

# Securing a sustainable energy future.

Sustainability Report

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# Freehold

ROYALTIES LTD.



Within this report, disclosures on our 2021 and certain information relating to 2022 ESG performance are guided by two reporting frameworks: a) the Global Reporting Initiative (GRI); and b) the Sustainability Accounting Standards Board (SASB), both found on [page 43](#).

**Forward-Looking Statements** - Certain information contained in this report may constitute forward-looking statements within the meaning of applicable securities laws, including, but not limited to, statements regarding our commitment to best in class ESG practices; our intention to further expand our energy-based royalty portfolio in the future through investment in North American opportunities that are part of the energy transition; our intent to pay a monthly dividend that targets approximately 60% of funds from operations; our intent to maintain financial strength through payment of bank debt and by growing our business through acquiring additional royalties in North America that we expect to continue to strengthen our business and our long-term sustainability; our focus and strategy for creating value for stakeholder including employees, investors, royalty payors and communities; our belief that having an advanced knowledge base regarding non-oil and gas royalty opportunities positions Freehold well to participate in energy transition opportunities; our strategies and expected benefits of our royalty optimization initiatives; Freehold's objective to develop long-term relationships with our royalty payors, aligning with well capitalized and profitable operators who have a like-minded approach to managing their environmental footprint and social impacts and the expected benefits of that approach; our intended ESG focus areas from 2022 through 2024; Freehold's intent to minimize our own local footprint and to continue to encourage responsible stewardship within all facets of our operations; our intent to continue to reduce direct GHG emissions through the purchase of carbon offsets necessary to ensure that the direct emissions from our corporate office and working interest assets are carbon neutral; our intent to continue building out our portfolio analysis of GHG emissions performance, reduction efforts and commitments; our intent to continue building out our portfolio analysis of water management in our royalty payor portfolio; our intent to develop water management metrics for our entire North American portfolio; our intent to continue to proactively manage our reclamation obligations, reducing our active reclamation project count by half through receipt of reclamation certificates over the next three years; our commitment to integrate spill management into our environmental due diligence and monitoring of our royalty payors; our intent to continue to provide a healthy working environment that promotes the sharing of ideas and diverse thought, as well as a safe and effective work environment; our intent to continue elevating the professional development of employees with regular talent and competency assessments; our intent to further enhance a positive workplace culture, including new initiatives to support a healthy work-life balance; our intended focus of our EDI Council; our commitment to integrate a metric relating to community support into our due diligence and monitoring of our royalty payors; our intent to elect a Community Relations committee to evaluate causes, and deploy additional funds committed in 2021 towards community investment. Readers are cautioned not to place undue reliance on forward-looking statements as they are subject to a number of assumptions and known and unknown risks and uncertainties that may cause the actual results, performance or achievements of Freehold to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please refer to Freehold's most recent Annual Information Form for a discussion of the material assumptions and risks associated with the forward-looking statements. The forward-looking statements contained herein are made as of the date of this document, and, except to the extent required by applicable securities laws and regulations, Freehold assumes no obligation to update or revise forward-looking statements made herein or otherwise, whether as a result of new information, future events, or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary note.



# Setting the Stage for Freehold's Sustainability Reporting /

We are excited to release our Sustainability Report for 2021 and certain information relating to the 2022 calendar year, reflecting on the progress made since our inaugural report in 2019. The economic landscape of the worldwide energy market has changed over the past several years. As consumers of energy increasingly demand their energy sources be as ethical and environmentally friendly as possible, North American energy companies and their regulators are rising to the challenge. As the only publicly traded energy royalty company focused on opportunities in both Canada and the United States, Freehold Royalties Ltd. (Freehold) is able to effectively generate shareholder value by partnering with high quality, responsible royalty payors across North American energy basins. Freehold is a champion of sustainable energy development and is committed to best in class environmental, social and governance (ESG) practices. 96% of our royalty production and revenue is from the top one-third of our 380 royalty payors. Since 2019, 20% of these top one-third payors have released inaugural ESG reports.

Both Canada and the US, who rank among the top four oil producing countries, rank high on the Jantzi Social Progress Index, an independent measure of social and environmental outcome indicators of 168 countries worldwide. Canada and the US are 6th and 24th place, respectively, in this list of 168 countries, with both countries playing home to some of the best regulated energy industries on the planet and experiencing downward trends with respect to both countries oil and gas emissions intensity.

With this report, we are moving forward to ensure alignment with multiple reporting standards, as well as continuing to promote transparency, accuracy, and comprehensive disclosure with respect to many important performance indicators. This report focuses on environmental, social, and governance topics and is intended to provide stakeholders with meaningful information.

During 2021, we implemented ESG monitoring as part of our oversight of royalty payors operating on our royalty lands, and added ESG performance metrics when conducting due diligence on emerging opportunities.

# ESG Highlights /

**73%**

PORTFOLIO EMISSIONS IMPROVEMENT  
FROM 2019 TO 2021

**0.3%**

RATIO OF ABANDONMENT OBLIGATION  
TO MARKET CAP

**60%**

INCREASE IN EMPLOYEE ENGAGEMENT  
SCORE FROM 2017 TO 2021

**200+**

EXISTING & POTENTIAL SHAREHOLDERS,  
AND OTHER INVESTMENT COMMUNITY  
MEMBERS ENGAGED IN 2021

**Net Zero Emissions**

Scope 1 and Scope 2

**Social Thought  
Leadership**

**North American  
Energy Portfolio**

**Top-tier  
Governance**



# Report Scope /



The data contained in this report references Freehold’s operational and quantitative performance for the calendar year ended December 31, 2021 and certain information relating to 2022. The report also includes historical data for the years 2019 and 2020. Our previous report (released in 2019) references the calendar year ended December 31, 2018, and includes historical data for the years 2016 and 2017.

## Reporting Frameworks

In alignment with the major sustainability reporting frameworks and in the spirit of maximum transparency, we have prepared this report in accordance with multiple reporting standards, listed below:



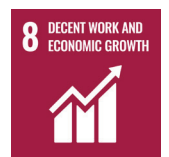
**1. Global Reporting Initiative** – founded in 1997, the Global Reporting Initiative (GRI) was conceived to help organizations be transparent and take responsibility for their impacts to create a sustainable future. Since then, over half of the publicly listed companies in the S&P 500 index have adopted the GRI standards for their reporting initiatives.



**2. Sustainability Accounting Standards Board** – founded in 2011, the Sustainability Accounting Standards Board (SASB) standards were created to help companies report financially material industry specific sustainability performance statistics. In 2021, 70% of the S&P/TSX 60 composite index constituents used SASB standards for their reporting initiatives.

## Our Purpose-Driven Business

While our work has the ability to impact many of United Nations Sustainable Development Goals (SDGs), this report focuses on the SDGs where we can have the greatest impact based on our business, strategy, and expertise. By delivering value for all of our key stakeholders, we contribute positively to multiple SDGs, as shown on the right. Freehold aligns most closely with those goals that are focused on enhancing the quality of life for all by advancing multiple different aspects of society, economy, and institutions.





# Message to Stakeholders /

Over the past 26 years, Freehold has focused on evolving to become a broader participant in the North American energy business. This has been achieved through patient and disciplined expansion into the United States in areas that are positioned to provide sustainable energy growth into the future.

Freehold provides our shareholders the opportunity to participate in the energy business, and North American energy security, through the collection of royalty revenue that is generated by operators in Canada and the US who adhere to some of the strictest environmental and social regulations in the world. At present, the majority of our revenue is derived from oil and gas royalties on world class assets which are being operated and developed by best in class energy companies across North America. We also receive royalties from the production of Canadian potash, an essential component in supporting world food supply through sustainable and productive agriculture. We look to further expand our royalty portfolio in the future through investment in North American opportunities that are part of the energy transition, supporting a balanced energy solution for the world. The scope of this initiative may include carbon capture, utilization and storage, helium, lithium, hydrogen, biofuels, other minerals, and renewables such as wind and solar. We are proud of our 26 year history and want to ensure we position our business for another 25+ years of success in the energy industry.

Our business model is straightforward: we collect royalties associated with the production of commodities from our land base. We have a very low, predictable costs to run our business. These costs are predominantly associated with the human talent we rely on and the financing costs associated with our bank debt. We also contribute to the infrastructure and social programs that ensure the overall health and welfare of Canada and the US through payment of both federal and provincial/state

income tax in both countries and philanthropic contributions in Canada. After these costs are deducted from revenue, we return money to shareholders via a monthly dividend that targets approximately 60% of funds from operations (revenue less cash costs and income tax), we maintain our financial strength through payment of bank debt, and if an opportunity is identified by our team, we invest into growing our business through acquiring additional royalties in North America that will continue to strengthen our business and our long-term sustainability.

Our Board of Directors (Board), and the people that contribute to the success of our business every day, have significant pride in our business model and how the focus on environmental, social, and governance initiatives has made us a stronger company with a clear vision for the future. We are an “investor” and supporter of the communities in which we live, a business that embraces diversity of thought at all levels within the organization, and a top performer in share price appreciation and dividend payments to our shareholders.

*On behalf of the Board,*

**Marvin Romanow**  
Chair of the Board

**David Spyker**  
President and Chief Executive Officer (CEO)

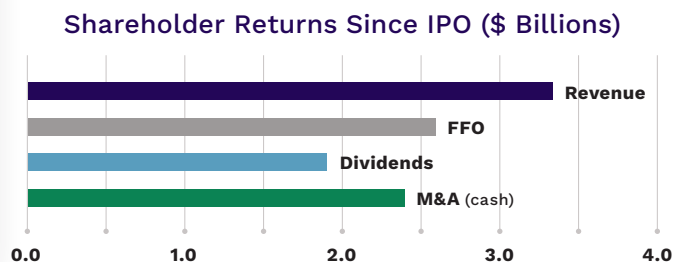
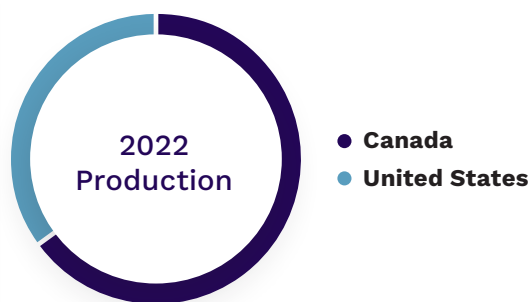
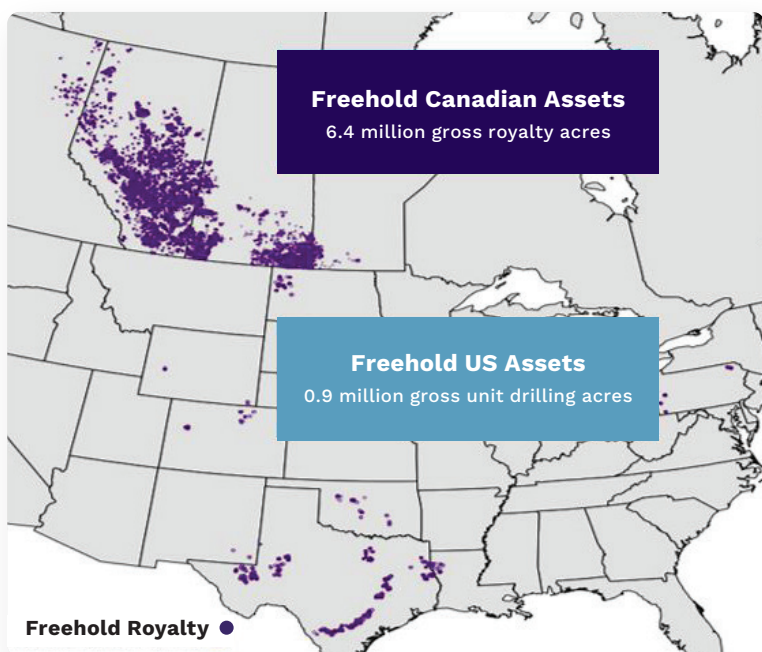
# About Freehold/



Freehold Royalties is the largest public North American focused oil and gas royalty company by market capitalization. We receive revenues in the form of royalty payments associated with the development of natural resources across North America.

Our total land holdings encompass approximately 6.4 million gross acres in Canada and include exposure to approximately 0.9 million gross drilling acres in the US collectively; greater than 99% of which are royalty lands.

We have royalty interests in more than 15,000 producing wells and receive royalty income from over 350 industry operators throughout North America. Our revenues also include potash, bonus consideration and lease rental streams that diversify our royalty revenue portfolio. Our diversified North American royalty portfolio lowers Freehold's risk, and as a royalty owner, Freehold benefits from the drilling activity of others without any capital investment.



## Performance Highlights

### OUR BUSINESS

**\$2.6 billion\***  
enterprise value

**14,250 boe/d**  
2022 midpoint of guidance

**North American energy royalties**

\* Enterprise value defined as market cap of \$2.38 billion at year end 2022 plus long-term debt of \$0.2 billion at September 30, 2022.

### OUR ROYALTY PAYORS

**380 royalty payors - top 1/3 representing 96% of production and revenues**

**Our top 20 royalty payors account for ~70% of production and revenues and 12 of these payors provide ESG disclosure**

**40% of our top one-third royalty payors provide ESG disclosure**

### 2022 COMPLETED TARGETS

**Offset direct Scope 1 & 2 GHG emissions**

**30% Board gender diversity by 2023**

**Strategic charitable partnerships**



## Creating Value for Our Stakeholders

### OUR KEY STAKEHOLDERS:



Employees



Investors



Royalty Payors



Communities

#### Investors & Capital Providers

- High operating margin, providing a strong return profile for investors
- **Top ESG rating amongst North American E&P companies by Sustainalytics**
- Significant growth in both funds from operations and dividends paid
- Strong balance sheet, diversified portfolio
- Disciplined, strategic investment advancing North American portfolio growth
- Net zero Scope 1 and 2 emissions through purchase of carbon offsets
- Hired VP of Diversified Royalties to seek opportunities to position our portfolio as the future of energy evolves.

#### Employees

- Strong leadership, an engaged and idea rich workforce, and a supportive and constructive Board
- Focus on training and development for leadership and employees
- Full audit by an external consultant of HR policies and procedures to ensure best Equity, Diversity and Inclusion (EDI) practices are implemented
- Established internal committee to further develop EDI strategy

#### Royalty Payors

- Focused royalty company with <1% of revenue from working interest production
- Emissions intensity review is a core element of acquisition evaluations and decisions
- Prioritize ESG accretive acquisitions
- ESG performance monitoring and due diligence of royalty payors

#### Communities

- Robust community support program; multi-year focused community support strategy moving forward
- Thematic programs allow Freehold to target initiatives both internally and externally
- Workforce engaged with community initiatives

## Future-Proofing Freehold’s Value Creation Abilities

To position Freehold for long-term sustainability and resilience, we appointed Ian Hantke as Vice President, Diversified Royalties in January of 2022. Having an advanced knowledge base regarding non-oil & gas royalty opportunities positions Freehold well to participate in energy transition opportunities, effectively ‘future-proofing’ our sustainability and ability to create value for all stakeholders.

# Benefits of the Royalty Model /



The royalty model is a simple one, and a unique way to gain exposure to strength in North American energy development. Freehold's assets provide our shareholders with a low-risk opportunity to participate in world class oil and gas producing basins without concentrated risk that other investment strategies bring. For the past 26 years, Freehold has been accumulating mineral title and gross overriding royalty interests pertaining to the natural resources beneath the surface of the Western Canadian Sedimentary Basin (WCSB), and in recent years, in select United States basins. Freehold leases these mineral title rights to third party operators (lessee) to drill on our lands. The lessee bears all the costs of drilling and operating the well, along with end-of-life liabilities. In exchange for leasing these rights, Freehold receives a percentage of the revenue through collecting a royalty on production.

In some cases, Freehold works with operators to help them fund drilling activity in exchange for a royalty on production from certain wells, or sections. These royalty structures are referred to as Gross Overriding Royalties (GORRs), as they are paid by the operator in addition to government royalties or mineral title royalties on non-government lands.

In 2021 and 2022, Freehold completed a number of strategic acquisitions, adding royalty positions in the United States, including in the Permian, Eagle Ford, Haynesville, and Bakken basins. These transactions further enhance the quality and resilience of Freehold's royalty portfolio, while also improving our indirect ESG performance through the addition of high-quality counterparties with progressive ESG strategies.

Through the leasing of mineral rights to operators, Freehold has no direct exposure to capital costs, end-of-life liabilities, or other expenditures that traditional exploration & development companies face.



## Royalty Optimization

Freehold regularly engages with royalty payors to discuss royalty structures and contractual terms that would lead to drilling on our lands through the implementation of target based royalty reductions. We believe it is important to work with operators to ensure capital is deployed on our lands as it remains one of the highest returning components of Freehold's business. These "Royalty Optimization" initiatives have been a key focus of the team since 2019 and have contributed to an increase in over 475 boe/d to production volumes in 2021, or 5% of our annual Canadian royalty production in that year.

Our Royalty Optimization strategy is a proactive initiative which focuses on working collaboratively with our partners to attract capital to lands that are otherwise underdeveloped or

noncompetitive in part due to punitive royalty rates that result in development economics that may be less compelling than other opportunities within an operator's portfolio. The team identifies consolidated, high net royalty lands under well capitalized operators and completes a full technical and economic review, to assess the potential oil and gas reserves that could be recovered with further development. We then work with the operator to structure arrangements that are often tied to multi-well commitments over an agreed to time period to accelerate development and maximize the value of our lands. By being active and engaged stewards of our assets, we are able to unlock value that may otherwise go unrealized.



# Profiling Our Royalty Payors /



As a royalty company, our direct exposure to the impacts of oil and gas exploration, development, and production is limited. Freehold's objective is to develop long-term relationships with our royalty payors, aligning with well capitalized and profitable operators who have a like-minded approach to managing their environmental footprint and social impacts.

Our low-risk profile was established through our strategic decision to focus our business on established North American oil and gas producers who are operating within a strong regulatory regime and a stable political and social environment. Social pressure, and growing investor expectations around ESG ensure that our partner companies are proactive in addressing emerging risks.

We currently receive royalty income from more than 350 royalty payors with approximately 70% of our revenue derived from our top 20 operators. Our top 20 operators include companies that consistently achieve high standards of ESG performance, many of whom are leading the way with respect to energy transition.

**60% of our top 20 public company operators produce ESG reports**

**20% of our top 20 operators are private and their ESG reporting is not made public**

## Freehold's ESG Performance Trends /

Category	2019	2020	2021	Commentary
Women in Organization (% of total)	47%	44%	49%	<b>4%</b> improvement
Women in Leadership (% of total)	33%	37%	39%	increased to <b>42%</b> in 2022
Board Diversity (Women as % of total)	13%	13%	13%	increased to <b>30%</b> in 2022
Board Independence (% of total)	75%	75%	75%	consistent strong governance
Insider Ownership (% of shares O/S)	0.22%	0.34%	0.35%	<b>59%</b> improvement
GHG Intensity (tCO <sub>2</sub> e/BOE)	.00022	.00012	.00011	<b>52%</b> improvement
Scope 1 Emissions (tCO <sub>2</sub> e)	421	71	91	<b>78%</b> improvement
Scope 2 Emissions (tCO <sub>2</sub> e)	427	368	361	<b>14%</b> improvement
Flaring Intensity (m <sup>3</sup> )	4.85	0	0	<b>100%</b> improvement
Freshwater Intensity (litres/BOE) Calgary Office	0.42	0.38	0.23	<b>46%</b> improvement
Investment Grade Royalty Payors (#)	3	5	11	<b>267%</b> increase
Royalty Payor Count (#)	279	265	380	<b>36%</b> increase



# Our Approach to ESG /

Our approach to ESG leverages our position as a North American oil and gas royalty company to create long-term value for our stakeholders through responsible stewardship, while continually monitoring and improving governance, environmental, and social performance.

Our Board, either directly or through its committees, is responsible for overseeing those ESG issues which impact Freehold. The Board also has oversight for monitoring management systems and processes relating to the identification, assessment and management of ESG risks and opportunities. From an environmental perspective, the Board considers climate-related issues, greenhouse gas emissions, air and water impacts, and land and wildlife management, among others.

From a social perspective, the Board considers human rights, employee well-being, community engagement, equity, diversity and inclusion, and health and safety, among others. From a governance perspective, the Board considers succession planning, leadership diversity and executive compensation, among others. Finally, the Board has ultimate responsibility to review Freehold's ESG reporting and all other ESG matters on which Freehold may report.

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## Integrating ESG throughout our Business

Freehold has always focused on maintaining and growing our business in the most sustainable way possible, and in alignment with suggestions and guidance from industry partners. As the climate related goals of the energy industry continue to evolve, every decision we make increasingly considers each component of "ESG"; the environment, social considerations and governance matters. Reducing energy-related greenhouse gas (GHG) emissions places the oil and gas sector at the forefront of the transition to a lower carbon economy.

Responsible stewardship means understanding and supporting our royalty payors in their efforts to manage their ESG-related risks and opportunities.

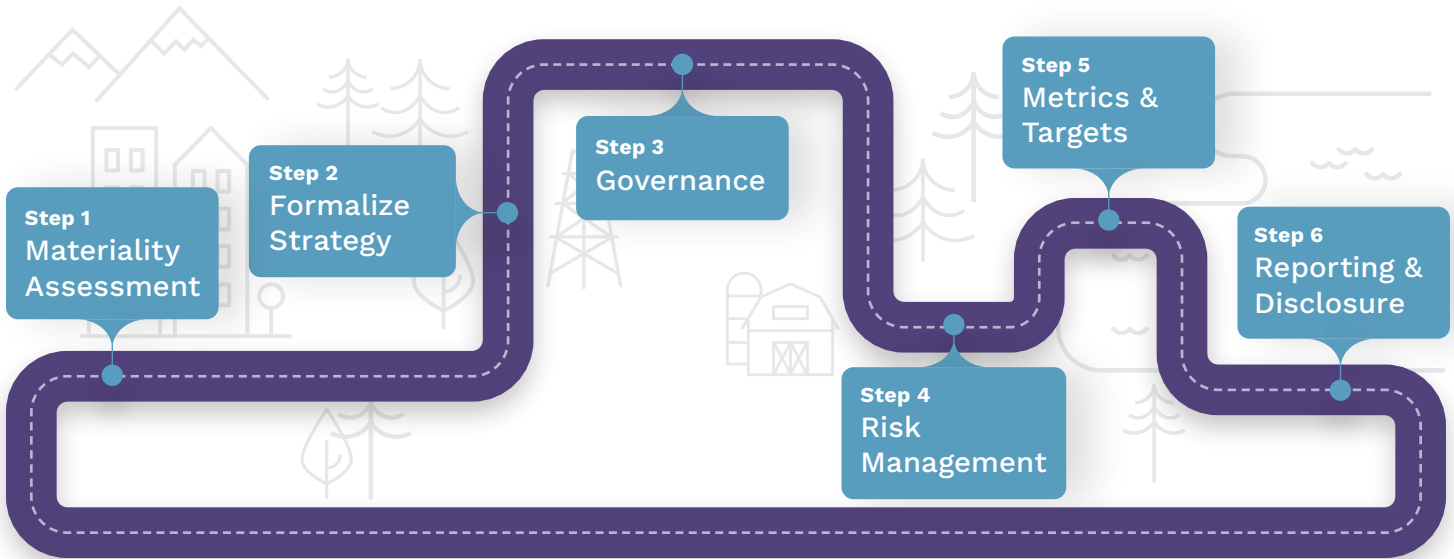
While our royalty-based business model means we are not directly responsible for activity resulting from operations on our leased lands, we nonetheless recognize that our business model is dependent upon the performance of our royalty partners, including their environmental actions.

For the past 26 years, Freehold has been focused on supporting royalty payors who operate at, or beyond regulatory compliance standards. Recognizing the changing expectations of society and our investors, we began developing an ESG strategy in 2018. In 2022, we continued to follow that roadmap to outline the key actions and deliverables for our ESG journey.



## ESG Strategy Roadmap

Sustainability has always been integral to the responsible management of every aspect of Freehold’s business and in our approach to risk mitigation. We have a committed track record of advancing sustainability strategies and initiatives, and are proud to share the roadmap which guides Freehold’s continuous journey.



## Where We Came From... and Where We’re Headed

2018/2019	2018-2021	2022-2024
<ul style="list-style-type: none"> <li>Initial Board commitment to ESG</li> <li>Enhance further governance practices</li> <li>Initial ESG materiality assessment of direct ESG factors</li> </ul>	<ul style="list-style-type: none"> <li>ESG Policy development</li> <li>Update ESG materiality assessment to incorporate indirect ESG factors</li> <li>Establish ESG management committee</li> <li>Preliminary identification of ESG performance indicators</li> <li>Net zero direct emissions (Scope 1 and Scope 2)</li> <li>Assess approaches for portfolio GHG emissions reporting</li> </ul>	<ul style="list-style-type: none"> <li>Integrate ESG into due diligence and monitoring processes</li> <li>Continued net zero on Scope 1 and Scope 2 emissions through carbon offsets</li> <li>Advance diversified royalties growth strategy</li> <li>Community support tied to financial performance</li> <li>30% Board diversity by 2023 (target met in 2022)</li> </ul>



# Materiality /

We define ESG materiality as risks or opportunities that have the potential to impact our company’s performance or value over both short and long-term timeframes.

Our initial efforts, disclosed in our inaugural 2019 Sustainability Report, focused on governance and the direct risks and opportunities arising from our corporate operations, and from our limited working interest operations. However, Freehold’s most significant environmental risk is through indirect exposure to risks facing its royalty payors, to the extent that these risks have the potential to impact production, thereby affecting Freehold’s royalty-based earnings.

In 2022, we updated our ESG materiality assessment to incorporate the indirect ESG factors associated with our royalty portfolio. These indirect ESG factors represent the most significant risks and opportunities to our business.

Governance	General Topics or Themes	Direct Impact to Freehold	Indirect Impact to Freehold *
<b>Corporate &amp; ESG Governance</b>	• Risk Management	✓	✓
	• Shareholder Engagement	✓	
	• Cybersecurity	✓	✓
	• Management compensation linked to ESG performance	✓	
	• Key governance policies and governance practices in line or exceeding industry standards	✓	✓
	• Compliance with regional and national laws and regulations	✓	✓
	• Disclosure in line with industry best practices, and ESG frameworks and standards	✓	✓
<b>ESG Due Diligence &amp; Monitoring</b>	• Monitoring ESG performance of royalty payors	✓	
	• Undertaking due diligence on royalty payors’ ESG commitments prior to acquisitions	✓	

\* given royalty payors are operators



Environment	General Topics or Themes	Direct Impact to Freehold	Indirect Impact to Freehold *
<b>GHG Emissions</b>	• Air quality		✓
	• Commitments, targets and actions aimed at reducing GHG emissions, methane, freshwater use and spills		✓
	• Reduction in GHG emissions		✓
	• GHG commitments and targets		✓
<b>Climate Transition Strategy</b>	• Reporting and disclosure of environmental performance	✓	✓
	• Environmental efficiency measures and clean technologies		✓
	• Technology innovations/adoption		✓
<b>Water Management</b>	• Freshwater use/recycling		✓
<b>Land Use &amp; Biodiversity Protection</b>	• Spills		✓
<b>End of Asset Life Obligations</b>	• Adequate plans and funds for site abandonment and reclamation		✓

\* given royalty payors are operators

Social	General Topics or Themes	Direct Impact to Freehold	Indirect Impact to Freehold *
<b>Safety, Health &amp; Wellbeing of Our People</b>	• Health and safety	✓	✓
<b>Culture &amp; Human Capital</b>	• Creating an inclusive, high performing culture	✓	
	• Employee engagement	✓	
<b>Employee Engagement</b>	• Indigenous relations		✓
	• Community relations - positive influence and supporter of our industry	✓	✓
	• Community contributions – time & financial resources	✓	

\* given royalty payors are operators





# Governance /

Strong corporate governance is essential to delivering stakeholder value which in turn promotes the long-term success of Freehold's business.



# Governance & Performance Highlights /



**96.5%**

SHAREHOLDERS SUPPORTING  
'SAY ON PAY' AT 2022 AGM

**30%**

FEMALE DIRECTORS IN 2022

**42%**

FEMALE LEADERS IN 2022

**80%**

INDEPENDENT DIRECTORS IN 2022

**~78%**

OF CEO PAY AT RISK FOR  
2022 & BEYOND

**Separation of Chairperson  
and CEO Positions**

In 2021, we reviewed our approach to diversity and inclusion and committed to implementing a 30% gender diversity target for our Board by 2023. We are pleased to report that 30% gender diversity on our Board was achieved in 2022. In 2021, we introduced an ESG component to our Short-Term Incentive Pay (STIP) scorecard which applies to all employees, including senior management with 7% of STIP dependent on Freehold's achievement of certain ESG targets. In 2022, we increased the ESG STIP weighting to 10%.

# Corporate & ESG Governance /



## Board Oversight

Our Board provides oversight with respect to all ESG factors. We have integrated specific responsibilities for environmental and social factors into our committee charters and have incorporated quarterly management reporting on ESG into committee agendas. ESG matters is a standing item on the Board agenda.

Our Board Skills Matrix, which is included in our management information circular published on SEDAR April 4, 2022 (the Management Information Circular), includes identification of expertise and experience in ESG Management. Over the past two years, we have invited industry experts on ESG governance developments and other ESG factors into our Board meetings to share their perspectives and update on best practices. A discussion on ESG, and how best to incorporate ESG considerations into our business, has been included in our annual Board Strategic Planning sessions. All of our Directors regularly engage in a variety of continuing education activities, including industry conferences and seminars.





## Relationship with Rife

Rife Resources Ltd. (Rife) and Rife Resources Management Ltd. (Manager), through a management services arrangement, is responsible for providing Freehold with a skilled and capable executive leadership team, the core personnel required to build and manage our royalty business, and the office and system infrastructure on which we rely on to be a best in class royalty business. With this service agreement, all personnel working on Freehold, including executive officers, are employed by Rife. Freehold’s Board ensures the high standards of service and business excellence are being met by Rife, as our service provider.

Our Freehold Board approves all significant operational and financial decisions, oversees strategic planning and risk management practices, and participates in executive compensation planning and talent mapping.

## Board Composition & Characteristics

The Board of Freehold is committed to maintaining a high standard of corporate governance. The Board has responsibility for the overall stewardship of Freehold. Freehold strives to have a Board that is well experienced and knowledgeable, as well as diverse. Our Board is composed of a group of directors who understand the energy industry and our royalty business well.

In 2022, eight of our ten current Board members, including the Chair of the Board are considered to be independent. The Board promotes a culture of ethical business conduct and complete transparency.

Three of our ten Board members are female, and one of three of our committees is chaired by a female member of the Board.

*Our Directors have diverse backgrounds, as shown in the skills matrix on page 34 of our Management Information Circular. Descriptions of the various Board positions can be found on [our website](#).*



**Marvin F. Romanow**  
Chair of the Board



**J. Douglas Kay**  
Governance, Nominating & Compensation Chair; Governance, Nominating and Compensation & Reserves Committee



**Sylvia K. Barnes**  
Governance, Nominating and Compensation Committee



**Arthur N. Korpach**  
Audit and Governance, Nominating and Compensation Committees



**Gary R. Bugeaud**  
Audit and Governance, Nominating and Compensation Committee



**Valerie A. Mitchell**  
Reserves Committee



**Maureen E. Howe**  
Audit Chair, Audit Committee



**David M. Spyker**  
President and Chief Executive Officer (Manager Nominee)



**Peter T. Harrison**  
CN Pension Trust Fund Representative (Manager Nominee)



**Aidan M. Walsh**  
Reserves Chair, Audit and Reserves Committee



## Term Limits for Directors

The Board has determined that fixed-term limits for directors should not be established. The Board is of the view that such a policy would have the effect of forcing directors off the Board who have developed, over a period of service, increased insight into Freehold and who, therefore, can be expected to provide an increasing contribution to the Board. At the same time, the Board recognizes the value of some turnover in Board membership to provide ongoing input of fresh ideas and views and annually considers changes to the composition of the Board.

## Executive Compensation Aligned with Shareholders

Freehold's compensation program is designed to align compensation with corporate performance and therefore more than half of executive compensation is performance based and "at risk". Approximately 67% of the CEO's compensation and on average 56% of all other Named Executive Officers (NEOs) compensation was "at risk" (bonus or long-term incentives) in 2021.

In 2022, Freehold increased the at-risk portion of executive compensation to 78% for the CEO and 64% on average for the other NEOs, while also incorporating direct ESG performance metrics into the overall compensation, as described more fully below.

Further strong governance around executive compensation is evidenced by Freehold's implementation of an annual Say on Pay Advisory vote, which commenced in 2019. The Say on Pay Advisory vote is a non-binding shareholder advisory vote on executive compensation that gives a formal opportunity for our shareholders to provide their views on the elements of compensation and the levels of such compensation awarded to the employees of Rife acting as executive officers of Freehold. Most recently, 96.47% of shareholders voted in support of Freehold's approach to executive compensation.

## Tying Executive Compensation to ESG Performance

ESG factors are integrated into our Corporate Scorecard, which consists of seven factors as well as the assessment of 2021 actual performance relative to target, used for determining cash bonuses under our STIP. These scorecard factors apply at every level of the organization, including senior executives. In 2021 and 2022, Freehold made strong continued improvement in furthering its ESG strategy. Activities included developing a comprehensive environmental strategy through collaboration with third party consultants and the establishment of the Management ESG Committee. In addition, Freehold conducted an employee engagement survey which highlighted strong improvements in a number of areas related to ESG.

### Freehold's STIP weighting reflects direct ties to measures pertinent to ESG performance, including:

- 7% of bonus pay was 'at risk' based on ESG performance in 2021, with an additional 10% STIP weighting based on stakeholder relations
- In 2022, Freehold increased the total payout weighting based on direct ESG performance to 10%, which includes the following metrics:
  - Calculating and reporting our GHG footprint
  - Developing and advancing diversity, equity and inclusion initiatives
  - Integrating an ESG mandate into disclosure documents
  - Further commitments to ESG training by Board and Senior Management
  - Continued interaction with shareholders through social media and other direct channels





## Executive & Director Share Ownership Guidelines Ensures Shareholder Alignment

Effective March 2, 2017, Freehold introduced minimum share ownership guidelines for executives. The guidelines require executives to accumulate a defined multiple of their proportionate base salary in Common Shares and unvested Restricted Awards. Executives have five years from the later of the date of the implementation of the guidelines, or the date of their appointment as an officer of Freehold to acquire the value required. These guidelines help align executive and shareholder interests and were reviewed and increased effective March 2, 2022.

The CEO is required to accumulate five times their proportionate base salary in Common Shares and unvested Restricted Awards. Other NEOs are required to accumulate three times their proportionate base salary in Common Shares and unvested Restricted Awards.

Each Non-Management Director is required to hold equity interests in Freehold (Common Shares and/or Deferred Share Units (DSUs)) equal to a minimum of three times their total annual compensation (the annual cash retainer (excluding any committee Chair retainers), plus the value of the annual grant of DSUs). The Director Share Ownership Guidelines were revised on August 10, 2021 and prior to such date, Non-Management Directors were required to hold equity interests in Freehold (Common Shares and/or DSUs) equal to a minimum of three times their annual cash retainer, excluding any committee Chair retainers. Any new Non-Management Directors will be expected to achieve this level within five years of their appointment to our Board. The value of Common Shares is based on the greater of the current market price of the Common Shares and the original purchase price for the Common Shares. The value of DSUs is based on the greater of the current market price of the underlying Common Shares and the closing price of the underlying Common Shares on the trading day immediately prior to the date of grant.

## Shareholder Engagement

### ENGAGEMENT ACTIVITIES

- Investor Day Conference
- Engagement with ESG advisors
- Quarterly conference calls
- Conferences and presentations
- Outreach to retail and institutional investors

CN Pension Trust Funds currently holds, directly or indirectly, approximately 16.6% of Freehold's outstanding Common Shares. In 2021, we engaged with over 200 of our shareholders and prospective shareholders, representing some 80% of our outstanding shares.

Since 2019, our analyst coverage has increased by 20% reflecting active collaboration to ensure transparency, availability, and open dialogue which facilitates better understanding of the business and supports enhanced coverage.

Shareholder interest in our business model remains robust. In addition to our 2021 Investor Day, our investor engagement meetings have increased by 100% over the previous year. We had more than 200 touch points with stakeholders and successfully closed two equity offerings (raising \$233 million) in 2021. In addition, our executives appeared in media briefings, had interviews on BNN, industry podcasts, and other social media platforms, providing direct exposure to the executives across a variety of audiences in 2021 and 2022. We strive to connect with shareholders and prospective shareholders of Freehold while diligently managing our business.

Freehold carries out our shareholder engagement activities through a variety of methods. In addition to our annual shareholder meeting, Freehold participates in numerous investor conferences, one-on-one meetings, and communicates quarterly results via interactive dial-in conference calls.



In 2021, Freehold successfully adopted a virtual format for the annual shareholder meeting, and participated virtually in investor conferences, investor meetings, and stakeholder meetings. This evolution was very effective and enabled continued active shareholder dialogue, despite the COVID-19 pandemic related constraints that limited traditional in-person shareholder engagement.

In late 2021, Freehold held an Investor Day which allowed management to highlight the value of our North American business strategy as we repositioned and restructured our portfolio into new oil and gas areas in the United States. We will hold another Investor Day in 2023 as we continue to strengthen our business and look to share our enthusiasm with our stakeholders. Shareholders are encouraged to contact Freehold's Investor Relations department to share their views and comments. Freehold believes that increased stakeholder and shareholder engagement provides Freehold with valuable insight into stakeholders' and shareholders' perspectives and what is important to them.

## Ethical Business Practices

Freehold's royalty operations are based entirely within Canada and the United States and do not include any mineral streaming projects. Our business has no exposure to conflict minerals such as tantalum, tin, tungsten, or gold that originate from or benefit the Democratic Republic of the Congo and surrounding countries. As an entity active in the extractive sector in Canada, Freehold publicly discloses certain types of payments made to governments in Canada and abroad under the Extractive Sector Transparency Measures Act (ESTMA).

Further, as a North American focused company, our operations and suppliers are subject to Canadian and US human rights and labour laws which protect the rights of workers, criminalize child and forced or compulsory labour, and provide for freedom of association.

## ESG Due Diligence and Monitoring

Freehold has identified that as part of our ongoing ESG journey, in 2022 through 2024, we will expand the integration of ESG metrics and considerations into our due diligence and monitoring processes. This will include, but not be limited to, monitoring ESG performance of our royalty payors and to undertake more robust due diligence on royalty payors' ESG commitments prior to acquisitions.

**For example, as part of our ESG Due Diligence and Monitoring, Freehold focuses on the following clauses within our US leases:**

- **Waste Prevention; Flaring of Gas; Failure to Capture Penalty** – requiring operators to take all reasonable actions to prevent waste of any oil and/or gas produced from the lands. Requires the operator to conserve 95%+ of gas (ie no flaring), otherwise they are subject to a monthly \$10,000 penalty.
- **Inclusive Facilities** – requires lessees to ensure all employees have equal and welcome access to inclusive facilities such as work areas, waiting areas, recreational areas or dining areas.
- **Equal Opportunity Clause** – language preventing lessees from employment discrimination against persons on the basis of race, color, religion, sex, or national origin.



## Risk Management

Freehold operates a low-risk business, with over 99% of our revenue generated from oil and gas royalties from which we have no direct exposure to operational impacts.

Our Code of Business Conduct and Conflict of Interest Policy guides our corporate actions relating to how we operate and is supported by a comprehensive set of ESG-related policies and processes.

Our material ESG factors are incorporated into Freehold's Enterprise Risk Management (ERM) process. ESG factors are included in our Corporate Risk Register and are reviewed on a quality basis.

## Managing Existing Relationships with Operators

At Freehold, once a lease or other royalty agreement is in place, we continuously monitor operator behavior, standards and performance. In the last 12 months, we collected revenue from approximately 380 different operators and manage our operator relationships through:

**Agreement Terms:** Our contracts and leases include requirements for operators to develop the land in a diligent and careful manner using Canadian and US oil and gas industry best practices, and in compliance with all applicable laws and regulations.

**Royalty Compliance Department:** Our compliance department focuses on monitoring and ensuring adherence to contract and lease terms and prompt, accurate payment of royalties. This cross-functional team of Land and Accounting professionals takes a proactive approach to compliance and engages in early resolution discussions with operators. Weekly meetings are held to discuss emerging issues as well as collaboration with our Business Development team to ensure prevailing issues are flagged before entering into new business relationships with existing operators. Management is made aware of notable emerging compliance issues to ensure efficient coordination of internal resources and an understanding of issues and their implications.

**Audits:** We have the right to audit the books and records of operators of our contracts and leases and review how they conduct their business. Several factors contribute to the selection of companies to audit: identification of high risk areas; slow payment of royalties; evidence of financial distress; suspected or persistent unresolved miscalculation of royalties; environmental or operational concerns; breaches of contract; or new operators on a site previously leased by another party. Since the beginning of 2021, \$4.2 million in issues identified by our audit function have been resolved.

## Managing Risks Associated with Operator Relationships

Freehold is subject to risks that directly affect our business and operations, as well as indirect risks that affect third parties that lease our lands and the oil and gas industry generally. Through our internal process, we continually identify, assess, monitor and manage risks associated with our business. Areas of risk that currently represent a focus for Freehold are as follows:

**Operator Receivership:** The oil and gas industry is constantly changing and involves companies of all sizes. Periods of low commodity prices can result in increases in companies entering creditor protection. Freehold actively monitors the financial health of our royalty payors through publicly available disclosures as well as subscription based credit evaluation services and utilizes take-in-kind rights as one mitigant to reduce payor credit risk when deemed appropriate.

**Reclamation and End-of-Life Liabilities:** Freehold does not have liabilities related to the activities required at the end-of-life of the wellbores, pipelines, and associated assets. Operators own these assets and the corresponding liabilities. Once a lease is terminated, the operator is responsible for well abandonment and land reclamation. Nonetheless, Freehold monitors operator creditworthiness which helps ensure operators are responsible in returning the land to its original state.



## Managing Cybersecurity Risk and Keeping Data Safe

Information Technology (IT) plays a critical role in the success of Freehold. While IT does not drive the business, it is the digital environment that Freehold relies upon. Our IT team’s primary directives are to provide reliable, secure, and highly available information technology services and support to allow Freehold to achieve its corporate objectives.

Our on-premises IT architecture has been designed to be reliable and highly available. All critical infrastructure contains redundant components to limit single points of failure. The purpose-built Data Center that houses our infrastructure is geographically separate from our office network in a highly secure facility with redundant power, cooling, and high resistance to fire and climate conditions. We backup all data to the cloud and test data restoration on a regular basis to ensure its integrity.

We are a hybrid network architecture and incorporate cloud-based technology for a portion of our infrastructure. This is, by design, to eliminate a single source of a failure if a portion of our network, either on-premises, or cloud-based, becomes inaccessible, with only a part of our network being impacted in that event.

Freehold has not had a material cyber security breach in the last three years nor in its history, but recognizes the ever-present threat, and we continually strive to improve our security posture.

We utilize a third party cyber security monitoring service that supplements our internal IT staff on all security matters. This includes 24/7 monitoring and alerting, regular reporting with recommendations for improvement as well as investigation and response services. Through coordination with this third party, we continually harden our architecture against attacks by implementing various protocols, settings, and updates such as requiring multi-factor authentication, restricted access to specific geographic locations, and limiting non-essential network traffic and services. Our general IT controls are audited annually by KPMG and we participate in a bi-annual firewall penetration test conducted by an external third party. Freehold’s outsourced data processor also performs an annual audit in compliance with the Statement on Standards for Attestation Engagements (SSAE 16 / 18) and provides SOC 1 Type II reports (System and Organization Controls 1) which incorporate a historical element that shows how internal controls were managed over time.

We conduct regular phish testing and training with all staff and hold an annual cyber security awareness session to educate everyone on good cyber hygiene practices.

### Key Governance Policies / Mandates

Details found on [freeholdroyalties.com](http://freeholdroyalties.com)

- Board Mandate
- Audit Committee Mandate
- Governance, Nominating and Compensation Committee Mandate
- Reserves Committee Mandate
- Governance Agreement
- Management Agreement
- Code of Business Conduct and Conflict of Interest Policy
- Disclosure Policy and Disclosure Committee Mandate
- Insider Trading Policy
- Majority Voting Policy
- Board Diversity and Renewal Policy
- Whistleblower Policy
- ESG Policy
- Environment, Health and Safety Policy



# Environment



Freehold seeks to balance profitable energy production with an ongoing commitment to support the reduction of our royalty payors' environmental footprint.





**88%**

REDUCTION IN FREEHOLD'S WORKING  
INTEREST PRODUCTION

**61%**

REDUCTION IN ASSET  
RETIREMENT LIABILITIES

**<1%**

PRODUCTION AND REVENUE FROM WORKING  
INTEREST ASSETS OWNED BY FREEHOLD

**0.0067**

EMISSIONS INTENSITY (tCO<sub>2</sub>e/boe) FOR  
WORKING INTEREST PRODUCTION

**Net Zero**

WORKING INTEREST CARBON FOOTPRINT  
OFFSET WITH CARBON CREDITS

**95th Percentile**

CALGARY OFFICE  
ENERGYSTAR™ RANKINGS

*All stats from 2018 to 2021*



# Environment /

Oil and gas exploration and development has the potential to impact environmental quality through land disturbance, biodiversity impacts, and emissions to air and water. At the same time, oil and gas supports a growing demand for global energy. The North American oil and gas industry operates under the most stringent environmental standards in the world.

Our direct environmental impacts are limited to our daily corporate activities associated with our office in Calgary, as well as the minor environmental impacts of our de minimis working interests in oil and gas operations, which account for less than 1% of our revenues. Nonetheless, we are dedicated to protecting our planet and recognize that applying the same high standards to our direct operations is a key component of our environmental commitment. Freehold incorporates sustainable business practices and seeks to minimize our own local footprint.

## Our Environmental Commitment

Throughout 2021, we continued to monitor and improve our environmental footprint. Through the purchase of carbon credits to offset our office and minor working interest emissions, Freehold has significantly reduced our gross carbon emissions, and are proud to announce we achieved net zero emissions on our Scope 1 and Scope 2 emissions in 2021 & 2022. Throughout 2023 and beyond, we will continue to monitor our royalty payors to ensure best in class environmental performance, along with our continued lease reclamation activities on our minor remaining working interest assets.

The royalty interest portion of our portfolio results in participation in the energy business, but with no direct ownership or control of greenhouse gas emissions, and no associated end-of asset-life environmental liability. Freehold strives to partner with royalty payors with environmental goals and values that align with our ESG values and will continue to encourage responsible stewardship within all facets of our operations.

*As a royalty owner, we are not directly responsible for the costs of environmental management, regulatory compliance or land reclamation that may arise from the activities of our operators. We nonetheless recognize that our business model is dependent on the strong environmental performance of our royalty payors.*



# Our Corporate Operations & Working Interests /

## Business Travel

Occasionally, Freehold staff must travel by air to engage in marketing presentations, investor meetings, and other normal-course business activity. Since 2019, the emissions equivalent to Freehold’s business travel has been a cumulative 25 tonnes of CO<sub>2</sub>e, with a decrease in 2020 and 2021 due to COVID-19. As part of our net-zero efforts, we offset the emissions associated with our corporate travel.

## Water Usage

Freehold’s only direct water usage comes from our office location in Calgary. During 2021, our offices recorded the use of 976 cubic meters of water, an improvement of 29% over 2020.

## Waste Generation

Freehold has continued to implement and monitor composting, recycling, and waste sorting programs. In 2021, Freehold diverted 68% of waste to recycling, resulting in less than one metric tonne of waste going to landfills.

- In 2020, we divested the majority of our working interest ownership in oil and gas assets, leaving Freehold with less than 1% of our total volumes attributed to working interest production, thereby virtually eliminating our direct GHG emissions.
- In 2019, we moved our corporate offices in Calgary. Our new location scores in the 95th percentile in the EnergySTAR™ ranking.
- Since 2019, Freehold has reduced Scope 1 working interest emissions by almost 80%. Through the transition to a pure play royalty company, Freehold continues to evolve away from operated assets that had contributed to higher historical emissions.

## Carbon Neutral & Offsetting Our Direct GHG Emissions

In 2021, Freehold voluntarily purchased carbon credits from the GreenTrees reforestation project (GreenTrees) equal to our Scope 1 and 2 office emissions. We continue to evaluate our direct emissions every year in order to remain carbon neutral.

GreenTrees works with individual landowners to invest in reforestation throughout North America’s river basins. GreenTrees is the largest carbon reforestation project in North America, contracting with over 550 landowners to help re-forest their lands. GreenTrees aligns itself with the standards defined by the American Carbon Registry (ACR). GreenTrees incentivizes landowners to keep their trees and through their rapid forestation program a mix of fast-growing Cottonwood trees, and longer-growing Oak trees are planted, providing a long-lasting carbon sink.

FREEHOLD CASE STUDY



# Indirect Environmental Impacts: Our Royalty Payors GHG Emissions and Air Quality/



## Why this is Material to our Business

The oil and gas industry is continually working to reduce GHG emissions. Regulatory actions at the international, national and regional level are intensifying. The Canadian federal government has implemented carbon pricing, and through its *Canadian Net Zero Emissions Accountability Act* is seeking to develop a national net zero roadmap that will target GHG reductions in the oil and gas sector. The United States re-joined the Paris Agreement in 2021 and in August 2022 signed into law the Inflation Reduction Act of 2022 which puts the US on a path to reducing its carbon emissions by 40% by 2030.

At the same time, investors are taking action to disclose and reduce portfolio GHG emissions in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and Paris climate commitments. This means that issuers will continue to face calls from investors to disclose their GHG emissions and to develop climate strategies.

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## Our Approach

Our business has indirect exposure to GHG emissions through the emissions of our royalty payors. Over the past two years, we have taken steps to understand the performance, commitments and actions of our royalty payors with respect to GHG emissions and climate strategy.

Freehold has identified GHG emissions as a material ESG factor. Our direct GHG emissions are limited to our corporate office in Calgary and our working interests in oil and gas operations which represent less than 1% of our revenues. Nonetheless, we remain committed to ensuring our direct environmental footprint is minimal and that we strive to work with royalty payors who are committed to reducing their footprint as well.

### Next Steps:

- Continue to reduce direct GHG emissions through the purchase of carbon offsets necessary to ensure that the direct emissions from our corporate office and working interest assets are carbon neutral.
- Continue building out our portfolio analysis of GHG emissions performance, reduction efforts and commitments.

**60%**  
of our Top 20 Royalty Payors have  
Scope 1 and 2 GHG Reduction Targets

**20%**  
of our Top 20 Royalty Payors have  
made Net Zero Commitments




## Portfolio Modeling: GHG Emissions Analysis

Over the past year, Freehold has developed a model to estimate the absolute GHG emissions and intensity of our portfolio, based on Scope 1 emissions. This analysis will allow Freehold to assess new acquisitions to our portfolio and to monitor trends in carbon reduction and net zero commitments in our existing portfolio.

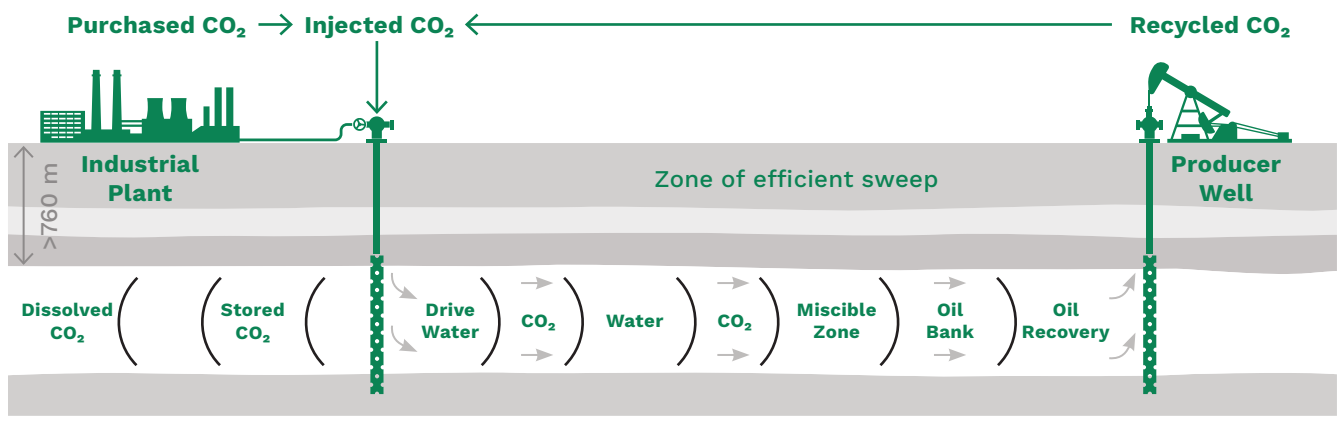
To test the model, we performed an assessment of the emissions of our top Canadian royalty payors with the results providing the necessary validation to make business decisions moving forward.

As our suite of royalty payors improves their respective ESG disclosure, we expect emissions data to become more readily available, improving the quality of emissions information with which Freehold can conduct more robust portfolio analysis going forward.

PORTFOLIO SHOWCASE



### Carbon Capture Utilization and Storage



**Cardinal Energy, one of Freehold’s royalty payors, operates a best-in-class carbon capture and storage project within the Midale Unit in Southeastern Saskatchewan.**

Their CO<sub>2</sub> project sequesters the emissions from a North Dakota coal gasification project, and safely stores it below the earth’s crust, under layers of impermeable cap rock. For every tonne of CO<sub>2</sub> emitted from Cardinal’s production operations, they sequester 1.3 tonnes of CO<sub>2</sub> within their Midale project, making them effectively better than net-zero.

# Indirect Environmental Impacts: Our Royalty Payors

## Water Management /



### Why this is Material to our Business

Oil and gas operations, and especially those that employ hydraulic fracturing (fracking), can utilize significant quantities of water. Contamination of surface or groundwater can result from incidents involving produced water, flowback water, hydraulic fracturing fluids, and other well fluids. Water use and potential for contamination can lead to water supply shortages, permitting restrictions, or concerns from local communities.

Water use and contamination can affect operating costs, lead to capital expenditures, water treatment costs, and regulatory compliance costs. Water management also links to energy use and GHG emissions that may arise through the transport and disposal of water from these operations. Over the longer term, water management may be impacted by chronic physical impacts of climate change, particularly at sites located in high-risk regions.

### Our Approach

We have identified water management as a material ESG factor. Although we have no direct exposure to water management issues, our royalty payor portfolio does, and as such, we will incorporate water management into our due diligence and monitoring of royalty payors.

#### Next Steps

- Continue building out our portfolio analysis of water management in our royalty payor portfolio.
- Develop water management metrics for our entire North American portfolio.

## 55%

of our Top 20 Royalty Payors provide disclosure of water use

## 25%

of our Top 20 Royalty Payors have developed targets for reduction of freshwater use

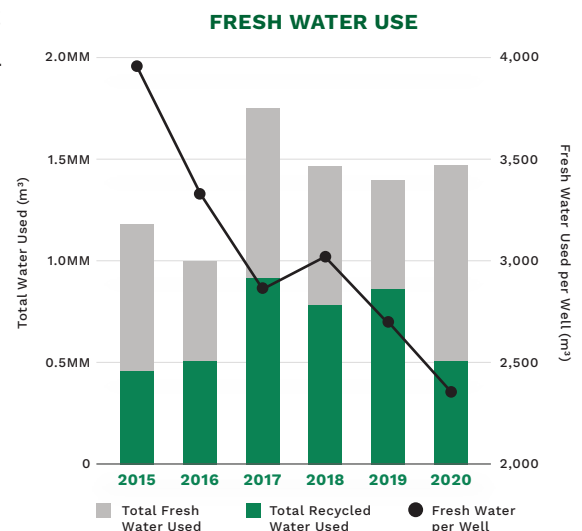
## 40%

of our Top 20 Royalty Payors have active freshwater recycling programs

## Innovation in Water Management

PORTFOLIO SHOWCASE

Tourmaline Oil, a Freehold royalty payor, continues to be at the forefront of technology-driven change in reducing the consumption of fresh water. Since 2017, the company has decreased freshwater usage per well by 39%. Based on the Alberta Energy Regulator (AER) reporting of annual fresh water (non-saline) usage per year, Tourmaline is using the least amount of fresh water in its Alberta operations as compared to peers. Through further innovation, their goal is to ultimately eliminate any use of fresh water in completion activities throughout their core operation areas. In 2020, Tourmaline invested over \$1,500 per employee in ESG training, and continues to build out their over 250,000 m3 of water storage and 125km of dedicated water pipelines. Tourmaline's dedication to decreasing their water intensity was recognized in 2020 with the Energy Excellence Award for leadership in reducing freshwater usage.





# Indirect Environmental Impacts: Our Royalty Payors End-of-Life Obligations /



## Why this is Material to our Business

There is growing concern over the environmental impacts and financial liability of abandoned and orphaned oil and gas wells. This has resulted in development of regulations to ensure that companies provide comprehensive plans and funds for well abandonment and reclamation.

## Our Approach

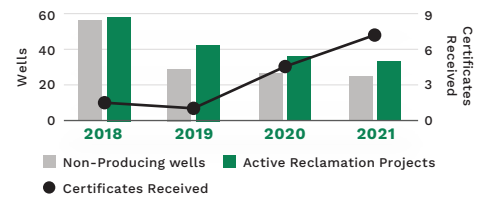
While Freehold has no abandonment or reclamation responsibilities associated with the wells we collect royalty payments on, it is essential that our lease lands be reclaimed to a high standard of care when they are ultimately returned to us.

In 2017, Freehold made a commitment to reduce the end-of-asset-life obligations associated with our working interests and we have made significant progress.

### Next Steps

- Continue to proactively manage our reclamation obligations, reducing our active reclamation project count by half through receipt of reclamation certificates over the next three years.

### FREEHOLD RECLAMATION STATISTICS



## Freehold Corporate Operations & Working Interests

**61% reduction**  
Reduced our asset retirement obligation from \$14.2 to \$5.5 million between 2018 and 2021

**50% reduction**  
Reduced operated well count from 116 in 2018 to 58 in 2021

**~\$600 million**  
Spent on Reclamation & Abandonment by our Top 20 Royalty Payors in 2021

## Innovation in Land Reclamation



PORTFOLIO SHOWCASE

Tamarack Valley Energy, a Freehold royalty payor, has committed to prudent full-cycle land management, and continuing efforts have shown superb results in minimizing ecosystem impacts and restoring well sites. In 2022, they completed an at-risk species rehabilitation project in Northern Alberta, and received over 50 reclamation certifications, approximately 1.5x more than other intermediate operators. A reclamation certificate is obtained when the landowner and regulator have agreed the lands have been returned to their original state once oil and gas activities are complete. Tamarack continues to leverage new and existing technology, and increase lateral legs for improved drainage with minimal surface impact.





# Land Use & Biodiversity Protection /

## Why this is Material to our Business

It is critical to understand what impact the proposed development footprint could have on the region's biodiversity. Landowners are increasingly demanding a minimization of surface footprint and require offsets or mitigation measures to ensure land and biodiversity remain pristine and protected.

### Next Steps

- Commitment to integrate spill management into our environmental due diligence and monitoring of our royalty payors.

## Our Approach

While Freehold has no direct responsibilities associated with spills on our royalty lands, we are incorporating spills management into our due diligence and monitoring of royalty payors.

Spills or releases during operations, production and transport of oil and gas can result in contamination of land and water, can potentially affect human health and safety, and impact property value. We continue to manage our limited working interests to minimize potential for spills.

## 5 Years

**with No Reportable Spills associated with Freehold Working Interest assets**

## Climate Resilience Strategy

PORTFOLIO SHOWCASE

Climate change has continued to be top of mind for all organizations as it has the potential to impact the way we live and how we carry on our business. As part of Freehold's ongoing evolution along our ESG journey, and as part of our strategy and planning process, we remain committed to understanding how climate change can affect our business and the practical implications of the world transitioning to a low-carbon economy. As part of this work, we recognize the need to increase our disclosure around climate-relevant information so that Freehold's stakeholders are afforded sufficient visibility

into our approach to climate change. In keeping with this, Freehold intends to align with the recommendations of the Financial Stability Board's TCFD in future sustainability reports. As we better understand and further evaluate the potential financial impacts of climate change on Freehold and our business model, we will look to disclose the resilience of our climate strategy so that our stakeholders remain informed about our position relative to climate-related risks and opportunities.



# Social /

The foundation of our business is our people, which is why we are focused on supporting our employees and the communities that we are a part of.



# Highlights /



We are in the process of continuously evolving a better Freehold, and we can only accomplish this by continuing to recruit, retain, and develop top-quality talent into our business. We recognize the need to be proactive in maintaining a strong corporate culture by supporting the health and well-being of our employees and contractors. This also extends to providing meaningful support to the communities in which we live and work.

**100%**

OF FREEHOLD LEADERS HAVE ACCESS  
TO A LEADERSHIP COACH

**42%**

OF LEADERS ARE FEMALE

**50%**

OF EXECUTIVES ARE  
INTERNAL PROMOTIONS

**53%**

OF EMPLOYEES ARE FEMALE

**~4x**

INCREASE IN COMMUNITY INVESTMENT  
BUDGET FROM 2021 TO 2022, BASED ON  
FINANCIAL PERFORMANCE

**2x**

CORPORATE MATCHING ON EMPLOYEE  
CHARITABLE GIVING TO ENCOURAGE  
COMMUNITY SUPPORT

We understand that a company's social license to operate is a key factor affecting performance.

# Safety, Health & Well-being of Our People/



## Why this is Material to our Business

The development and maintenance of a strong health and safety culture that is applied equally to employees, contractors and the protection of local communities lies at the heart of a successful business. The North American oil and gas sector has worked to create a high standard of safety that is reinforced through ongoing training, process improvements and rigorous performance management.

The COVID-19 pandemic has created additional challenges, both in the office and at the job site, as we consider not only the challenges of managing traditional health and safety hazards, but also the effects on mental health and well-being.

## Our Approach

While Freehold has no direct responsibilities related to health and safety management of our royalty operators, we consider it to be a strong measure of management quality and are incorporating health and safety performance into our due diligence and monitoring of royalty payors.

During the COVID-19 pandemic, Freehold provided increased support to our office employees and local community on mental health issues, and we continue to do so as we cautiously move toward a 'new normal'. While we have limited direct exposure to health and safety issues through our working interests, we continue to work to ensure that high standards are met.

### Next Steps:

- Assess the ESG strategies of acquisition targets, particularly safety performance.

## 0 LTIF

Lost Time Incident Frequency ("LTIF") at Freehold

## 0 TRIF

Total Recordable Injury Frequency ("TRIF") at Freehold

## 5 years

No recordable injuries or lost time on Freehold Working Interests in the past 5 years

## Health and Safety Innovation

enerPLUS

PORTFOLIO SHOWCASE

Enerplus Corporation, one of Freehold's royalty payors, is focused on fostering a safe and healthy work environment for its employees and contractors. In 2020, they achieved the best safety performance in their organization's history through a multi-year harm reduction framework. The implementation of their 'One Day at a Time' initiative resulted in

197 consecutive days of incident-free<sup>1</sup> operations, which is 3.5x better than the industry average. Through real-time monitoring of hazardous trends, maximizing safety participation, and the implementation of 'across the board safety training', Enerplus Corporation has achieved the ISNet-World top tier safety performer status.

<sup>1</sup> OSHA Recordable



## Creating Safe & Healthy Environments

Our commitment to the safety and well-being of our workforce extends beyond the traditional elements of field safety in oil and gas operations. Throughout 2021 and beyond, Freehold continued to work diligently to ensure the health and safety of all our staff with continuing work from home protocols to manage the risk of the COVID-19 virus. During times of lockdown, staying connected to our staff was a large priority as well as safeguarding the mental health and wellness of our team through activities such as virtual team building events, outdoor volunteer opportunities, and town hall meetings.

Freehold is predominantly a royalty owner and as such, the royalty payors are responsible for the safety, well-being, and fair treatment of their employees. For our minor working interest

properties, Rife provides contract operating services and they have developed core competencies and programs that meet our expectations for providing safe, capable and responsible operating services.

Freehold, in conjunction with our Manager, is committed to providing a healthy working environment that promotes the sharing of ideas and diverse thought, as well as a safe and effective work environment. Freehold strives to continuously build and optimize our business while working within the highest standards of safety protocols, recognizing the importance of both physical and mental health, and supporting our workforce as they adapt to the changes that the pandemic has brought both inside and outside the workplace.

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## Health and Safety Policy

Freehold is predominantly a royalty owner, and as such, our lessees are responsible for the safety and well-being of their field employees. Freehold continues to align with operators that not only meet our operational and ESG standards, but health and safety standards as well. Freehold is committed to providing

a healthy working environment that promotes safety in every aspect of operations, while adapting and supporting our workforce as physical and mental health stressors change both inside and outside the workplace.





## Why this is Material to our Business

The ability to attract, retain, and develop experienced and qualified people throughout the organization is critical to the business model and long-term success of every company. At the same time, we recognize that creating more diversity in the workplace leads to diversity of thought and innovation, which contributes to a strong company.

## Our Approach

Freehold has identified culture and human capital as a material ESG risk factor to our business. Over the past two years, the COVID-19 pandemic has provided the impetus to shift the focus of our culture and human capital management priorities. Our management partner, Rife, currently has 93 full time employees working in our office in Calgary, and approximately half of those individuals are focused full time on advancing Freehold's financial and operational performance. We have built management capacity in areas related to growing and diversifying our royalty payor assets. At the same time, we have taken a number of steps to help our employees balance the challenges of managing their work and home life.

The team at Freehold is comprised of engaged and committed individuals, who have come together through a combination of external hires and internal transfer efforts and promotions. Committed to attracting and retaining top talent, the team at Freehold aims to build on the experience, perspectives and unique identity of each employee. Together, we strive to create and maintain a working environment that is welcoming and promotes diversity of thought, inclusivity and equity.

### Next Steps:

- Continue elevating the professional development of employees with regular talent and competency assessments
- Further enhance a positive workplace culture, including new initiatives to support a healthy work-life balance

## 100%

of Freehold's leaders are provided leadership coaching and mentoring to optimize skills and management capabilities

## Work-life balance

Hybrid work model established, maintaining flexibility to work from home 2 days per week, first piloted and then adopted in 2022

FREEHOLD CASE STUDY

## Internal Promotions Support Succession Planning

Succession planning and the ongoing development of talent are critical components to Freehold. We look to identify key roles within our organization while being mindful of realistic timelines for succession. With a commitment to promote from within wherever possible, Freehold undertakes regular internal talent and competency assessments, while also evaluating the readiness for promotion of our internal professionals. We actively articulate and execute development plans for potential succession candidates from our internal team.

This is demonstrated by three internal appointments to the executive team, Mr. David Spyker, promoted from Vice President, Production to Chief Operating Officer and then to President and CEO; Ms. Lisa Farstad was promoted from Director, Human Resources and Information Services to Vice President, Corporate Services; and Ian Hantke, was promoted from Director of Acquisitions to Vice President, Diversified Royalties.



## Human Capital - An Employer of Choice: Spotlight on Equity, Diversity, and Inclusion

Freehold recognizes the strength of an organization lies in valuing different perspectives and experiences. It is a strongly held belief by the leadership team that this diversity of thought is necessary for long-term sustainability.

In 2018, we set a goal of advancing our employee diversity, engagement, and inclusion initiatives. We have achieved this goal through actions on multiple fronts. In 2021, a formal EDI journey was initiated with a goal to create more awareness at all levels of the organization and establish a baseline on how the organization is viewed from an EDI perspective.

Awareness activities included training for all staff on topics such as EDI 101 and Conscious Inclusion. Baseline assessment work included an audit conducted by an external consultant who reviewed human resource policies and hiring practices from an EDI lens. EDI questions were also incorporated into

the employee engagement survey and results show the majority of employees feel a strong belonging and see diversity of thought being valued in the organization. In 2022, we continued on our EDI journey with the formation of our EDI Council as well as the continued development and execution of our long-term EDI strategy.

The EDI Council will develop an EDI strategy for the organization going forward and provide inclusive leadership training to our organization's leaders. Along with new training and workshops, this council will continue to reinforce the positive practices already in place; including a robust mental health support program, the recognition of holidays related to a diverse set of backgrounds, cultures and beliefs, and continual EDI engagement throughout all levels of the organization.

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### 53% women

8 new female employees added in 2021 - 53% of current organization is female.

### 2021 EDI audit

An external consultant reported positive findings from a 2021 EDI audit of our Human Resource policies and hiring practices.

### 28% increase

High satisfaction score on employee survey with a median score of 78% approval of senior management versus 50% in 2017.



## High Performance Culture

Freehold and Rife promote and embrace a high performance culture in which a diverse, engaged, and idea rich workforce collaboratively contributes to the development and execution of our business strategies. In 2021, Freehold and Rife moved forward several initiatives to nurture and further develop our joint culture:

### Leadership Development

Both Freehold and Rife are committed to developing our leadership team and, as a result, over the past two years, 15 of our senior leaders participated in an in-depth leadership development program. All participants received 360-degree feedback and ongoing leadership coaching, as well as comprehensive individual development plans and the ability to participate in group workshops. Outcomes of this work show a strong, engaged leadership team who are committed to taking their leadership to the next level.

### Training and Development

Performance management is an essential component in creating and maintaining a high performance culture. Each year employees together with their leader participate in a performance review that includes performance evaluation, as well as performance goal setting and develop plans for the following year. The intent is for employees to develop both the skills they need for their current job as well as those that will benefit them throughout their career.

We support opportunities for employee development through mentorship, coaching, new experiences as well as education and training. Education and training opportunities include internal lunch and learn sessions, industry presentations, professional development, technical training, and post-secondary education. We also support and encourage employees to pursue certifications and professional designations.

## Inclusive Culture: Preventing Discrimination and Harassment

We are committed to providing a healthy productive workplace where all employees are free from discrimination, harassment, and disrespectful behavior. Our Respectful Workplace Policy outlines violence and harassment will not be tolerated. This includes harassment (conduct, comment, bullying or action) on the basis of race, religious beliefs, colour, physical disability, mental disability, age, ancestry, place of origin, marital status, source of income, family status, gender, gender identity, gender expression, and sexual orientation.

## Employee Engagement

A formal employee engagement survey covering a number of topic areas was conducted in 2021. There was an overwhelming response with 98% of our employees voluntarily participating. The survey results showed a 30% increase in the engagement score from the last formal survey conducted in 2017. Survey topics that scored the highest results (overall “agree” or “strongly agree” score of 85% or higher) are as follows:

- ✓ Employees feel valued, respected, and treated fairly
- ✓ Employees understand the corporate objectives and how their role fits in
- ✓ Teamwork is encouraged and practiced
- ✓ A safe and secure workplace is a priority
- ✓ Organizational leaders are trustworthy and effective



## Workplace Flexibility & Support for Employee Wellness

Many employers have recognized that the traditional working model and infrastructure can be modified with technology to suit both employers and their teams. In a world that offers nearly unlimited connectivity and a host of technological capabilities to remain in contact, working remotely has emerged as a viable and in many cases, sought-after structure. In 2020, Freehold adopted a work from home program that gave employees the ability to work from home during the COVID-19 pandemic. Since then, we have adopted a hybrid work schedule that allows employees to work remotely during certain days of the week, provided they are available during core hours.

We believe in providing a flexible, dynamic work environment that prioritizes the health and well-being of our high performance teams. We are committed to providing employees with sufficient support, ample and timely rest periods, and the opportunity for

rejuvenation through a generous vacation and flex time allowance. Freehold prioritizes fostering an engaging and supportive work environment, offering important resources to enhance employee well-being, including benefits designed to help support and preserve strong mental health for our team and their families. Included in our employee benefits package is the opportunity to enroll in a health and wellness spending account as well as unlimited access to our Employee Family and Assistance Program (“EFAP”) which protects and promotes physical and mental well-being.

During the COVID-19 pandemic, Freehold hosted in-person events when permitted, and virtual events to support employees mental health during a turbulent period.



## Why this is Material to our Business

Freehold is a member of the communities in which we operate; which not only includes Calgary where our corporate offices are located, but the communities of landowners across the millions of acres of Freehold's leased lands.

While we are not directly responsible for the actions of our royalty payors in relation to local communities and indigenous relations, we know that obtaining and maintaining a social licence to operate is critical to company performance.

## Our Approach

We are proactive in ensuring that Freehold and our royalty payors maintain strong community engagement at all stages of the development lifecycle. Over the past two years, we have taken a more strategic approach to our direct community giving programs, aligning them with initiatives that are both synergistic with the strategic direction of our business, and have measurable impact-based outcomes. For these reasons, we plan to incorporate community relations management into our due diligence and monitoring of royalty payors.

### Freehold Corporate Performance Highlights

**~4x increase**

Freehold's board approved an increase to our annual corporate giving tied directly to our financial performance, resulting in our 2022 contributions expanding by approximately four times the 2021 amount.

Freehold is targeting multi-year financial support partnerships with organizations that align with employees' interests and benefit the community as a whole. In addition, we are aiming to execute partnerships with organizations aligned with ESG themes. Lastly, we take pride in doubling any contributions made by an employee to help democratize decisions pertaining to charitable giving and to help further support our engaged workforce.

### Next Steps:

- Commitment to integrate a metric relating to community support into our due diligence and monitoring of our royalty payors.
- Election of Community Relations committee to evaluate causes, and deploy additional funds committed in 2021 towards community investment.

### Our Royalty Payor Portfolio

**\$150 million**

Community Investment Contributed by Top 20 Royalty Payors in 2020

**13 partnerships**

with Indigenous Communities by Top 20 Royalty Payors

*Our North American royalty payors pride themselves on being part of the communities in which they operate through meaningful community support and economic development.*

## Indigenous Relations

We recognize and respect the protected rights of the Canadian Indigenous peoples in Canada. Freehold does not directly own any mineral rights that overlap with traditional Indigenous territories. We acknowledge that our office is located on the traditional territories of the peoples of the Treaty 7 region and Métis Nation of Alberta, Region 3.



## Community Relations & Partnerships

In 2022, Freehold donated approximately \$250,000 as well as contributed employee volunteer hours to support organizations that address the needs of families in the communities in which we do business. Our efforts were focused on community and social services that promote healthy communities and improve opportunities for all. Our long-standing partnerships with philanthropic organizations and support for local programs are an essential component of engaging and giving back to our local communities.

Freehold is an active member of the communities in which we operate. We are currently re-aligning our community partnerships to provide long-term support in areas in which we identify will have the most local impact.



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## Charities We Support



The Calgary Food Bank is the first line of emergency food support for families and individuals facing crisis. As the city’s main charitable food hub and the most accessible food bank, we have the capacity to serve families, individuals and organizations to fight hunger. The company relies solely on the generous support of the community and people of Calgary.



Wood’s Homes is a children’s mental health care center providing treatment and support to children, youth, and families with mental health needs. Wood’s Homes works with approximately 20,000 clients who are facing emotional and behavioral mental health issues to provide specialized treatment, assessments, leading-edge counseling services and education. Services are focused on early intervention and prevention, immediacy of response, and family-centered, trauma-informed care.



Community Kitchen is working to reduce hunger by promoting healthy food choices and enabling the community to educate, equip and feed themselves. In 2022, Community Kitchen served over 300,000 clients, including over 100,000 children.



Habitat for Humanity is a nonprofit housing organization with the vision of a world where everyone has a decent place to live. Habitat for Humanity helps homeowners build their own homes alongside volunteers and assists in the payment of an affordable mortgage. Through their work, Habitat for Humanity leverages local volunteers to strengthen communities across the globe. Freehold partnered with Habitat for Humanity in 2021 further their mission through the donation of over 100 employee volunteer hours.



# Performance & Data Tables /



# Performance Tables /



<b>Production and Lands</b>	<b>Units</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>SASB</b>	<b>GRI</b>
Royalty wells drilled (gross)	count	641	372	655	EM-EP-000.A	
Royalty wells drilled (net)	count	20.8	13.6	17.5	EM-EP-000.A	
Producing working interest wells	count	361	23	20	EM-EP-000.C	
Royalty production	BOE/d	10,229	9,605	11,758	EM-EP-000.A	
Working interest production	BOE/d	399	176	86	EM-EP-000.A	
Total production	BOE/d	10,628	9,781	11,844	EM-EP-000.A	
From working interest	percent	4	2	1	EM-EP-000.A	
From royalty interest	percent	96	98	99	EM-EP-000.A	
Working interest production where Freehold is the operator	percent	100	100	100	EM-EP-000.C	
Total acres	million acres	6.7	6.3	7.0	EM-EP-000.C	
Acres – fee title lands	million acres	1.1	1.1	1.7	EM-EP-000.C	
Acres – gross overriding royalties	million acres	5.6	5.2	5.3	EM-EP-000.C	
<b>Relationship with Operators</b>	<b>Units</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>SASB</b>	<b>GRI</b>
Royalty payors	count	279	265	380	EM-EP-000.C	
New leases issued	count	93	37	42	EM-EP-000.C	
Audits of payors	count	104	92	84	EM-EP-540a.2	
Enforcement actions	count	0	0	0	EM-EP-540a.2	
<b>Financial Performance</b>	<b>Units</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>SASB</b>	<b>GRI</b>
Market cap	millions \$	864.4	618.7	1754.3		201-1
Revenues	millions \$	140.8	90.0	206.2		201-1
From royalties	percent	96.9	98.9	99.6		201-1
From working interest	percent	3.1	1.1	0.4		201-1
<b>Distributed as Follows:</b>						
Dividends declared to shareholders and share buybacks	millions \$	74.7	39.2	56.8		201-1
Employees (salaries, benefits and cash long-term incentives)	millions \$	8.7	8.6	8.9		201-1
Suppliers (operating expenses, other G&A, finance expenses)	millions \$	13.5	11.2	18.9		201-1
Governments (production and as mineral taxes, cash taxes)	millions \$	4.3	4.6	7.2		201-1



<b>Financial Performance</b>	<b>Units</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>SASB</b>	<b>GRI</b>
Communities & non-profits (charitable contributions)	millions \$	0.1	0.1	0.1		201-1
Value Retained at Freehold	millions \$	(69.5)	(49.2)	3.5		201-1
Political Contributions	millions \$	0	0	0		415-1
<b>Taxes</b>	<b>Units</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>SASB</b>	<b>GRI</b>
Total global taxes paid (or collected)	millions \$	4.3	4.6	7.2		201-1
Corporate income tax	millions \$	-	-	-		201-1
Property tax	millions \$	0.2	0.1	0.1		201-1
Sales tax	millions \$	-	-	-		201-1
Payroll tax, including employee income tax remitted	millions \$	2.9	3.1	3.0		201-1
Production and mineral taxes	millions \$	1.2	1.4	4.1		201-1
<b>Anti-Corruption</b>	<b>Units</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>SASB</b>	<b>GRI</b>
Number of corruption incidents confirmed	count	0	0	0		205-3
Employees who signed the code of conduct	percent	100%	100%	100%		102-16
Breaches of the code of conduct	count	0	0	0		102-16
Number of calls to the whistleblower reporting line	count	0	0	0		102-17
Percentage of proved or probable reserves in countries that have the 20 lowest rankings in Transparency International Corruption Perception Index	percent	0	0	0	EM-EP-510a.1	
Number of cybersecurity breaches	count	0	0	0		
<b>Board</b>	<b>Units</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>SASB</b>	<b>GRI</b>
Size of Board	count	8	8	8		102-22
Independent members	percent	75	75	75		102-22
Board Chair independence	Y/N	Yes	Yes	Yes		
Compensation committee independence	percent	100	100	100		
Audit committee independence	percent	100	100	100		
Nomination committee independence	percent	100	100	100		



Board	Units	2019	2020	2021	SASB	GRI
Women on board	percent	12.5	12.5	12.5		
Gender diversity policy	Y/N	Y	Y	Y		
Board ESG oversight	Y/N	N	N	Y		102-14, 102-20
Board attendance	percent	100	98.9	100		
Say on Pay vote	percent	96.90	93.93	96.47		
<b>GHG Emissions from working interest production</b>						
	Units	2019	2020	2021	SASB	GRI
Scope 1 emissions for working interest production	tonnes CO <sub>2</sub> e	421.3	71.0	91.0	EM-EP-110a.1	305-1
Scope 1 emissions from methane	tonnes CO <sub>2</sub> e	209.6	38.2	65.2	EM-EP-110a.1	305-1
Scope 1 emissions from CO <sub>2</sub>	tonnes CO <sub>2</sub> e	203.3	32.6	25.7	EM-EP-110a.1	305-1
Scope 1 emissions from N <sub>2</sub> O	tonnes CO <sub>2</sub> e	8.4	0.2	0.1	EM-EP-110a.1	305-1
Scope 1 intensity (working interest)	CO <sub>2</sub> e/boe	0.0248	0.0054	0.0067	EM-EP-110a.1	305-1
Scope 1 intensity (corporate production)	CO <sub>2</sub> e/boe	0.00010	0.00002	0.00002	EM-EP-110a.1	305-1
Methane as a percent of Scope 1 emissions	percent	49.7	53.8	71.6	EM-EP-110a.1	305-1
Emissions covered under emissions-limiting regulation	percent	100	100	100	EM-EP-110a.1	
Scope 1 emissions by activity						305-1
Flaring	tonnes CO <sub>2</sub> e	4.9	0	0	EM-EP-110a.2	305-1
Combustion	tonnes CO <sub>2</sub> e	212.9	32.8	25.8	EM-EP-110a.2	305-1
Process	tonnes CO <sub>2</sub> e	0	0	0	EM-EP-110a.2	305-1
Venting	tonnes CO <sub>2</sub> e	177.9	31.2	56.1	EM-EP-110a.2	305-1
Fugitive	tonnes CO <sub>2</sub> e	25.6	7.1	9.1	EM-EP-110a.2	305-1
Scope 2 emissions (office and operations of working interest)	tonnes CO <sub>2</sub> e	397	476	344		305-2
Natural gas use	tonnes CO <sub>2</sub> e	104	138	83		305-2
Electricity use	tonnes CO <sub>2</sub> e	293	338	261		305-2
Scope 1 and 2 emissions	tonnes CO <sub>2</sub> e	818.3	547	435		305-1, 305-2
Scope 1 & 2 emissions Intensity	tonnes CO <sub>2</sub> e/boe	0.00024	0.00012	0.00010		305-4
Energy intensity	gigajoules/boe	0.00046	0.00045	0.00037		305-4
Energy Star performance rating	score	91	95	94		
Business travel emissions	tonnes CO <sub>2</sub> e	15.74	3.93	5.39		305-3



<b>Air Quality</b>	<b>Units</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>SASB</b>	<b>GRI</b>
NOx (excluding N <sub>2</sub> O)	tonnes	2.25	0.03	0.02	EM-EP-120a.1	305-7
Particulate matter (PM)	tonnes	0.02	0.00	0.00	EM-EP-120a.1	305-7
SOx	tonnes	0.00	0.00	0.00	EM-EP-120a.1	305-7
Volatile Organic Compounds (VOCs)	tonnes	0.16	0.07	0.12	EM-EP-120a.1	305-7
<b>Water Management</b>	<b>Units</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>SASB</b>	<b>GRI</b>
Fresh water withdrawn	cubic meters	1,626	1,369	976	EM-EP-140a.1	303-3
Fresh water consumed	cubic meters	0	0	0	EM-EP-140a.1	303-5
Percent of water withdrawn/consumed from regions with high or extremely high baseline water stress	percent	0	0	0	EM-EP-140a.1	303-3 / 303-5
Water use, prorated per Freehold employee	cubic meters	19.6	17.8	11.5		303-5
Water intensity	cubic meters/boe	0.0004	0.0004	0.0002		303-5
For working interest, production water and flowback discharged	cubic meters	6.9	1.1	1.2	EM-EP-140a.2	
For working interest properties, volume of production water and flowback generated: = injected, recycled; hydro-carbon content in discharged water	cubic meters	0	0	0	EM-EP-140a.2	
For working interest properties, percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	percent	N/A	N/A	N/A	EM-EP-140a.3	
For working interest properties, percentage of hydraulically fractured sites where ground or surface water quality deteriorated compared to baseline	percent	0	0	0	EM-EP-140a.4	
<b>Waste and environment</b>	<b>Units</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>SASB</b>	<b>GRI</b>
Waste generated	tonnes	Not tracked	0.9	10.2		306-2
Waste diverted from landfill	percent	18	68	69		306-2
Environmental violations	count	0	0	0		306-1
Environmental fines levied	millions \$	0	0	0		306-1
Number of reportable spills	count	0	0	0	EM-EP-160a.2	





Employees	Units	2019	2020	2021	SASB	GRI
Total employees	count	83	77	85		405-1
Full-time	count	83	77	85		405-1
Part-time	count	0	0	0		405-1

Gender Diversity – women in workforce	Units	2019	2020	2021	SASB	GRI
Total workforce	percent	51	48	53		405-1
Non-executive leaders	percent	41	41	43		405-1
Executive leaders	percent	0	20	20		405-1

Age	Units	2019	2020	2021	SASB	GRI
Below 30	percent	2	3	3		405-1
30-50	percent	60	67	65		405-1
Above 50	percent	38	30	32		405-1

Retention and Development	Units	2019	2020	2021	SASB	GRI
Employees receiving performance reviews	percent	100	100	100		404-3
Turnover rate, total	percent	13.9	18.7	2.2		401-1
Turnover rate, voluntary	percent	3.2	3.3	1.1		401-1

Health and Safety	Units	2019	2020	2021	SASB	GRI
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**Lost-Time Injury Frequency Rate (LTIFR)**

LTIFR – Employees	cases per 200,000 hours	0	0	0	EM-EP-320a.1	403-9
LTIFR - Contractors	cases per 200,000 hours	0	0	0	EM-EP-320a.1	403-9

**Total Recordable Injury Frequency Rate (TRIFR)**

TRIFR – Employees	cases per 200,000 hours	0	0	0	EM-EP-320a.1	403-9
TRIFR - Contractors	cases per 200,000 hours	0	0	0	EM-EP-320a.1	403-9
Fatalities - Employee/Contractor	count	0	0	0	EM-EP-320a.1	403-9



<b>Communities and Society</b>	<b>Units</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>SASB</b>	<b>GRI</b>
Organizations supported	count	15	10	10		201-1
Community Investment	\$ 000's	133.5	71.5	96.5		201-1
<b>By Focus Area</b>						
Community needs	\$ 000's	117.5	62.5	65		201-1
Health and Wellness	\$ 000's	13.5	9	21.5		201-1
Sport and Recreation	\$ 000's	2.5	0	10		201-1
<b>Human Rights</b>						
<b>Human Rights</b>	<b>Units</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>SASB</b>	<b>GRI</b>
Number of discrimination and harassment incidents	count	0	0	0		406-1
Incidents closed	count	-	-	-		406-1
Monetary losses from discrimination and harassment legal proceedings	\$	0	0	0		406-1
Grievances reported	count	0	0	0		406-1
Proved and probable reserves in or near areas of conflict	percent	0	0	0	EM-EP-210a.1	
Proved and probable reserves in indigenous land	percent	0	0	0	EM-EP-210a.2	
Engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	discussion	Freehold does not directly own any mineral rights that overlap with traditional Indigenous territories or areas of conflict.			EM-EP-210a.3	