



PrairieSky

Supplier Code of Conduct

Effective: December 22, 2020

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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. Our high standard of responsible business practices not only applies to our own Business Code of Conduct as a company, but also extends to all our Suppliers through this Supplier Code of Conduct (the "Supplier Code"). This Supplier Code was developed in alignment with 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 Supplier Code applies to all PrairieSky's suppliers including all entities that provide goods or services, whether to or on behalf of PrairieSky. This includes consultants, contractors, advisors and other business partners through which PrairieSky procures goods and services, as well as their full-time and part-time employees, sub-contractors and sub-suppliers (collectively, "**Suppliers**").

While we recognize that there are different legal and cultural environments in which Suppliers operate throughout the world, this Supplier Code sets forth the minimum requirements that all Suppliers must meet. Our expectation is for all Suppliers to operate in ways that contribute to the welfare of their key stakeholders and respect the rights of all constituents affected by their operations.

Suppliers with whom we do business should carefully read and understand our Supplier Code and must agree to abide by its requirements as a condition of doing business with us. The Supplier Code supplements the requirements, guidelines and standards of conduct described in PrairieSky's agreements for the procurement of goods and services along its supply chain, as well as PrairieSky's other [governance policies as applicable](#).

2. ETHICS AND INTEGRITY

A. Compliance with Laws and Regulations

Fundamental to the Code is the understanding that a business, in all of its activities, must operate in full compliance with the laws, rules and regulations of the countries in which it operates. The Supplier Code encourages Suppliers to go beyond legal compliance, drawing upon internationally recognized standards, in order to advance social and environmental responsibility, and business ethics. Where the Supplier Code and federal, provincial or local laws have requirements overlapping the same subject matter, Suppliers should strive to meet the more stringent requirements.

B. Anti-corruption and Bribery

Suppliers shall have a zero-tolerance anti-corruption policy to prohibit any and all forms of bribery, corruption, extortion, money laundering and embezzlement. Suppliers should have in place anti-corruption programs in including conducting appropriate risk-based due diligence prior to engaging contractors, sub-contractors, sub-suppliers to ensure that such suppliers comply with the Supplier Code and local anti-corruption laws. Suppliers are also responsible for ensuring that any contractors, sub-contractors or sub-suppliers they engage agree to abide by anti-corruption and bribery standards that are no less stringent than the provisions of this Supplier Code.

C. Conflicts of Interest

Suppliers shall exercise due care and diligence to avoid situations where the Supplier's interests may conflict, or be perceived to conflict, with the interests of PrairieSky. The Supplier must immediately report to PrairieSky any instances of actual or perceived conflict of interest.

D. No Improper Advantage

Suppliers shall not offer or solicit any gifts, gratuities, entertainment, payments of cash, loans, or any other kind of undue favor or use other inappropriate means of influence, or appear to influence, a business decision or gain competitive advantage.

E. Fair Competition / Anti-trust

Suppliers are expected to conduct their business consistent with fair competition and business practices and comply with applicable fair competition and anti-trust laws and regulations.

F. Anti-Fraud

Suppliers must not seek to gain any advantage of any kind by acting fraudulently, deceiving people or making false claims, or allow anyone else to do so. This includes defrauding or stealing from the company, a customer or any third party, and any kind of misappropriation of property.

G. Data Privacy and Information Security

Suppliers are expected to comply with applicable data protection laws and industry best practices; and have the proper organizational structure, processes and procedures to ensure the protection of personal information against accidental, unauthorised or unlawful loss, destruction, alteration, disclosure, use or access. Suppliers are expected to have adequate policies and procedures in place which address technical and organisational security and take reasonable steps to confirm compliance with those.

H. Intellectual Property

Suppliers must comply with all the applicable laws governing intellectual property rights assertions, including protection against disclosure, patents, copyrights, and trademarks.

I. Insider Dealing / Trading

Suppliers shall not engage in insider trading, insider dealing or inappropriate procurement or disclosure of inside information regardless of whether the information was obtained in the course of working for or with PrairieSky. A Supplier in possession of inside information about a company shall not buy or sell any securities of that company.

3. LABOUR PRACTICE AND STANDARDS

A. Fundamental Human Rights

Suppliers must comply with applicable employment and labour laws and regulations as well as with internationally proclaimed human rights, which include the Universal Declaration of Human Rights and the International Labour Organization (ILO) conventions. This includes but is not limited to requirements regarding minimum wage, working hours, overtime, days of rest, compensation and freedom of association.

1. Child Labour

Suppliers must not use child labour and must employ personnel who meet the applicable minimum legal age requirement to work in the country or countries in which they operate.

2. Forced labour, Modern Slavery, Human Trafficking

Suppliers must not use forced or enslaved labour under any circumstances, whether in the form of compulsory or trafficked labour, indentured labour, bonded labour or other forms. Mental and physical coercion, human trafficking, and modern slavery are prohibited.

3. Non-discrimination

Suppliers must not discriminate against any individual in their employment or hiring practices. This includes discrimination based on race, ethnicity, colour, age, gender, gender identity or expression, sexual orientation, pregnancy, political beliefs, citizenship, national origin, religion, disability, parental status, economic/class status, veteran status, or any other protected status or characteristic that is not related to the individual's merit or the inherent requirements of the position sought. Suppliers must protect their employees from harassment in the workplace, including sexual, physical and psychological abuse.

4. Respect and Dignity

Suppliers must treat all of their employees (regardless of their employment status) fairly, ethically, respectfully and with dignity. Suppliers must protect their employees from harassment, bullying and victimization in the workplace, as well as from any form of retaliation. Suppliers must not exhibit or threaten to exhibit harsh or inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, abusive disciplinary practices, mental, physical or psychological coercion or verbal abuse of workers.

5. Working Conditions and Hours

Suppliers must comply with the International Labour Organization (ILO) conventions as well as local laws and regulations related to working conditions, including working hours, over-time, days of rest, wages and layoff practices.

6. Compensation, Wages and Benefits

Suppliers are expected to pay workers according to the International Labour Organization (ILO) conventions as well as applicable wage laws, including minimum wages, overtime hours and mandated benefits.

7. Freedom of Association and Collective Bargaining

Suppliers must respect the right of workers to choose whether to lawfully and peacefully form or join trade unions of their choosing and to bargain collectively without fear of discrimination, retaliation, harassment or intimidation. In cases where freedom of association is restricted by local law, alternative means of freedom of association will not be obstructed.

B. Health and Safety

Suppliers are expected to provide a safe, healthy and well-being oriented working environment, in accordance with all applicable municipal, provincial and federal laws and regulations and international standards. Supplier employees have the right to refuse and report unsafe or

unhealthy working conditions regardless of role, title or responsibility. Suppliers must take proactive action to prevent occupational illnesses and work-related accidents and hazards, including through emergency preparedness and response plans. Suppliers must set a policy on occupational health and safety to support safe and hygienic working environment.

C. Indigenous and Community Rights

Suppliers must respect the rights and land of Indigenous people and local communities. Suppliers must ensure that all negotiations with regards to their property or land adhere to the principles of free, prior and informed consent, contract transparency and disclosure.

4. ENVIRONMENT

A. Environmental Laws, Permits

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.

B. Environmental Policy

Suppliers must put in place a policy articulating their commitment to integrating environmental related requirements in their products, processes and business activities.

C. 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.

D. 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.

E. 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.

5. COMPLIANCE WITH THE SUPPLIER CODE

A. Responsibilities of Suppliers

Suppliers are required to comply with this Supplier Code and all [supplemental Company policies](#) and practices as applicable or have in place a comparable Code. Suppliers are also expected to develop and enforce with their staff their own sustainability and code of conduct policies and/or

practices that are consistent with this Supplier Code and its associated requirements and, if requested, acknowledge their compliance in writing.

Suppliers with questions about this Supplier Code or specific situations are encouraged to refer the matter to their manager, or if appropriate, the Company's Chief Operating Officer (COO). Applicable resource groups, such as legal counsel or office services of the Company, may also be contacted.

This Supplier Code is not intended to address all of the situations a supplier may encounter. There will be occasions where a supplier is confronted by circumstances not covered by the contents of this Supplier Code or any other PrairieSky policy or procedure, and where a supplier must make a judgment call as to the appropriate course of action. In those circumstances, Suppliers are encouraged to use their common sense in light of the spirit of this Supplier Code 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 Supplier Code or any associated policies, practices and guidelines of PrairieSky may result in disciplinary action up to and including termination of contracts and go forward disqualification as a Supplier to PrairieSky, as applicable.

C. Reporting Illegal or Unethical Behaviour

Suppliers who witness, discover or become aware of a violation of this Supplier Code, 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, as well as to PrairieSky's COO. Suppliers who have reason to suspect a violation may have occurred must also report the suspected violation to their manager or senior management, as well as to PrairieSky's COO. All Suppliers should take their concern beyond their manager or senior management if the suspected breach was not resolved. Suppliers should be prepared to cooperate in PrairieSky investigations regarding violations of this Supplier Code.

In addition, reference is made to our *Investigations Practice Policy* (whistleblower hotline) as an available procedure for the submission of matters through a confidential and 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 supplier practices with respect to this Supplier Code, including self-assessment questionnaires. Suppliers must be able to demonstrate compliance with the Supplier Code upon request. In the case of a violation or potential violation to the Supplier Code, Suppliers shall take all reasonable measures to meet the requirements set out in the Supplier Code in a diligent manner. Failure to comply with the Supplier Code may result in the termination of the business relationship.