



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

For the year ended December 31, 2019

Prepared in accordance with:

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

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

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**SECTION I: Independent practitioner’s limited assurance report on the “Key Performance Indicators Appendix” and “Greenhouse Gas Emissions Report” of PrairieSky Royalty Ltd.’s Responsibility Report 2019**

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

We have undertaken a limited assurance engagement of the “Key Performance Indicators Appendix” and of the “Greenhouse Gas Emissions Report” (together the “Appendices”) prepared in the context of the PrairieSky Royalty Ltd. (“PrairieSky”) Responsibility Report for the year ended December 31, 2019. This engagement was conducted by a multidisciplinary team including assurance practitioners and individuals with environmental experience.

***Scope and subject matter***

Our scope is limited only and exclusively to the above mentioned Appendices and is not extended to any other information, note, section and paragraph of the PrairieSky Responsibility Report.

We were not engaged to report on comparative figures for the prior years and we were not engaged to report on trends, variances and any other additional information not specifically mentioned in the following Scope and subject matter paragraph.

With reference to the “Key Performance Indicators Appendix”, our limited assurance engagement was performed on the following:

- Diversity (% of women by level)
- Total Community Investment (\$)
- Waste Generated (tonnes)
- Diversion Rate for Recovered Waste

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

- Scope 1 GHG emissions
- Scope 2 GHG emissions
- Scope 3 GHG emissions from business travel and employee commuting

The organizational boundaries and the applicable criteria have been disclosed in the Appendices.



### ***PrairieSky's responsibility***

With reference to the “Key Performance Indicators Appendix”, PrairieSky is responsible for the preparation of the appendix in accordance with criteria (the “Applicable Criteria”) applied as explained therein. PrairieSky is also responsible for such internal control as management determines necessary to enable the preparation of a “Key Performance Indicators Appendix” that is free from material misstatement.

With reference to the appendix “Greenhouse Gas Emissions Report”, PrairieSky is responsible for the preparation of the appendix in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard Revised Edition (the “Greenhouse Gas Applicable Criteria”), applied as explained in the appendix. PrairieSky is also responsible for such internal control as management determines necessary to enable the preparation of a “Greenhouse Gas Emissions Report” that is free from material misstatement.

### ***Inherent Uncertainty***

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

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

### ***Our responsibility***

Our responsibility is to express a limited assurance conclusion on the “Key Performance Indicators Appendix” and the “Greenhouse Gas Emissions Report” based on the evidence we have obtained.

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (“ISAE 3000 revised”), and International Standards on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements* (“ISAE 3410”), issued by the International Auditing and Assurance Standards Board. These standards require us to conclude whether nothing has come to our attention that causes us to believe that the “Key Performance Indicators Appendix” and the “Greenhouse Gas Emissions Report” are not fairly stated, in all material respects.

A limited assurance engagement undertaken in accordance with ISAE 3000 revised and ISAE 3410 involves performing procedures (primarily consisting of making inquiries of management and other within the entity, as appropriate, and applying analytical procedures) and evaluating the evidence obtained. The procedures are selected based on our professional judgment, which includes identifying areas where the risks of material misstatement in preparing the “Key Performance Indicators Appendix” in accordance with the Applicable Criteria and the “Greenhouse Gas Emissions Report” in accordance with the Greenhouse Gas Applicable Criteria are likely to arise.



Given the circumstances of the engagement, in performing the procedures listed above we:

- Through inquiries, obtained an understanding of PrairieSky's control environment and information systems relevant to key performance indicators and emissions quantification and reporting, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether PrairieSky's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate PrairieSky's estimates.
- Checked the mathematical accuracy of the calculation related to the Greenhouse Gas emissions variations on the comparative period January 1, 2018 to December 31, 2018 reported in the "Greenhouse Gas Emissions Report". This did not imply any assurance procedures on Key Performance Indicators and Greenhouse Gas emissions for the period January 1, 2018 to December 31, 2018.

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

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

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

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

### ***Conclusion***

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that PrairieSky Royalty Ltd.'s "Key Performance Indicators Appendix" and "Greenhouse Gas Emissions Report" prepared in accordance with the Applicable Criteria and the Greenhouse Gas Applicable Criteria for the year ended December 31, 2019, are not fairly stated, in all material respects.

### ***Purpose of statement and restriction of use and distribution***

This report, including the conclusion, has been prepared for the Board of Directors and Management of PrairieSky, to assist Management in reporting on the Company's performance and activities. We permit the disclosure of this report within the accompanying "Key Performance Indicators Appendix" and the "Greenhouse Gas Emissions Report" for the year ended December 31, 2019, to enable Management to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report on the selected information contained



in the Report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Management of PrairieSky for our work or this report, save where terms are expressly agreed and with our prior consent in writing.

*PricewaterhouseCoopers* LLP<sup>1</sup>

**Partnership of Chartered Professional Accountants**

Montréal (Québec)

25 June 2020

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CPA auditeur, CA, permis de comptabilité publique n° A113424

**SECTION II: 2019 PrairieSky Royalty Ltd. “Key Performance Indicators Appendix” and “Greenhouse Gas Emissions Report”**

**PrairieSky Royalty Ltd.  
2019 Responsibility Report  
"Key Performance Indicators Appendix"**

**Introduction**

This document describes the methodology and assumptions related to Key Performance Indicators ("KPIs") presented in PrairieSky's 2019 Responsibility Report which covers the year ended December 31, 2019.

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

<b>KPI</b>	<b>Description</b>	<b>Assertions for the year ended December 31, 2019</b>	<b>Methodology and Assumptions</b>
<b>Gender Diversity</b>			
Percentage of women employees	Percentage of full and part-time women employees out of the total number of full and part-time employees	73%	Metric calculated as a percentage of total full and part-time employees.
Percentage of women managers	Percentage of women in management roles out of the total number of employees in management roles	80%	Metric calculated as a percentage of total management roles (managers and Controller).
Percentage of women executive	Percentage of women executives out of the total number of executives	33%	Metric calculated as a percentage of total executives.
Percentage of women independent directors	Percentage of women independent directors out of the total number of independent directors	29%	Metric calculated as a percentage of total independent directors.
<b>Community Investment</b>			
Community Investment	Investment in communities	\$400,100	Community investment represents total cash contribution compiled from charitable receipts and sponsorships payments for 2019.
<b>Environment</b>			
Waste generated	Total waste generated from PrairieSky operations	14.2 metric tonnes	Waste generated is provided by our property manager and prorated based on PrairieSky's occupied square footage.
Diversion rate for recovered waste	Diversion rate for recovered waste	79%	This KPI is calculated as the quantity of recycled waste materials as a percentage of total waste generated. Recycled and generated waste are provided by our property manager and prorated based on PrairieSky's occupied square footage.

**PrairieSky Royalty Ltd.**  
**2019 Responsibility Report**  
**"Greenhouse Gas Emissions Report"**

**Introduction**

This Greenhouse Gas (GHG) emissions report was prepared in accordance with the principles and requirements of the Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard (Revised Edition) and has been used to report PrairieSky's GHG emissions to the CDP and other corporate disclosures. For the year ended December 31, 2019, PrairieSky reported a corporate carbon footprint of 544.9 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e), which includes Scope 1 and 2 calculated using a location-based approach and 3 (business air travel and employee commuting) emissions. When using a market-based approach for Scope 1 and 2, the carbon footprint is reduced to 91.6 tonnes of CO<sub>2</sub>e.

**Organizational Boundaries**

PrairieSky applies the operational control approach to determine its scope of reporting. The table below reports PrairieSky's corporate carbon footprint for the year ended December 31, 2019.

Scope	Description	Emissions (tonnes of CO <sub>2</sub> e)		% Increase / (Decrease)
		2019	2018	
Scope 1 (location-based)	Direct emissions associated with natural gas consumption at our head office in Calgary (our only location).	137.4	144.0	(5%)
Scope 1 (market-based)	Direct emissions calculated taking into account the purchase of Bullfrog Power Green natural gas certificates. The emissions factor associated with the combustion of this renewable natural gas effectively removes the CO <sub>2</sub> e emissions that otherwise would have been present with conventional natural gas, thereby reducing our natural gas emissions.	0.0	144.0	(100%)
Scope 2 (location-based)	Indirect emissions associated with energy corresponding to the production and transmission of electricity required at our head office in Calgary.	315.9	386.3	(18%)
Scope 2 (market-based)	Indirect emissions calculated taking into account the purchase of Bullfrog Power Green electricity certificates. The emissions factor associated with the generation of this renewable electricity effectively removes the CO <sub>2</sub> e emissions that otherwise would have been present with conventional electricity, thereby reducing our Scope 2 emissions.	0.0	386.3	(100%)
Scope 3	Other indirect emissions include air travel for PrairieSky employees and Board members.	32.1	15.7	104%
	Other indirect emissions also include commuting for PrairieSky employees and contractors from home to our head office location in Calgary.	59.5	76.0	(22%)
Total (location-based)		544.9	622.0	(12%)
Total (market-based)		91.6	622.0	(85%)

## **Methodology and Assumptions**

### **Scope 1 (location-based) Natural Gas**

Direct emissions associated with natural gas consumption at our head office in Calgary (our only location). The volume of natural gas consumed in our office building was provided on a monthly basis for the year ended December 31, 2019 by our property manager. Natural gas consumption is not tracked by individual tenant. PrairieSky calculates its share of natural gas consumption based on our occupied square footage as a percentage of the building's total square footage.

Emissions were calculated by multiplying PrairieSky's natural gas consumption by the Canadian emission factors taken from the National Inventory Report 1990-2018: Greenhouse Gas Sources and Sinks in Canada (Part 2). The total GHG emissions in tonnes of CO<sub>2</sub>e were calculated by multiplying the mass of each gas (CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O) by its global warming potential (GWP) and adding up the totals. GWPs are from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, 2014 (GWP of CO<sub>2</sub> = 1, GWP of CH<sub>4</sub> = 29 and GWP of N<sub>2</sub>O = 265).

### **Scope 1 (market-based) Natural Gas**

Direct emissions calculated taking into account the purchase of Bullfrog Power Green natural gas certificates. The emissions factor associated with the combustion of this renewable natural gas is effectively 0 tCO<sub>2</sub>e/m<sup>3</sup>, which removes the CO<sub>2</sub>e emissions that otherwise would have been present with conventional natural gas, thereby reducing our natural gas emissions by 137.4 tCO<sub>2</sub>e. The emissions factor can be found in the Operating Criteria and Quantification Methodology for Displacement of Natural Gas with Green Natural Gas – Nov 2018 referenced [here](#).

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

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

Indirect emissions associated with energy corresponding to the production and transmission of electricity volume to our head office in Calgary. PrairieSky's electricity volumes were provided in kWh on a monthly basis for the year ended December 31, 2019 by our property manager. Electricity consumption is not tracked by individual tenant. PrairieSky calculates its share of electricity consumption based on our occupied square footage as a percentage of the building's total square footage.

Electricity emission factors are applied to the total kWh allocated to PrairieSky to calculate tonnes of CO<sub>2</sub>e. Canadian emission factors were sourced from the National Inventory Report 1990-2018: Greenhouse Gas Sources and Sinks in Canada (Part 3, Annex 13).

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

Indirect emissions calculated taking into account the purchase of Bullfrog Power Green electricity certificates. The emissions factor associated with the generation of this renewable electricity is effectively 0 tCO<sub>2</sub>e/kwh, which removes the CO<sub>2</sub>e emissions that otherwise would have been present with conventional electricity, thereby reducing our Scope 2 emissions by 315.9 tCO<sub>2</sub>e. The emissions factor can be found in the Bullfrog Power 2018 Green Electricity Emissions Calculation Methodology – April 2018 referenced [here](#).

### **Scope 3 Air Travel**

Information is tracked internally and includes flight segments and mileage for air travel between January 1, 2019 and December 31, 2019. 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 March 2020) and GWPs from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, 2014, as outlined above.

### **Scope 3**

#### ***Employee Commuting***

Employees are surveyed annually on their mode of commuting from home to work. Employees provide the distance from their home to the office and the method of commuting for every quarter of the year. Employee mileage by mode of commuting is totaled for the year and emissions factors from the EPA Center for Corporate Climate Leadership (US Environmental Protection Agency) updated March 2020 are applied to convert mileage into tonnes of CO<sub>2</sub>e and GWPs from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, 2014, as outlined above.