



# **Business Code of Conduct**

Effective: April 11, 2014, amended and restated March 5, 2021

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## 1. INTRODUCTION

PrairieSky Royalty Ltd. ("**PrairieSky**" or the "**Company**") is committed to conducting its business ethically and legally, with honesty, integrity and fairness and expects the same from its employees, contractors, suppliers, officers and directors. In keeping with that commitment, this Business Code of Conduct and any related policies, practices and guidelines, as approved and implemented by the board of directors of the Company (the "**Board**") and senior management from time to time, will be used in identifying and managing ethical situations and making ethical business decisions. This Business Code of Conduct was developed in alignment with the principles from the United Nations Global Compact, the Universal Declaration of Human Rights, the United Nation's Guiding Principles on Business and Human Rights, and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work.

This Business Code of Conduct applies to all part-time and full-time employees, contractors, suppliers, officers and directors of the Company, including any subsidiaries thereof from time to time (collectively, "**covered persons**").

Covered persons should carefully read and understand this Business Code of Conduct and must agree to abide by its requirements as a condition of employment and doing business with us. The requirements set forth in the Business Code of Conduct exists in addition to the requirements guidelines and standards of conduct described in other PrairieSky subject specific policies.

In addition, suppliers who work on the Company's behalf, such as advisors, are expected to comply with our *Supplier Code of Conduct* which sets out the expectations we have of our suppliers, including their employees and sub-contractors working on their behalf.

## 2. ETHICS AND INTEGRITY

### A. Compliance with Laws and Regulations

Covered persons must comply with all laws, rules and regulations applicable to the Company's business, including the requirements of applicable securities commissions, regulatory authorities and stock exchanges. Any violations or potential violations of laws, rules and regulations applicable to the Company's business must be reported in accordance with the Company's *Investigations Practice Policy*.

### B. Anti-Corruption and Bribery

As per the Transparency International's Business Principles for Countering Bribery, bribery is defined as "the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal or a breach of trust". PrairieSky prohibits bribery in any form whether direct or indirect and articulates its commitment to anti-bribery and anti-corruption through its participation in the UN Global Compact.

Unlawful or unethical behaviour in the Company's workforce, including soliciting, arranging, accepting or paying bribes or any other illicit payments for any purpose, is not tolerated. Situations where judgment might be influenced by, or appear to be influenced by, such unlawful or unethical behaviour must be avoided. Payment or acceptance of any "kickbacks" from or to a supplier, contractor or other external party is also prohibited.

### **C. Inducements and Gifts**

The Company does not allow the acceptance or giving of gifts, favours, personal advantages, services payments, loans, or benefits of any kind, other than those of nominal value that can be made as a generally accepted business practice. Employees and contractors should seek further input from their manager or the Chief Operating Officer if they have any doubt as to whether accepting a gift would be appropriate in the circumstances.

### **D. Facilitation Payments**

Covered persons must never pay or use third parties (such as customers, distributors, vendors, service providers, suppliers, or others) to pay an unofficial gratuity to government officials or employees in order to secure or expedite routine administrative actions, such as customs clearances, visas, permits or licenses.

### **E. Conflicts of Interest**

The Company expects covered individuals to avoid situations where personal interests could conflict, or appear to conflict, with their duties and responsibilities or the interests of the Company.

A conflict of interest occurs when covered persons' personal interests, such as outside relationships or financial assets, interfere or appear to interfere with the interests of the Company, making it difficult to fulfil Company duties in an impartial or unbiased manner. A conflict of interest may occur where involvement in any activity, with or without the involvement of another party, prevents the proper performance of covered persons' duties for the Company. A conflict of interest may also occur where involvement in any activity creates, or appears to create, a situation where judgment or the ability to act in the best interests of the Company is or could be affected.

Examples of conflicts of interest include, but are not limited to, the following:

- awarding contracts, procuring goods and services or reviewing or approving invoices from a vendor (supplier, contractor or consultant) that is wholly or partly owned or managed by a covered person, or a relative of a covered person;
- negotiating or approving leases with a lessee that is wholly or partly owned by a covered person, or a relative of a covered person;
- entering into agreements with third parties, including in a potential corporate acquisition or merger of or by the Company, in which a covered person, or a relative of a covered person, owns securities or has an ownership interest in such third party; and
- the purchase or sale of lands or royalty interests between the Company and a competitor or other third party in which a covered person has a personal holding or has a competing interest.

Any actual or potential conflict of interest by employees or contractors must be reported to their manager, and either the President & Chief Executive Officer (the "CEO") or the Chief Operating Officer ("COO") of the Company. Contractors must also comply with their written contracts. Officers and directors must adhere to additional obligations as set out in relevant statutes and the Company's by-laws, including relating to any transactions or agreements in respect of which a director or officer has a material interest, and must inform the Chairman of the Board of any such conflict.

If a conflict is deemed to exist, the individual must formally document such conflict, including the nature of the conflict of interest and what actions will be taken to address the conflict, and the individual's manager (as it relates to employees or contractors) or Chairman of the Board (as it relates to officers or directors) will ensure that such individuals are not involved in any decision or operation related to an actual or potential conflict.

#### **F. Fair Dealing / No Improper Advantage**

Covered persons should endeavour to deal fairly with the Company's customers, suppliers, contractors, industry and business partners, competitors, employees and any other stakeholders. Covered persons should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

#### **G. Fair Competition / Antitrust**

Covered persons must not engage in activities that would constitute, or reasonably appear to constitute, an unreasonable restraint of trade, unfair trade practice or other anti-competitive course of conduct in violation of competition and antitrust laws.

Covered persons should receive input and guidance from legal counsel of the Company or the COO if they are unsure whether their activities may be regulated by these laws.

#### **H. Corporate Opportunities**

Covered persons are prohibited from: taking advantage of opportunities discovered through the use of Company property, information or position; using Company property, information or position for personal gain; and competing directly or indirectly with the Company.

#### **I. Anti-Fraud**

The Company is committed to protecting its reputation, revenue, property, information and other assets from fraud – whether by the public, contractors, agents or its own directors, officers or employees.

Any covered person who knows or has reason to suspect that a fraud has occurred must immediately notify their manager and either the CEO or the COO or contact the Company's whistleblower hotline (see the Company's *Investigations Practice Policy*). Managers must immediately report such information in accordance with the Company's *Investigations Practice Policy*. Retaliation will not be tolerated against any individual who

reports a suspected fraud in accordance with the Company's *Investigations Practice Policy*.

The Company will fully investigate any suspected acts of fraud, misappropriation or similar irregularity in accordance with the Company's *Investigations Practice Policy*. The Company will pursue every reasonable effort, including court-ordered restitution, to obtain recovery of the Company's losses from the offender or other appropriate sources.

#### **J. Confidentiality**

Confidential information includes all non-public information that might be of use to competitors or harmful to the Company or its customers if disclosed. Confidential information belongs to the Company and must not be disclosed unless specific authorization is given to do so or such disclosure is legally mandated. Knowledge of confidential information about another party gained in the course of work duties at the Company is protected in the same manner as confidential information about the Company.

Access to and communication of confidential information by covered persons shall be limited to individuals who have a clear "need to know" such information for purposes of the business of the Company and such persons will be advised that the information is to be kept confidential, and where appropriate, shall be requested to confirm their commitment to non-disclosure of such confidential information in the form of a written confidentiality agreement or written acknowledgement.

#### **K. Securities Trading and Insider Reporting**

The Company's *Securities Trading and Insider Reporting Policy* and *Restricted Securities Trading Policy* each set out the certain trading restrictions on securities of the Company held directly, indirectly or with control of or direction over by insiders (including employees or contractors in possession of undisclosed material information) as well as the reporting obligations of certain insiders according to applicable securities laws.

**COVERED PERSONS SHOULD REFER TO THE COMPANY'S SECURITIES TRADING AND INSIDER REPORTING POLICY AND RESTRICTED SECURITIES TRADING POLICY BEFORE ENGAGING IN ANY TRANSACTION OF THE COMPANY'S OR ANOTHER PARTY'S SECURITIES.**

Where information not yet publicly disclosed regarding the Company or a third party becomes known to a covered person, they must avoid acquiring or disposing of any business interest, including the Company's or another party's securities (where the context demands), whether directly or through another person or discussing such information with any other person, including covered persons. Similarly, friends, relatives and associates of covered persons must not benefit from such information. It is illegal for anyone with knowledge of material information affecting a public issuer that has not been publicly disclosed to purchase or sell securities of that issuer. It is also illegal for anyone to inform any other person of material non-public information, subject to limited exceptions.

If a covered person is unsure whether information has been publicly disclosed, they should consult with legal counsel of the Company for guidance before engaging in any transaction

in any securities of the Company or another party or disclosing such information to another person.

#### **L. Trading in Restricted Securities**

The Company's *Restricted Securities Trading Policy* applies to all employees, contractors, officers and directors of PrairieSky and sets out certain trading restrictions on securities of the Company and issuers engaged in the oil and natural gas business in Western Canada, many of which carry on active business with the Company. That policy also addresses reporting and pre-trading clearance protocols and obligations of covered persons. Covered persons should refer to the Company's *Restricted Securities Trading Policy* before engaging in any transaction of the Company's or another party's securities. If a covered person is unsure whether information has been publicly disclosed, they should consult with legal counsel of the Company for guidance before engaging in any transaction in any securities of the Company or another party.

#### **M. Disclosure**

In alignment with the Extractive Industry Transparency Initiative (EITI) Principles, PrairieSky is committed to encouraging high standards of transparency and accountability in business and we underline the importance of transparency by companies in the extractive industries and the need to enhance public financial management and accountability.

The Company's *Disclosure Policy* outlines procedures and guidelines that ensure the consistent, transparent, balanced, regular and timely public disclosure and dissemination of material and non-material information relating to the Company. As specified in the Company's *Disclosure Policy*, the Company is required to provide full, fair, accurate, timely and understandable disclosure in reports and documents that are filed with, or submitted to, securities commissions, regulatory authorities and stock exchanges, as well as in other public communications made by the Company.

In order to maintain the consistency and quality of the disclosures by the Company to its stakeholders, and to limit the potential for the release of confidential information or selective disclosure, covered persons are not permitted to speak on behalf of the Company unless they are designated as authorized spokespersons of the Company. In addition, covered persons are not permitted to disclose or discuss matters relating to the Company on blogs, tweets, bulletin boards, social networking sites and other social media sites whatsoever unless they are specifically permitted to speak on behalf of the Company. This restriction applies not only to the use of social media on the Company's computers but also applies to the use of social media during non-business hours. The *Disclosure Policy* specifies the Company's requirements in disclosing financial and other confidential information.

#### **N. Maintaining Books and Records**

All business transactions that covered persons have participated in must be properly authorized, properly recorded and supported by accurate documentation in reasonable detail. Books and records must be kept and maintained to fulfill relevant legal

requirements. Recording and reporting information, including information related to operations, environment, health, safety, training, human resources and financial matters, must be done honestly, accurately and with care. The Company's books and records must reflect in reasonable detail its transactions in a timely, fair and accurate manner in order to permit the preparation of accurate financial statements in accordance with generally accepted accounting principles and maintain recorded accountability for assets and liabilities. The accuracy of asset and liability records must be maintained by comparing the records to the existing assets and liabilities at reasonable intervals and taking appropriate action with respect to any differences. PrairieSky owns all of the information and records that are created, generated or received by covered persons and other performing business activities on behalf of the Company. Covered persons have a duty to submit any good faith questions or report any concerns regarding questionable accounting, auditing or disclosure matters or controls or similar matters relating to the Company's books and records in accordance with the Company's *Investigations Practice Policy*.

#### **O. Data Privacy and Information Security**

The Company is committed to protecting the privacy of personal information of covered persons collected, used and disclosed in the conduct of our business. Personal information refers to information about an identifiable individual (except business contact information used for business purposes) including information about prospective, present or former covered persons. The Company protects the confidentiality of personal information and will only collect, store, use it and disclose it accordance with PrairieSky's *Privacy Policy* and applicable laws. This information will not be shared or used for other purposes unless permitted or required by law. PrairieSky's *Privacy Policy* and related standards and processes provide further details on our commitment to maintaining privacy.

#### **P. Acceptable Use of Systems and Assets**

Covered persons have an obligation to use the Company's assets in accordance with fundamental principles of reasonable and acceptable use. The Company's corporate information, data, information system assets, digital communications, internet access, office equipment, tools, vehicles, supplies, facilities and services ("assets") are provided for authorized business purposes. The Company's assets may only be used for legitimate business purposes and may never be used for illegal purposes. The obligation to protect PrairieSky's assets is not limited to physical assets but extends to proprietary and confidential information. Proprietary and confidential information includes any information that is not generally known or available to the public.

Incidental and occasional personal use of the Company's information system assets is permitted, but never for personal gain or any improper purpose. Covered persons should consult the Company's *Information Technology Security Policy* for further guidance related to acceptable use. Violation of this policy may result in disciplinary actions up to and including termination of employment with the Company.

### **Q. Political Involvement**

In no circumstances shall any covered person be permitted to use or associate their position or office with the Company with any personal political activity or donation or in any circumstances in which any such association could be reasonably inferred.

Covered persons may choose to become involved in political activities as long as they undertake these activities on their own behalf and may, on a personal level, give to any political party or candidate, but reimbursement by the Company is prohibited.

### **R. Lobbying**

Lobbying is communication in any form with elected officials and certain civil servants of the federal, provincial or municipal governments, also known as “public office holders”, for the purposes of developing or amending laws, regulations, policies or guidelines, or to obtain a financial benefit, such as a grant or contribution.

PrairieSky may, from time to time, participate in public policy discussions on a wide range of issues relevant to its business, including through its participation in and support of industry organizations. In furthering such discussions with public office holders, the Company may contract consultant lobbyists to engage in lobbying activities on behalf of PrairieSky, however all PrairieSky lobbying activities with public office holders are planned, coordinated, recorded and must be conducted by senior management of the Company. The Company complies with applicable lobbying legislation which imposes registration and reporting requirements on specified lobbying communications with designated public office holders.

In order to ensure that PrairieSky is compliant with applicable lobbying legislation, covered persons shall not engage in any lobbying activities or engage any consulting lobbyists without the prior written consent of the CEO or the COO of the Company. If a covered person is unsure whether their communications with a public official or public office holder may be regulated, they should consult with legal counsel of the Company.

## **3. LABOUR PRACTICE AND STANDARDS**

### **A. Fundamental Human Rights**

At PrairieSky, respect for human rights is fundamental to the way we do business and is part of our core values across all of our business activities. Consistent with that commitment, PrairieSky will comply with all applicable employment, labour and human rights laws and regulations as well as with internationally proclaimed human rights principles, which includes but is not limited to the United Nations Universal Declaration of Human Rights and the International Labour Organization (ILO) conventions along with principles regarding child labour, modern slavery, human trafficking, humane treatment, minimum wage, working hours, overtime, days of rest, compensation and freedom of association. For further details, see the Company's *Human Rights Policy*.

### **B. Discrimination**

PrairieSky prides itself on implementing hiring and professional development practices that are non-discriminatory, merit based and are applied equally to all employees through measurable criteria. The Company ensures there is equal employment opportunity for all employees and applicants for employment without regard to any prohibited ground under the governing human rights legislation. Discrimination by covered persons on the basis of gender, gender identity, gender expression, race, colour, age, national origin, religion, disability, sexual orientation, marital or family status or any other characteristic protected by applicable laws is unacceptable and PrairieSky prohibits discrimination on any unlawful grounds. PrairieSky's policies are intended to protect covered persons from harassment, bullying and victimization in the workplace, including all forms of sexual, physical and psychological abuse. All covered persons are entitled to, and are expected to preserve, a positive, respectful, harmonious and professional work environment free from harassment, discrimination, violence, threats of violence, bullying and intimidation. Any breach of the foregoing will not be tolerated by PrairieSky for any reason whatsoever. For further details, see the Company's *Respectful Workplace Policy*.

### **C. Health and Safety**

PrairieSky is committed to providing a healthy, safe and inclusive work environment. This includes physical and psychological health and safety. All covered persons have the right to know and understand the hazards and potential hazards impacting their immediate workplace or role, the right to participate in any determination impacting their own safety and the safety of others, and the right to refuse unsafe work as it relates to their health and safety. Covered persons must also respect and comply with applicable health and safety laws, rules and regulations. PrairieSky has established a Joint Work Site Health and Safety Committee to bring management and employees together to discuss and address health and safety-related concerns in the workplace.

All incidents of harassment, discrimination, violence, intimidation, hazards, near misses, accidents or violations, regardless of intent or magnitude, must be reported by witnesses or covered persons in accordance with the Company's *Investigations Practice Policy*. For further details, see the Company's *Environment, Climate Change, Health and Safety Policy*, *Respectful Workplace Policy* and *Joint Work Site Health and Safety Committee Policy*.

### **D. Indigenous and Community Rights**

PrairieSky is committed to giving back to the communities where its staff work and live through sponsorships, donations, and volunteering as the Company believes its success depends on the social and economic health of such communities. Covered persons must respect the rights and title to property and land of indigenous people and local communities. Covered persons must also ensure that all negotiations with regards to their property or land adhere to the principles of free, prior and informed consent, contractual transparency and disclosure.

## **4. ENVIRONMENT**

PrairieSky is committed to protecting the environment and ongoing efforts to reduce the Company's impact on the environment. PrairieSky is also committed to conducting its

business in an economically, socially and environmentally sustainable and responsible manner. PrairieSky conducts its business responsibly by actively managing risk and upholding the highest standards of governance and ethics which provides long-term shareholder and stakeholder value. Furthermore, the Board, not a specific committee, has oversight responsibility for material risks of the Company including environmental, governance and social risks, and corporate responsibility.

For further details on PrairieSky's commitment to environmental, governance and social risks and our approach to corporate responsibility, see the Company's *Environment, Climate Change, Health and Safety Policy* and the Company's annual Responsibility Report.

## **5. COMPLIANCE WITH THE BUSINESS CODE OF CONDUCT**

### **A. Responsibilities of Covered Persons**

Covered persons are personally accountable for learning, endorsing and promoting this Business Code of Conduct and applying it to their own conduct and field of work. Covered persons will be asked to review this Business Code of Conduct and confirm, through written or electronic declaration, that they understand their individual responsibilities and will conform to its requirements.

Covered persons with questions about this Business Code of Conduct or specific situations are encouraged to refer the matter to their manager, or if appropriate, the CEO or the COO.

Contractors are required to comply with this Business Code of Conduct, the *Supplier Code of Conduct* and all of the Company's applicable policies and practices. Contractors are also expected to develop and enforce with their staff their own policies and/or practices that are consistent with this Business Code of Conduct and its associated requirements and, if requested, acknowledge their compliance in writing.

Officers and directors with questions about this Business Code of Conduct or specific situations are encouraged to refer the matter to the CEO, the Chairman of the Board or legal counsel of the Company.

This Business Code of Conduct is not intended to address all of the situations a covered person may encounter. There will be occasions where a covered person is confronted by circumstances not covered by the contents of this Business Code of Conduct or any other PrairieSky policy or procedure, and where a covered person must make a judgment call as to the appropriate course of action. In those circumstances, covered persons are encouraged to use their common sense in light of the spirit of this Business Code of Conduct and to contact their manager or senior management for guidance.

### **B. Non-Compliance**

A failure or violation to comply with the letter or the spirit of this Business Code of Conduct or any associated policies, practices and guidelines of PrairieSky may result in disciplinary action up to and including termination of employment or contract, as applicable.

### **C. Reporting Illegal or Unethical Behaviour**

Covered persons who witness, discover or become aware of a violation of this Business Code of Conduct, or any of PrairieSky's related policies, practices and guidelines, are expected to act promptly, in good faith and have an obligation to report the violation to their manager or senior management. Covered persons who have reason to suspect a violation may have occurred must also report the suspected violation to their manager or senior management. All covered persons should take your concern beyond your manager or senior management if the suspected breach was not resolved. Covered persons should be prepared to cooperate in PrairieSky investigations regarding violations of this Business Code of Conduct.

In addition, reference is made to our whistleblower hotline as an available procedure for the submission of matters through a confidential anonymous process. The Company's *Investigations Practice Policy* outlines how a notification or complaint will be treated once it is made, and includes whistleblower protection for complainants making an anonymous complaint. The Company will not allow retaliation for reports made lawfully in accordance with the Company's *Investigations Practice Policy*.

### **D. Monitoring and Enforcement**

PrairieSky reserves the right to assess and monitor the practices of covered persons with respect to this Business Code of Conduct, including self-assessment questionnaires. Covered persons must be able to demonstrate compliance with the Business Code of Conduct upon request. In the case of a violation or potential violation to the Business Code of Conduct, Covered persons shall take all reasonable measures to meet the requirements set out in the Business Code of Conduct in a diligent manner. Failure to comply with the Business Code of Conduct may result in the termination of employment or the business relationship for cause.

### **E. Waivers and Amendments**

No waiver of this Business Code of Conduct may be made where the conduct subject to the waiver contravenes any applicable law, rule, regulation or stock exchange requirement.

Waivers of this Business Code of Conduct for officers or directors may only be made by the Board and will be promptly disclosed to the extent required by law, rule, regulation or stock exchange requirement. Waivers of this Business Code of Conduct for employees or contractors may only be granted by the CEO or the COO with the prior written concurrence of a member of the Board.

The Board will review and amend this Business Code of Conduct as necessary to ensure it complies with regulatory requirements. Amendments to this Business Code of Conduct will be publicly disclosed to the extent required by law, rule, regulation or stock exchange requirement.