: Business travel**

---

#### **Base year start**

January 1, 2018

#### **Base year end**

December 31, 2018

#### **Base year emissions (metric tons CO2e)**

15.7

#### **Comment**

This includes emissions generated from air business travel and in 2022 train business travel. When considered in the context of the Scope 3 emissions there is potential for emissions reductions that could be undertaken or influenced by the company for this source, so the emissions have been deemed relevant.

### **Scope 3 category 7: Employee commuting**

---

#### **Base year start**

January 1, 2018

#### **Base year end**

December 31, 2018

#### **Base year emissions (metric tons CO2e)**

76

**Comment**

This includes travel by our employees, such as bus, rail and automobile. When considered in the context of the scope 3 emissions there is potential for emissions reductions that could be undertaken or influenced by the company for this source, so the emissions have been deemed relevant.

**Scope 3 category 8: Upstream leased assets**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

We do not lease upstream assets in our business and therefore it is not relevant.

**Scope 3 category 9: Downstream transportation and distribution**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

Given the nature of our business, we do not consider downstream transportation and distribution to contribute significantly to our total anticipated Scope 3 emissions.

**Scope 3 category 10: Processing of sold products**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

The downstream emissions related to the extraction and production of PrairieSky's royalty share of production (crude oil, natural gas, and NGL) is reported by the third-

party operators for the royalty lands. Royalty volumes are recorded as revenue by the operator and then paid as a royalty to PrairieSky.

### **Scope 3 category 11: Use of sold products**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

We are currently evaluating Scope 3 Category 11 emissions to establish a single base year emission calculation which will enable comprehensive and consistent tracking of the emissions over time.

### **Scope 3 category 12: End of life treatment of sold products**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

We do not sell products in our business where end of life treatment would be relevant.

### **Scope 3 category 13: Downstream leased assets**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

We are currently evaluating Scope 3 Category 13 emissions to establish a single base year emission calculation which will enable comprehensive and consistent tracking of the emissions over time.

### **Scope 3 category 14: Franchises**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

We do not own any franchises.

**Scope 3 category 15: Investments**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

Given the nature of our business, we do not consider investments to contribute significantly to our total anticipated Scope 3 emissions.

**Scope 3: Other (upstream)**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

No other upstream emissions are considered material.

**Scope 3: Other (downstream)**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**



### Comment

No other downstream emissions are considered material.

## C5.3

**(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

## C6. Emissions data

### C6.1

**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO<sub>2</sub>e?**

#### Reporting year

---

#### Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)

120.9

#### Comment

In 2022, we emitted 120.9 metric tons of CO<sub>2</sub>e from natural gas consumption at our head office, and only location, in Calgary (First Canadian Centre). In 2022, PrairieSky once again purchased green natural gas from Bullfrog Power to offset every unit of natural gas used by putting a gigajoule of green natural gas on the pipeline on our behalf.

### C6.2

**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

#### Row 1

---

#### Scope 2, location-based

We are reporting a Scope 2, location-based figure

#### Scope 2, market-based

We have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure

#### Comment

In 2022, we purchased Bullfrog Power to offset our office electricity use with green energy. Bullfrog Power offset every kWh of electricity PrairieSky used by putting a kWh from a pollution-free, renewable source on the grid on PrairieSky's behalf.

## C6.3

**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO<sub>2</sub>e?**

**Reporting year**

---

**Scope 2, location-based**

149.7

**Comment**

In 2022, PrairieSky's gross global Scope 2 emissions were 149.7 metric tons of CO<sub>2</sub>e from electricity use at our head office, and only location, in Calgary (First Canadian Centre). In 2022, PrairieSky once again purchased green electricity from Bullfrog Power to offset every unit of electricity used by putting a kWh of green electricity on the grid on our behalf.

## C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?**

Yes

### C6.4a

**(C6.4a) Provide details of the sources of Scope 1, Scope 2, or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure.**

---

**Source of excluded emissions**

Downstream Leased Assets (Scope 13): Emissions related to exploration, drilling and development by operators on royalty lands (i.e. third-party operators on PrairieSky lands Scope 1 and Scope 2 emissions).

**Scope(s) or Scope 3 category(ies)**

Scope 3: Downstream leased assets

**Relevance of Scope 1 emissions from this source**

**Relevance of location-based Scope 2 emissions from this source**

**Relevance of market-based Scope 2 emissions from this source**

**Relevance of Scope 3 emissions from this source**

Emissions are relevant but not yet calculated

**Date of completion of acquisition or merger**

**Estimated percentage of total Scope 1+2 emissions this excluded source represents**

**Estimated percentage of total Scope 3 emissions this excluded source represents**

**Explain why this source is excluded**

PrairieSky has completed a preliminary calculation and is continuing to review and refine our approach and understanding.

**Explain how you estimated the percentage of emissions this excluded source represents**

---

**Source of excluded emissions**

Emissions related to take in kind royalty production volumes.

**Scope(s) or Scope 3 category(ies)**

Scope 3: Use of sold products

**Relevance of Scope 1 emissions from this source**

**Relevance of location-based Scope 2 emissions from this source**

**Relevance of market-based Scope 2 emissions from this source**

**Relevance of Scope 3 emissions from this source**

Emissions are relevant but not yet calculated

**Date of completion of acquisition or merger**

**Estimated percentage of total Scope 1+2 emissions this excluded source represents**

**Estimated percentage of total Scope 3 emissions this excluded source represents**

**Explain why this source is excluded**

PrairieSky has completed a preliminary calculation and is continuing to review and refine our approach and understanding.

**Explain how you estimated the percentage of emissions this excluded source represents**

## C6.5

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

**Purchased goods and services**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Given the nature of our business, we do not consider purchased goods and services to contribute significantly to our total anticipated Scope 3 emissions.

**Capital goods**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Given the nature of our business, we do not consider capital goods to contribute significantly to our total anticipated Scope 3 emissions.

**Fuel-and-energy-related activities (not included in Scope 1 or 2)**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Given the nature of our business, we do not consider fuel and energy related activities to contribute significantly to our total anticipated Scope 3 emissions.

**Upstream transportation and distribution**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

We are continuing to evaluate. Given the nature of our business, we do not consider transportation and distribution to contribute significantly to our total anticipated Scope 3 emissions.

## Waste generated in operations

---

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

0.4

### Emissions calculation methodology

Supplier-specific method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

### Please explain

Indirect emissions associated with waste generated in our operations in our head office in Calgary. PrairieSky's waste volumes were provided in metric tons on a monthly basis for the year-ended December 31, 2022 by our property manager. Waste is not tracked by individual tenant. The property manager calculates PrairieSky's share of waste generated based on our occupied square footage as a percentage of the building's total square footage. Waste emission factors are applied to the total metric tons allocated to PrairieSky to calculate tonnes of CO<sub>2</sub>e. The waste emission factor was sourced from the EPA Center for Corporate Climate Leadership (US Environmental Protection Agency) updated April 2023 and was applied to convert metric tonnes of waste into tonnes of CO<sub>2</sub>e.

## Business travel

---

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

7.8

### Emissions calculation methodology

Distance-based method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

Information is tracked internally and includes flight segments and mileage for air travel and train travel between January 1, 2022 and December 31, 2022. 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 2023) and GWPs from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, 2022. Emissions related to train travel were provided by Eurostar and are available on their website <https://www.eurostar.com/rw-en/carbon-footprint>).

## Employee commuting

---

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

47.3

### Emissions calculation methodology

Distance-based method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

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 2023 are applied to convert mileage to tonnes of CO<sub>2</sub>e and GWPs from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, 2022.

## Upstream leased assets

---

### Evaluation status

Not relevant, explanation provided

### Please explain

We do not lease upstream assets in our business and therefore it is not relevant.

## Downstream transportation and distribution

---

### Evaluation status

Not relevant, explanation provided

### Please explain

Given the nature of our business, we do not consider downstream transportation and distribution to contribute significantly to our total anticipated Scope 3 emissions.

## Processing of sold products

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

The downstream emissions related to the extraction and production of PrairieSky's royalty share of production (crude oil, natural gas, and NGL) is reported by the third-party operators for the royalty lands. Royalty volumes are recorded as revenue by the operator and then paid as a royalty to PrairieSky.

## **Use of sold products**

---

### **Evaluation status**

Relevant, not yet calculated

### **Please explain**

We are currently evaluating Scope 3 "use of sold product" emissions to establish a single base year emission calculation which will enable comprehensive and consistent tracking of the emissions over time.

## **End of life treatment of sold products**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We do not sell products in our business where end of life treatment would be relevant.

## **Downstream leased assets**

---

### **Evaluation status**

Relevant, not yet calculated

### **Please explain**

We are currently evaluating Scope 3 emissions related to Downstream Leased Assets to establish a single base year emission calculation which will enable comprehensive and consistent tracking of the emissions over time.

## **Franchises**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We do not own any franchises.

## **Investments**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

Given the nature of our business, we do not consider investments to contribute significantly to our total anticipated Scope 3 emissions.

#### Other (upstream)

---

##### Evaluation status

Not relevant, explanation provided

##### Please explain

No other downstream emissions are considered material.

#### Other (downstream)

---

##### Evaluation status

Not relevant, explanation provided

##### Please explain

No other downstream emissions are considered material.

## C6.7

**(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?**

No

## C6.10

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

---

##### Intensity figure

0.000005

##### Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)

270.6

##### Metric denominator

unit total revenue

##### Metric denominator: Unit total

643,300,000

##### Scope 2 figure used

Location-based

##### % change from previous year



50

**Direction of change**

Decreased

**Reason(s) for change**

Acquisitions

Change in revenue

**Please explain**

Revenues increased 109% in 2022 due to increased royalty production and revenue as a result of an acquisition PrairieSky closed effective December 31, 2021. In addition, commodity pricing was much stronger in 2022 versus 2021 resulting in higher revenue.

---

**Intensity figure**

4.16

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

270.6

**Metric denominator**

full time equivalent (FTE) employee

**Metric denominator: Unit total**

65

**Scope 2 figure used**

Location-based

**% change from previous year**

10

**Direction of change**

Decreased

**Reason(s) for change**

Acquisitions

**Please explain**

PrairieSky closed an acquisition effective December 31, 2021 which resulted in the addition of FTEs for 2022.

---

**Intensity figure**

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

270.6

**Metric denominator**

square foot

**Metric denominator: Unit total**

33,558

**Scope 2 figure used**

Location-based

**% change from previous year**

5

**Direction of change**

Increased

**Reason(s) for change**

**Please explain**

Total leased off space has remained constant while GHG emissions increased by 5%, due to increased use of natural gas to heat/cool the office building which is primarily related to weather.

## C7. Emissions breakdowns

### C7.1

**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

Yes

### C7.1a

**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	120.28	IPCC Sixth Assessment Report (AR6 - 100 year)
CH4	0.07	IPCC Sixth Assessment Report (AR6 - 100 year)

N2O	0.55	IPCC Sixth Assessment Report (AR6 - 100 year)
-----	------	---

## C7.2

**(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.**

Country/area/region	Scope 1 emissions (metric tons CO2e)
Canada	120.9

## C7.3

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By facility

### C7.3b

**(C7.3b) Break down your total gross global Scope 1 emissions by business facility.**

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
Suite 1700 350 7th Ave SW Calgary AB T2P 3N9	120.9	51.047539	-114.069706

## C7.5

**(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.**

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Canada	149.7	0

## C7.6

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By facility

### C7.6b

**(C7.6b) Break down your total gross global Scope 2 emissions by business facility.**

Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Suite 1700 350 7th Ave SW	149.7	

Calgary AB T2P 3N9		
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## C7.7

**(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?**

Yes

## C7.7a

**(C7.7a) Break down your gross Scope 1 and Scope 2 emissions by subsidiary.**

---

**Subsidiary name**

Tenax Energy Inc.

**Primary activity**

Land sales & leasing

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

0

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

0

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

Tenax Energy Inc. has no Scope 1 or Scope 2 emissions. All Scope 1 and 2 emissions are incurred by PrairieSky Royalty Ltd.

**C7.9**

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Increased

**C7.9a**

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	29.4	Increased	32	In 2022, we increased our renewable energy purchases by 29.4 metric tons CO2e (120.9 metric tons of CO2e less 91.5 metric tons of CO2e) , or 32%. We purchase renewable energy to offset 100% of our Scope 1 emissions. Because our Scope 1 emissions were higher in 2022, we purchased more renewable energy to offset 100% of emissions. We divided 29.4 metric tons of CO2e by total renewable energy purchases in 2021 (Scope 1) of 91.5 metric tons CO2e to calculate the 32% increase.
Other emissions reduction activities	13	Increased	5	In 2022, we increased our Scope 1 and 2 GHG emissions by 13.0 metric tons CO2e (270.6 metric tons of CO2e less 257.6 metric tons of CO2e) or 5.0%. We divided this number by the total 2021 Scope 1 and 2 emissions of 257.6 metric tons CO2e to calculate the 5.0% increase.
Divestment				

Acquisitions				
Mergers				
Change in output				
Change in methodology				
Change in boundary				
Change in physical operating conditions				
Unidentified				
Other				

## C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Location-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No

Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

## C8.2a

**(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	635.1	0	635.1
Consumption of purchased or acquired electricity		277.2	0	277.2
Total energy consumption		912.3	0	912.3

## C8.2b

**(C8.2b) Select the applications of your organization’s consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

## C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

### Sustainable biomass

---

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

0

**Comment**

### Other biomass

---

**Heating value**

HHV

**Total fuel MWh consumed by the organization**

635.1

**Comment**

Biogas - Purchase of Bullfrog Power to offset 100% of our natural gas usage with Green Natural Gas (Operating Criteria and Quantification Methodology for Displacement of Natural Gas with Green Natural Gas)

### Other renewable fuels (e.g. renewable hydrogen)

---

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

0

**Comment**

### Coal

---

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

0

**Comment**



## Oil

---

### Heating value

Unable to confirm heating value

### Total fuel MWh consumed by the organization

0

### Comment

## Gas

---

### Heating value

HHV

### Total fuel MWh consumed by the organization

635.1

### Comment

This relates to natural gas consumption at our one office location. The emissions factor of 0.00197 is calculated using Environment Canada National Inventory Report 2022 Part 2 Table A6.1-1 and A6.1-2.

## Other non-renewable fuels (e.g. non-renewable hydrogen)

---

### Heating value

Unable to confirm heating value

### Total fuel MWh consumed by the organization

0

### Comment

## Total fuel

---

### Heating value

HHV

### Total fuel MWh consumed by the organization

635.1

### Comment

## C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

---

**Country/area**

Canada

**Consumption of purchased electricity (MWh)**

277.2

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

277.2

## C9. Additional metrics

### C9.1

**(C9.1) Provide any additional climate-related metrics relevant to your business.**

---

**Description**

Waste

**Metric value**

1.8

**Metric numerator**

Total waste generated is 1.8 metric tonnes.

**Metric denominator (intensity metric only)**

**% change from previous year**

14

**Direction of change**

Decreased

**Please explain**

PrairieSky's waste is generated from its office location in downtown Calgary, our only business location. Waste generation decreased by 14% in 2022. The diversion rate,

quantity of recycled waste material as a percentage of total waste generated, is 61%, meaning that 1.1 metric tonnes of waste was diverted from the landfill.

## C10. Verification

### C10.1

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

### C10.1a

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 PwC-PrairieSky Royalty Ltd. - Assurance KPI Report 2022\_Final.pdf

**Page/ section reference**

Please see page 12 for Scope1, see entire document for additional disclosure.

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

## C10.1b

**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

---

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process


**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 PwC-PrairieSky Royalty Ltd. - Assurance KPI Report 2022\_Final.pdf

**Page/ section reference**

Please see page 12 for Scope 2, see entire document for additional disclosure.

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

## C10.1c

**(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

---

**Scope 3 category**

Scope 3: Employee commuting

**Verification or assurance cycle in place**

Annual process


**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 PwC-PrairieSky Royalty Ltd. - Assurance KPI Report 2022\_Final.pdf

**Page/section reference**

Please see page 13 for Scope 3 employee commuting, see entire document for additional disclosure.

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Business travel

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 PwC-PrairieSky Royalty Ltd. - Assurance KPI Report 2022\_Final.pdf

**Page/section reference**

Please see page 12 for Scope3 business travel, see entire document for additional disclosure.

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Waste generated in operations

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 PwC-PrairieSky Royalty Ltd. - Assurance KPI Report 2022\_Final.pdf

**Page/section reference**

Please see page 13 for Scope 3 waste generated in operations, see entire document for additional disclosure.

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100


**C10.2**

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

**C10.2a**

**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year change in emissions (Scope 1)	ISAE 3410	PwC verified the year over year change in emissions for Scope 1, Scope 2 and Scope 3. Please see attached PwC Assurance Statement.   1
C6. Emissions data	Year on year change in emissions (Scope 2)	ISAE 3410	PwC verified the year over year change in emissions for Scope 1, Scope 2 and Scope 3. Please see attached PwC Assurance Statement.

			📎 1
C6. Emissions data	Year on year change in emissions (Scope 3)	ISAE 3410	PwC verified the year over year change in emissions for Scope 1, Scope 2 and Scope 3. Please see attached PwC Assurance Statement.  📎 1

📎 1 PwC-PrairieSky Royalty Ltd. - Assurance KPI Report 2022\_Final.pdf

## C11. Carbon pricing

### C11.1

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

No, and we do not anticipate being regulated in the next three years

### C11.2

**(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?**

No

### C11.3

**(C11.3) Does your organization use an internal price on carbon?**

Yes

### C11.3a

**(C11.3a) Provide details of how your organization uses an internal price on carbon.**

---

**Type of internal carbon price**

Shadow price

**How the price is determined**

Alignment with the price of a carbon tax

**Objective(s) for implementing this internal carbon price**

Drive energy efficiency

Drive low-carbon investment

Identify and seize low-carbon opportunities

Stress test investments

Other, please specify

avoided emissions for third parties

**Scope(s) covered**

Scope 1

Scope 2

Scope 3 (upstream)

**Pricing approach used – spatial variance**

Uniform

**Pricing approach used – temporal variance**

Other, please specify

Carbon price increased consistent with the Carbon Price in Alberta and Canadian Federal price. The carbon price increases each April 1. This price was \$40 for January 1-March 31, 2022 and increased to \$50 per tonne on April 1, 2022.

**Indicate how you expect the price to change over time**

**Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO2e)**

40

**Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO2e)**

50

**Business decision-making processes this internal carbon price is applied to**

Risk management

Opportunity management

**Mandatory enforcement of this internal carbon price within these business decision-making processes**

Yes, for all decision-making processes

**Explain how this internal carbon price has contributed to the implementation of your organization's climate commitments and/or climate transition plan**

All of PrairieSky's lands and operations are in Canada where carbon pricing is regulated by both the Federal and Provincial governments. On April 1, 2022, the carbon tax increased by \$10 per tonne to \$50 per tonne in Alberta and Saskatchewan and by \$5 per tonne to \$50 per tonne in British Columbia. The price of carbon increased on April 1, 2023 to \$65 per tonne.

We apply a carbon price to 100% of PrairieSky's corporate operations. We incorporate carbon pricing into our analysis of royalty acquisitions. We stress test the value of a royalty by analyzing the economics of the oil and gas play for the third-party operators,



which means incorporating the price on carbon into their operating costs. PrairieSky is also working on a number of energy transition projects including carbon capture, utilization and storage, hydrogen and resource gasification. Understanding the current and expected price of carbon in Canada, the only jurisdiction where we operate, is essential in understanding the economics of these projects. Carbon prices and anticipated increases to the price per tonne have been incorporated into our Climate Scenario Analysis.

Internally, we apply a price on carbon to our operations by purchasing renewable energy to offset all of our Scope 1 and Scope 2 emissions that are incurred at our office building in downtown Calgary, our only business location. This expense equates to an internal price on carbon. In 2022, PrairieSky invested \$23,380 in renewable energy.

## C12. Engagement

### C12.1

#### (C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers/clients

### C12.1a

#### (C12.1a) Provide details of your climate-related supplier engagement strategy.

---

##### Type of engagement

Innovation & collaboration (changing markets)

##### Details of engagement

Other, please specify

Collaborate with suppliers on climate impacts and ways to reduce environmental footprint such as energy efficiency programs.

##### % of suppliers by number

6

##### % total procurement spend (direct and indirect)

27

##### % of supplier-related Scope 3 emissions as reported in C6.5

0

##### Rationale for the coverage of your engagement

We conduct ongoing engagement with our property manager GWL Realty Advisors to understand their building energy efficiency initiatives and collect energy consumption,

waste, and water data to further drive emissions reductions at our head office. In addition, we have engaged other suppliers and service providers in our work to reduce our carbon footprint and understand and report on our impacts. This represents 27% of our total procurement spend.

### **Impact of engagement, including measures of success**

Description of the impact of climate-related supplier engagement: By engaging with our supplier GWL Realty Advisors, we have been able to understand our climate-related impacts through energy consumption, waste diversion, and water use. In addition, we've gathered necessary information with respect to environmental initiatives undertaken at our head office such as energy efficiency upgrades (LED lighting retrofits, building automation systems, water conservation and energy efficient building equipment). We aim for a threshold of 40% of suppliers for our innovation and collaboration engagement.

### **Comment**

## **C12.1b**

**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

---

### **Type of engagement & Details of engagement**

Collaboration & innovation

Run a campaign to encourage innovation to reduce climate change impacts

### **% of customers by number**

9

### **% of customer - related Scope 3 emissions as reported in C6.5**

0

### **Please explain the rationale for selecting this group of customers and scope of engagement**

We conduct ongoing engagement with our top 30 customers through regular compliance reviews and renewals of their leasing arrangements. These customers generate approximately 74% of our revenue.

### **Impact of engagement, including measures of success**

Description of the impact of climate-related engagement strategy with your customers: Third parties conduct all oil and gas exploration, development and operational activities associated with our royalty revenues. Developing and maintaining long-term relationships with industry partners based on trust and mutual benefit are crucial to PSK's ongoing success. It is at PSK's sole discretion to select the companies with whom we enter into lease agreements. We have a responsibility to our shareholders and stakeholders to make sure our assets are financially productive and are developed in a sustainable and responsible manner. This includes selecting third-party operators

based on their environmental compliance and climate change mitigation measures.

Description of measures of success: We measure the success of our climate-related engagement strategy with our operators through compliance with our lease agreements. Our compliance department focuses on monitoring adherence to lease terms, contractual obligations and payment of royalties. This team takes a proactive approach to compliance and engages in early resolution discussions with operators. We target a threshold of 100% of operator compliance with our leases.

In 2019, we entered into a leasing arrangement with one of the proponents for a carbon sequestration project on our lands as part of the Alberta Carbon Trunk Line Project which will help reduce the CO2 emissions from industrial emitters and the fertilizer sector, and reduce GHG emissions by 2.76 million megatons per year. In 2020 and 2021, this project was in operation, sequestering carbon, on our lands with additional medium to long-term projects planned related to this project.

We are also a partner on the Meadowbrook CCUS Hub Project which was selected by Alberta Energy as 1 of the first 6 successful applicants for carbon storage tenure in the industrial Heartland near Edmonton. The Project is being designed to provide safe, cost effective, permanent CO2 sequestration, on a multi-client basis, to existing and new industries seeking to reduce their emissions through adoption of CCUS. PSK expects project partners will enter into an evaluation permit with the Government of Alberta to allow the Project to conduct site specific evaluation activities and commence detailed consultation to support a commercial CCUS lease application within 12-24 months.

---

### **Type of engagement & Details of engagement**

Collaboration & innovation

Run a campaign to encourage innovation to reduce climate change impacts

### **% of customers by number**

1

### **% of customer - related Scope 3 emissions as reported in C6.5**

### **Please explain the rationale for selecting this group of customers and scope of engagement**

PrairieSky is participating in a number of projects, at various stages, with an overall goal to provide energy with lower associated greenhouse gas emissions. As these projects evolve, we expect to provide additional information, including with respect to the project's positive contribution to reducing overall carbon intensity of energy production and ensuring ethical and sustainable development of resources.

### **Impact of engagement, including measures of success**

Description of the impact of climate-related engagement strategy with your customers: PSK has partnered with several early-stage companies focused on eliminating or reducing the quantum of GHGs released into the atmosphere. For example, we are proud to partner with Bison Low Carbon Ventures Inc. (operator), Enerflex Ltd. and IRC Enterprises Inc. on the Meadowbrook CCUS Hub Project which was selected by Alberta Energy as initial successful applicants for carbon storage tenure in the industrial heartland near Edmonton, Alberta. The project is being designed to provide safe, cost effective, permanent CO2 sequestration, on a multi-client basis, to existing and new Alberta industries seeking to reduce their emissions through adoption of CCUS. We expect that the project partners will enter into an evaluation permit with the Government of Alberta that will allow the Meadowbrook partnership to conduct site specific evaluation activities and commence detailed consultation in the near term to support a commercial CCUS lease application within 12-24 months. We have a number of other early-stage projects including opportunities to advance blue hydrogen solutions, a resource gasification project and a large-scale Lithium leasing arrangement.

Description of measures of success: These are early-stage projects but we are encouraged by the Alberta Government selecting the Meadowbrook CCUS Hub Project as one of six projects in Alberta as well as the continued investment in these energy transition opportunities. We target a threshold of 100% of projects fully implemented.

## **C12.2**

### **(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?**

Yes, suppliers have to meet climate-related requirements, but they are not included in our supplier contracts

## **C12.2a**

### **(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.**

---

#### **Climate-related requirement**

Complying with regulatory requirements

#### **Description of this climate related requirement**

Suppliers are expected to comply with applicable environmental laws and conduct their activities in an environmentally responsible manner. Suppliers must obtain, maintain and follow all required environmental permits, approvals and registrations and keep current environmental operational and reporting requirements.

**% suppliers by procurement spend that have to comply with this climate-related requirement**

100

**% suppliers by procurement spend in compliance with this climate-related requirement**

11

**Mechanisms for monitoring compliance with this climate-related requirement**

Supplier self-assessment

Other, please specify

We continue to implement our Supplier Code of Conduct process. We currently have 11% of our suppliers (based on \$) covered under the Code. We look to have this over 50% by year-end 2023.

**Response to supplier non-compliance with this climate-related requirement**

Exclude

---

**Climate-related requirement**

Implementation of emissions reduction initiatives

**Description of this climate related requirement**

Pollution Prevention and Resource Reduction

Suppliers must have in place policies and initiatives in place to minimize air emissions and discharges of pollutants or chemicals. Suppliers must have in place practices to conserve natural resources including water, raw materials, minerals, among others.

Waste

Suppliers must manage the storage, discharge or disposal of waste generated from business operations in compliance with applicable laws and regulations. Suppliers must handle chemical and hazardous items in a safe manner and dispose of these items in compliance with applicable laws with a view to minimizing impacts on the environment. Suppliers must implement a systematic approach to identify, manage, recycle, reuse and reduce waste.

Energy Consumption and Greenhouse Gas Emissions

Suppliers must be committed to achieving energy efficiency of business operations in order to reduce greenhouse gas emissions where possible. Suppliers must develop methods to improve energy efficiency in their operations, minimize energy consumption and greenhouse gas emissions and track and disclose Scope 1 and 2 greenhouse gas emissions.

**% suppliers by procurement spend that have to comply with this climate-related requirement**

100

**% suppliers by procurement spend in compliance with this climate-related requirement**

11

**Mechanisms for monitoring compliance with this climate-related requirement**

Supplier self-assessment

**Response to supplier non-compliance with this climate-related requirement**

Exclude

## C12.3

**(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?**

Row 1

**External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**

Yes, we fund organizations or individuals whose activities could influence policy, law, or regulation that may impact the climate

**Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?**

No, and we do not plan to have one in the next two years

**Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan**

PrairieSky's management and Board meet at least four times per year and discuss overall strategy; however, climate related strategy is an ongoing commitment, and is considered at all levels of the Company throughout the year. These discussions include a discussion of risk and opportunities. The overall strategy drives PrairieSky's direct and indirect activities, including our climate change strategy. The Company's climate change strategy is clearly communicated to policy makers either directly or through participation in industry working groups within the jurisdictions where the Company operates.

## C12.3c

**(C12.3c) Provide details of the funding you provided to other organizations or individuals in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.**

**Type of organization or individual**

Non-Governmental Organization (NGO) or charitable organization

**State the organization or individual to which you provided funding**

United Nations Global Compact (UNGC)

**Funding figure your organization provided to this organization or individual in the reporting year (currency as selected in C0.4)**

1,000

**Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate**

The UNGC works with companies to align their strategies and operations with universal principles on human rights, labour, environment and anti-corruption and take action to advance societal goals.

**Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

## C12.4

**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

---

**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

 PSK-AIF-2023-February-6-2023-SEDAR.pdf

**Page/Section reference**

Industry Conditions - Climate change regulations - see pages 57-63

Risk Factors - Climate change - see pages 80-82

Carbon pricing risks - page 86

**Content elements**

Other, please specify

Industry conditions

**Comment**

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**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

 PRAIRIESKY Sustainability Report WEB.pdf

 PRAIRIESKY Sustainability Report WEB.pdf

**Page/Section reference**

Governance - pages 40-43

Strategy - pages 44-68

Risk Management - pages 62-64

Metrics and Targets (emissions figures & targets) - pages 65-66

Carbon pricing - page 61

**Content elements**

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Other, please specify

**Comment**

Other metrics includes information on energy transition opportunities, including revenues earned.

Disclosure also includes information on carbon pricing and climate change scenarios.

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**Publication**

Other, please specify

Third-Party Verification Report

**Status**

Complete

**Attach the document**

 PwC-PrairieSky Royalty Ltd. - Assurance KPI Report 2022\_Final.pdf

**Page/Section reference**

Emission figures - pages 9-10

Emissions figures - pages 12-14



**Content elements**

Emissions figures

**Comment**


**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

 YE 2022 Management Discussion and Analysis \_February 6 SEDAR.pdf

**Page/Section reference**

Discussion of renewal of PrairieSky's Sustainability-Linked Loan in Management Discussion and Analysis. Page 15

**Content elements**

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets

**Comment**

In 2021, PrairieSky tied pricing of our credit facility to ESG criteria measured by a third-party ratings agency, Sustainalytics. Performance and resulting pricing is re-evaluated annually. The reassessment for 2022 is discussed on page 15 of our Management Discussion and Analysis.

## C12.5

**(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.**

	<b>Environmental collaborative framework, initiative and/or commitment</b>	<b>Describe your organization's role within each framework, initiative and/or commitment</b>
Row 1	Global Reporting Initiative (GRI) Community Member	PrairieSky's 2022 Sustainability Report has been prepared in accordance with Global Reporting Initiative (GRI) Standards. GRI 1: Foundation 2021 was used to prepare this PrairieSky's Index and GRI 11: Oil and Gas Sector 2021 applies). We are committed to

	<p>Task Force on Climate-related Financial Disclosures (TCFD) UN Global Compact</p>	<p>consistently improving our disclosure for stakeholders and support efforts to provide consistent and comparable sustainability performance data.</p> <p>PrairieSky is a member of the UN Global Compact (UNGC) and annually works to meet the fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. We incorporate the Ten Principles of the UN Global Compact into our strategies, policies and procedures, and have established a culture of integrity. Annually, PrairieSky submits in Communication on Progress to the UNGC.</p> <p>Annually, PrairieSky prepares a report in alignment with the TCFD. This reporting is publicly available on our website and in 2022, included in our Sustainability Report.</p>
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## C15. Biodiversity

### C15.1

**(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?**

	<b>Board-level oversight and/or executive management-level responsibility for biodiversity-related issues</b>	<b>Description of oversight and objectives relating to biodiversity</b>
<p>Row 1</p>	<p>Yes, both board-level oversight and executive management-level responsibility</p>	<p>The Board has oversight of PrairieSky's ERM program which is prepared and presented to the Board by the Executive on a quarterly basis to ensure alignment with our overall business strategy. These reports include updates on priorities and progress including, governance and compliance updates, changes to legal frameworks and best practices, sustainability initiatives and community investment. Our responsibility matrix reflects our commitment to ESG, including biodiversity, and presents the tone at the top. Biodiversity is considered in two of our principal risks: our environmental and climate change risk and our legal/regulatory risk.</p> <p>The executive management level consists of our C-suite executives who are responsible for identifying principal risks, which include both transition and physical climate-change risks, through the ERM program. Our President and CEO is accountable to the Board for ESG initiatives including strategy,</p>

		<p>implementation and progress. Our COO and CFO are responsible for ESG and sustainability matters and overseeing efforts to meet corporate objectives, including reporting initiatives and investor requests.</p> <p>Although PrairieSky does not directly conduct operations to explore for, develop or produce petroleum and natural gas, protecting biodiversity is a priority to the company and the oil and gas industry. We proactively monitor and manage our portfolio of properties to ensure third-party adherence to lease terms and contractual provisions which includes compliance with laws, good operating practices and the safe and responsible development of resources with minimal environmental impact.</p> <p>Our compliance department monitors third-party operations on our land and works with provincial regulators to ensure compliance with laws and regulations. This includes monitoring third-party production to assess whether wellbores on PrairieSky fee simple mineral title, should be abandoned and sites reclaimed. Annually, PrairieSky visits certain field sites on an annual basis to assess whether operators are keeping their lease sites in good condition.</p>
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## C15.2

**(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?**

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Initiatives endorsed
Row 1	Yes, we have endorsed initiatives only	SDG

## C15.3

**(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?**

### Impacts on biodiversity

**Indicate whether your organization undertakes this type of assessment**

No, but we plan to within the next two years

### Dependencies on biodiversity

**Indicate whether your organization undertakes this type of assessment**

No and we don't plan to within the next two years

## C15.4

**(C15.4) Does your organization have activities located in or near to biodiversity-sensitive areas in the reporting year?**

Not assessed

## C15.5

**(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?**

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?
Row 1	No, we are not taking any actions to progress our biodiversity-related commitments, but we plan to within the next two years



## C15.6

**(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?**

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No, we do not use indicators, but plan to within the next two years	

## C15.7

**(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Biodiversity strategy	Biodiversity is discussed in our annual Sustainability Report on pages 36, 94-95.  1
In other regulatory filings	Risks and opportunities	Risks related to biodiversity are discussed on pages 78-79 of our Annual Information Form.  2

 1 PRAIRIESKY Sustainability Report WEB.pdf

 2 PSK-AIF-2023-February-6-2023-SEDAR.pdf

## C16. Signoff

### C-FI

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

### C16.1

**(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	<b>Job title</b>	<b>Corresponding job category</b>
Row 1	Vice President, Finance & Chief Financial Officer	Chief Financial Officer (CFO)

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	<b>I understand that my response will be shared with all requesting stakeholders</b>	<b>Response permission</b>
Please select your submission options	Yes	Public

**Please confirm below**

I have read and accept the applicable Terms